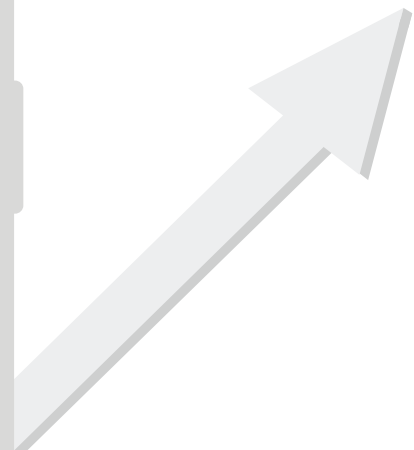
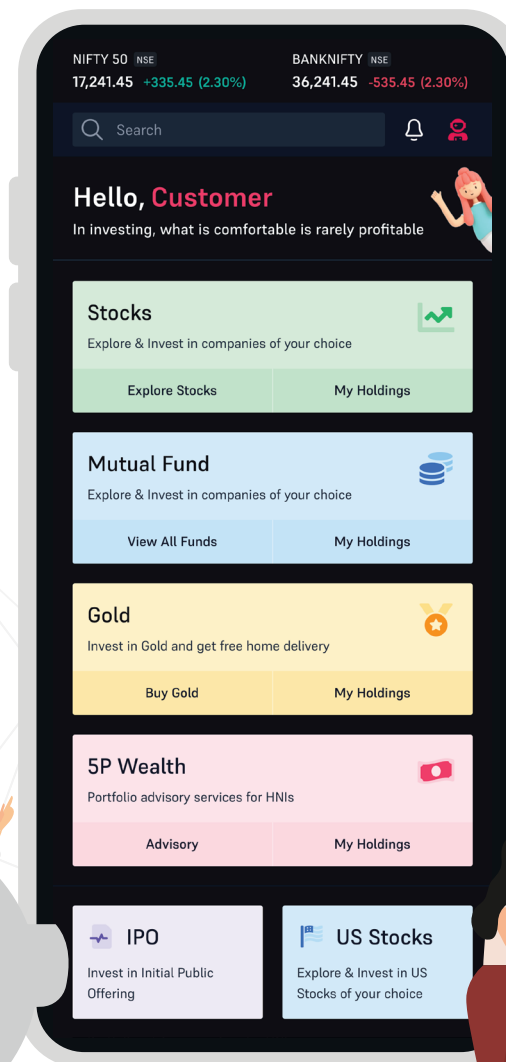


# Accelerating on Digital Expressway





On the cover: A visual of the 5paisa app forms the centre piece of the design highlighting the Company's digital focus. The upward pointing arrow at the background showcases the Company's acceleration on the digital expressway. Illustrations of people investing, learning and conducting financial transactions depict the Company's user-friendly and people-centric approach.

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#### Forward-looking statements

This document contains statements about expected future events and financial 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 may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of this Annual Report.

# ACCELERATING ON DIGITAL EXPRESSWAY

DIGITAL TECHNOLOGY  
IS DRIVING EVERY  
ASPECT OF OUR  
LIVES. NOW MORE  
THAN EVER BEFORE.



OVER THE PAST TWO  
YEARS, TECHNOLOGY  
HAS ENABLED  
BUSINESS CONTINUITY  
AND ENSURED  
THAT INDIVIDUALS  
COULD CARRY ON  
WORKING, LEARNING  
AND INVESTING IN  
FINANCIAL PRODUCTS.



AT 5PAISA, WE HAVE ALWAYS RESPECTED THE POWER OF DIGITAL TECHNOLOGY AND TAPPED INTO THE BENEFITS THAT IT DELIVERS BY INVESTING STRATEGICALLY IN IT.

TODAY, WE HAVE PLACED DIGITAL TECHNOLOGY AT THE CORE OF OUR OPERATIONS, OFFERINGS AND CUSTOMER-CONNECT.

WE ARE CONSTANTLY UPGRADING, UP-SCALING AND AMPLIFYING OUR TRYST WITH TECHNOLOGY.

WE AIM TO CLAIM A FOREFRONT POSITION ON THE DIGITAL EXPRESSWAY AND ARE ACCELERATING TOWARDS IT.



# WHO WE ARE

5paisa Capital Limited commenced operations in 2016 and has, since then, evolved into a major fintech player.

The Company is among India's fastest-growing technology-driven financial service companies. The Company offers a wide range of financial products and services for all investment needs of customers. These include online discounted stock broking, depository services, research and distribution of mutual funds, peer-to-peer lending, among others.

We are registered with SEBI as a stock broker, depository participant and research analyst, and with AMFI as a mutual fund distributor. With services that are targeted at retail investors and high-volume traders who actively invest and trade in securities markets. Our offerings are predominantly DIY (Do-it-Yourself) and low cost.

We are a technology-driven company with a robust and growing online presence. Our focus remains firmly on innovation, based on our understanding of customer behaviour, and we constantly strive to achieve tech superiority as is visible through the developments of our robust trading platform, advanced mobile app, AI-powered robo-advisory platform, and paperless account opening process.

We continuously endeavour to enhance digital offerings, improve operational efficiency and augment customer satisfaction.

## Powerful Social Media Presence

Followers on Social Media as on March 2022

<b>1,47,200+</b> Twitter	<b>3,73,000+</b> Facebook
<b>29,800+</b> LinkedIn	<b>71,000+</b> Instagram
<b>3,07,000+</b> YouTube	<b>36,500+</b> Telegram

## Partnerships

### TRADING

### INVESTING

### OTHER TIE-UPS



## 5paisa in Numbers

**6th**  
Largest Broker

**₹1.2 trillion+**  
Average Daily Turnover  
(▲ 123% YoY)

**₹2,980 million**  
Revenue  
(▲ 53% YoY)

**₹138 million**  
Net Profit  
(▼ 7% YoY)

**1.4 million**  
Mobile App Downloads  
(FOR Q4FY22)

**2.73 million+**  
Total Customers  
(▲ 102% YoY)

**11.9 million+**  
App users  
(▲ 70% YoY)

**75%**  
Customer Base  
Aged Under 35 Years

**4.3**  
App rating:  
(▲ from 4.2 last year)

**17,000+**  
Digital Gold Transactions

**75,000+**  
Mutual Funds (Active SIP)  
(▲ 121% YoY)

**₹1,150 million+**  
Small Case AUM  
(▲ 121% YoY)

**55,000+**  
Subscribers  
(▲ 10% YoY)

**₹3,000 million+**  
Average Client Funding Book  
(▲ 107% YoY)

**2.35 million**  
Tier 1 and Tier 2 Clients  
(▲ 110% YoY)

**1.7 million+**  
Active Clients  
(▲ 50% YoY)

### Accelerating Digitally

**62%**  
Increase in Lead conversion  
(compared to FY 2020-21)

**21%**  
Decrease in Cost of Acquisition  
(compared to FY 2020-21)

**81%**  
Net Promoter Score  
(▲ from 67%)

**109 million**  
Number of Orders  
(▲ 42%)

**83%**  
STP (▲ 162%)

As on FY 2021-22

# OUR BUSINESS PROPOSITION

**COST-EFFECTIVE, SIMPLE,  
CONVENIENT, ONE-STOP SHOP  
FOR ALL INVESTORS**

Beyond online discount broking, 5paisa also offers personalised advisory and robo-advisory services, complete paperless operations and DIY automated trading platforms. We are also propelled by our digital customer on-boarding process, responsible business operations and dedicated and engaged employees.

## Product Offerings



Stock Broking



Stock SIP



IPO



Commodities



Currencies



Mutual Funds Direct  
Funds, SIP, Robo  
Advisory



Insurance -  
Health & Term



Personal Loans



Digital Gold



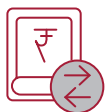
Wealth Management



US Stocks



P2P Lending



Algo Trading



Learning Platform



Community



Research-based products -  
Swing Trader, Smart Investor,  
Smallcase, Sensibull,  
Screeners, Portfolio Analyser

## Core Strengths

Product  
portfolio



Simple  
processes



Technology  
edge



Personalised  
services



Talented  
team



Fast execution  
capabilities



Governance  
framework



One platform for all the  
needs of investors



Robust risk  
management







## WHAT OUR CUSTOMERS ARE SAYING

OUR CUSTOMERS ARE OUR GREATEST PRIORITY AND OUR YARDSTICK OF SUCCESS. THEIR INPUTS AND FEEDBACK ARE THE COORDINATES WHICH HELP US CHART OUR JOURNEY INTO THE FUTURE.



I have been using 5paisa's terminal and must say that the complete trading experience has been effortless. Kudos to the team who manages the client relationship with utmost priority!

**- Manoj Kumar**



I have been using 5paisa since their launch. My experience with them is simply superb. No other broker have app or web that match 5paisa. I am sure they will only get better and better by time.

**- KNS and Co**



As a high volume options trader, I was looking for a broker with fast execution capability for large quantities. My search ended at 5paisa.com. I love their speed of execution.

**- Ram Dayal Patel**



We have been associated with 5paisa for over a year and we like their team approach. They provide the best trading platform and facilities. It's the only platform investors and traders need as it does everything for them and is compatible with various software.

They offer customers quick, efficient and professional services. We have rarely had to reach out to 5paisa with technical issues, but whenever we had to, we got quick solutions.

We envisage a long-lasting relationship with 5paisa. Thank you for being our one-stop trading and investing platform.

**- Wealthy Volt LLP**



I have been trading with 5paisa since early 2018. The journey has been seamless, with great service provided by the entire team. The customer focus and continuous improvement in trading interface continue to amaze. The trading app is very friendly for people like me who are dealing with heavy volumes in the derivatives segment.

I would highly recommend 5paisa to everyone.

**- Darshan Sharma**



I have been using 5paisa's demat account for the last three years and am very satisfied with their quick and quality services. I am confident of recommending 5paisa to my family and friends for all types of investment requirements.

Wishing 5paisa and everyone associated with them good luck to for their financial growth.

**- Srushti Chitnis**



5paisa's Mobile App and Web Page is so comprehensive that one never needs to ever connect with them in any other way. However, in the rare case that a query cannot be solved online, they are pretty prompt in fixing the issue offline.

Thumbs up all the way!

**- Sunder Chheda**



## CHAIRMAN'S COMMUNIQUE



AT 5PAISA, WE HAVE ALWAYS RECOGNISED THE IMPORTANCE OF DIGITAL TECHNOLOGY, NOT ONLY TO GROW OUR BUSINESS AND REACH OUT TO MORE CLIENTS BUT TO CATER TO THEIR REQUIREMENTS MORE ACCURATELY AND DELIGHTFULLY.

Dear Shareholders,

**2.73 million**

**Total client base till 2021-22**

While FY 2021-22 began with uncertainty around the progression of the global COVID-19 pandemic, it ended with much resolution and recovery, both in terms of health and economic growth. Even the World Bank remarked that a year and a half since the onset of the COVID-19 pandemic, the global economy was poised to stage its most robust post-recession recovery in 80 years. In India, we witnessed the rapid administration of nationwide vaccinations and the cautious removal of pandemic protocols, which enabled lives and enterprises to return to normal.



By the end of FY 2021-22, however, we faced a fresh set of concerns – geopolitical uncertainty, and rising commodity prices – which could derail the sterling recovery and dampen improving sentiments.

Simultaneously, the liquidity which was infused by governments and the liberal monetary policies of central banks, to tide over the distress of the pandemic, are now expected to begin reversing. This will have significant implications for global capital flows and the cost of capital.

Despite the dark clouds, there are a number of silver linings that we perceive. The pandemic has accelerated the transition to digital, for both companies and individuals. Individuals are more comfortable spending and investing online and companies have begun to adopt greater automation and various other new-age technologies that improve efficiency and customer connect.

In the BFSI space, technology has resulted in numerous digital innovations, particularly in areas of payment and banking technology, which are redefining financial processes and facilitating other financial intermediaries.

At 5paisa, we have always recognised the importance of digital technology, not only to grow our business and reach out to more clients but to cater to their requirements more accurately and delightfully. Accordingly, we have been on a constant expedition to upgrade, augment and fine-tune our digital technology by investing in infrastructure and human resources. In the year under review, these investments have paid rich dividends as we have been able to make our platform and website more intuitive and the services much faster and more efficient. This has resulted in over 11.9 million app users and over 1.7 million active clients by the end of FY 2021-22.

To empower our customers with better tools to aid their decision-making in either investments or trading, we have tied up with multiple partners. These partners are experts in niche domains and offer unique products or services. Sensibull, Tradetron, GO charting, Stratzy, Streak, Trading Rooms by Rain trader are a few trading partners we have integrated with. To provide investment-related services, in addition to Small case, we have partnered with Pick wright, Vityasa and 5nance.

Leveraging our digital advantage and our recent initiatives to offer clients and prospects a wider range of products that cater to their unique investment and trading needs, we are excited to achieve our mission to on-board three lakh new customers every month.

This mission is supported by broader demographic trends in India and the spread of access to internet and smart devices. Currently, nearly 80-85% of our customer acquisition takes place through our app and nearly 80% of our customer base is under the age of 35 years. The success of our mission rides on the huge demand from millennials and young investors in tier 2 and tier 3 cities that could open demat accounts and participate in equity markets.

As we look into the future, we are able to see beyond the current macro-economic concerns that loom on the horizon. The broking industry is clearly moving towards discount broking and as the first listed discount broker, our aim is to achieve customer acquisitions that are one of the largest in the broking industry. With the level of demand that we perceive, we envisage reaching the three-lakh per month level effortlessly. 5paisa.com is currently ranked sixth in the equity broking industry league and our next target is to enter into the top three club on the strength of our digital technology and innovative ideas and implementation.

I would like to take this opportunity to thank all our talented teams of people who have brought us this far and make our goals achievable. I would also like to thank all our stakeholders for their support and confidence in us.

We look forward to accelerating on the digital expressway and achieving our goals.

Warm Regards,

**Dr. Archana Hingorani**  
Chairperson

## LETTER FROM THE WHOLE-TIME DIRECTOR & CEO



AS THING STAND,  
5PAISA'S PROCESSES  
ARE BACKED BY  
SCALABILITY,  
RELIABILITY,  
SECURITY AND  
ADVANCED  
TECHNOLOGY, WHICH  
HAS ENABLED US  
TO GROW OUR  
DIGITAL PLATFORM.

Dear Shareholders,

**₹185 million**

Profit before Tax in FY 2021-22

The last two years, particularly FY 2021-22, have been outstanding for our industry, as a whole. The pandemic was an inflection point that disrupted the industry, propelling businesses to a whole new level. With technology at the forefront, fintech players led this disruption, taking the capital market to every town of the country. In just two years, overall demat accounts in India more than doubled. In FY 2021-22 alone, Indian market added 35 million demat accounts, which is 146% more than the last year. It actually means that around 2.5% of the population entered the capital market in just one year and most of them for the first time.





The average daily turnover (ADTO) has been on an upward trajectory ever since the pandemic struck. While in the equity market, it increased from over ₹ 391,080 million in FY 2019-20 to over ₹ 660,360 million in FY 2020-21 and to over ₹ 731,790 million this financial year till January 2022, marking an increase of 87% over just 2 years, in the derivatives segment (NSE), it touched a record high in February 2022.

The market regulator SEBI, while always protecting the interests of the retail investor, has also been attentive to the pain points of equity market intermediaries too. Regulations like the reintroduction of the DNE facility and recent tweaking peak margin requirement are some instances of its intent to facilitate the broking community to create a vibrant market, without diluting its commitment to the protection of retail investors.

One thing is for sure, we are a nation with a sizeable population that will invest directly or indirectly in the capital market and with per capita income growing and knowledge of the capital markets spreading among the younger generation, I foresee a stronger participation in the coming years.

Coming to the journey of 5paisa in FY 2021-22, I am pleased to say that it has been a good year for 5paisa. Our client base increased 102% acquired over 1.35 million clients, revenue expanded 53% and ADTO grew 123%. We on-boarded more than 3,50,000 new clients during the last quarter of the financial year, taking the total number of registered customers to 2.73 million and the 5paisa Mobile App had around 1.4 million downloads in Q4FY22 with a 4.3 Star rating on Play Store.

This operational performance translated into a total consolidated income of ₹ 2,980 million for FY 2021-22, marking an increase of 53% Y-o-Y, while our profit before tax stood at ₹ 185 million.

To ensure that this performance is maintained and amplified, we are accelerating on the digital expressway. We have undertaken various initiatives to buttress our digital infrastructure, improve the performance of our services and give our clients supreme investment and trading experiences.

As thing stand, 5paisa's processes are backed by scalability, reliability, security and advanced technology, which has enabled us to grow our digital platform. We have launched several tools for investors, which provide a superior experience while building a strong portfolio.

During the year, we have gone live with our new web and EXE platform. We have revamped both our Web and Desktop applications, keeping customer delight as our priority. Tradestation.5paisa.com, our web portal, is now a full-fledged trading website and offers features like charting, real-time data, basket orders, advanced order types, such as Valid-Till-Trigger orders, Portfolios and Reports. Our new EXE platform, which is for professional traders now offers features such as live screeners, strategy builders, option chain, 20 market depth and more.

We are also in the process of revamping our mobile application, with a focus on the design and complete investment/trading experience on the app., to ensure that our users get relevant information and relevant places for better decision-making.

At the same time, we are constantly working towards democratising the sector by making access and information available to various categories of potential investors and traders. We have forged tie-ups with Tavaga, Neobank Dinero and other wealth management and advisory firms to give our clients access to guidance and opportunities to invest in suitable and more customised avenues.

In an effort to increase the knowledge quotient of our customers, we are also rolling out a community platform. This will give investors and traders the opportunity to interact with like-minded users and share their learning, to increase the overall level of awareness.

To encourage greater long-term participation in the equity markets, we have begun to offer investors the opportunity to invest in Equity Stocks/ETFs through the SIP route too. We have also launched Margin-Plus, a product that has been well-received by derivative traders.

We acknowledge the trend towards greater consumption of digital content, as people spend considerable amounts of time on social media or consuming video content. This is especially true for the younger population. Accordingly, we are increasing our digital presence through more online campaigns as our goal is to be visible where our target population, who is in the age bracket of 18-30 years – are most comfortable and present.

Looking ahead, we envisage making large investments towards upgrading our entire infrastructure to ensure that we are ready for our next growth cycle. We are reviewing and upgrading a range of facets from servers and disaster recovery to more boutique IT infrastructure, besides upping the spends on the IT team. We are also investing in creating an analytics division which will provide better lead origination and customer connect.

The Board and I would like to express our gratitude to all our employees for their unstinted efforts towards taking our initiatives to their logical conclusion and adding immense value along the way, every time. We also appreciate all our shareholders, patrons, partners and other stakeholders for the role they have played in bringing 5paisa to the 6<sup>th</sup> position in the industry. With your support, we look forward to becoming a part of the top-three club.

As we enter the next fiscal, we are greatly optimistic that our investment in technology and focus on providing the best trading experience will accelerate revenue and profitability in the coming year.

Yours sincerely,

**Prakarsh Gagdani**

Whole-Time Director and CEO

# AIMING HIGHER

5paisa is currently ranked sixth in the equity broking industry league, aspires to enter into the top three club by FY 2022-23 through expansion in customer base and geographic presence. Our strategy leans on three pillars:

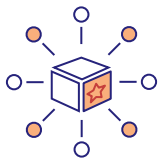




### Leveraging digital

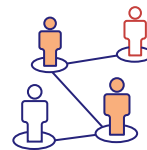
5paisa always aims to stay ahead of the trends. Our focus now is to ensure that our customer acquisitions are among the largest in the broking industry, which is clearly moving towards discount broking. By the end of the last quarter of FY 2021-22, there were 11.9 million downloads of our mobile app and currently, around 80-85% of our clients have been acquired through the digital medium.

To accelerate the benefits of this route, we have been investing in servers, disaster recovery and IT infrastructure. We have also been augmenting spends on our teams of IT professionals. Additionally, we have made investments in creating an analytics division and various other digital infrastructure to enhance our reach. We have been investing over ₹150-200 million towards upgrading our entire infrastructure to become ready for our next growth cycle.



### Leveraging diversity

5paisa offers access to a large bouquet of investment products, all available on a single, user-friendly app. It also offers research and investment advice that can guide those who seek it. Effectively, we aim to cater to the needs of a range of investors and traders – with different risk profiles, market confidence, volume of investible capital, geographic origin and investment aspirations. Accordingly, in addition to the range of products and services we offer, we partner with wealth and portfolio advisory services as well as companies that assist new-age retail investors in investing in alternative low-cost investment products. All our products and partnerships ensure that we are equipped to cater to the wide and diversified needs of the expansive population of potential investors and traders.



### Leveraging demographics

India is progressing rapidly, led by its young and aspirational demographic. With rising income levels and financial awareness, this vast young segment of the population seeks out investment advice and opportunities to grow their wealth.

As at end March 2022, 5paisa.com had about 2.73 million customers with over 1.7 million active customers. It is our mission to on-board three lakh new customers every month by tapping into the huge demand from millennials and young investors in tier 2 and tier 3 cities who seek to open demat accounts and participate in equity markets.

# COMMITMENT TO THE INVESTOR COMMUNITY

5paisa is committed to helping investors make informed decisions by supporting them with best-in-class research and actionable insights.







We believe that financial planning is simple if you've figured out your goals, investment tools and steps to reach your objectives. However, we also understand that it can be overwhelming for investors who are unsure about where to invest and how.

Accordingly, besides robust investment tools and strategies, we offer investors all the services they seek in one single platform – be it investment ideas, omni-channel support, stock research tools and even free demat accounts. This saves them from spending time and effort navigating from one window to another in their quest to invest.

Delving into the pain-points of potential and novice investors, we launched a campaign #AbTohSabkoPataHai, which emphasises our commitment to offering investors smart and hassle-free investing techniques.

This campaign acknowledges investors' problems and engages them with our one-stop solutions for all their investment-related needs.

With our bouquet of products, including stocks, mutual funds, insurance, derivatives and US stocks, all available on one 5paisa account and research tools, portfolio analytics and investment ideas on a single app that is easy-to-navigate, we seek to make it convenient for investors to build their portfolios confidently and effortlessly.

Our efforts ensure that  
#AbTohSabkoPataHai,  
where to invest and how.

# FINANCIAL INCLUSION BY DEMOCRATISING INVESTMENT ADVISORY

The Indian financial sector has evolved over the last 20 years in terms of regulations, risk management and operations. However, retail penetration in the stock markets at below 4% is still very low.





Over the past 15 years, there has been a huge influx of new retail investors in the Indian stock market. These are first-time investors as well as those who have been in the market for some time, are looking for expert advice for their investment. Though mutual funds is an option, there is a section of investors who look for active participation under expert guidance. They seek control, flexibility, transparency and access to different online tools to manage their portfolios and investments.

5paise.com aspires to drive financial inclusion and bring more in retail participation by offering retail investors access to best-in-class investment advisory to manage their investments. It was the first broker in the country to introduce

'5paise Wealth', a portfolio advisory service for its customers. The offering includes portfolios from leading investment advisors such as Abakus Investment Advisors and Alpha Portfolios. These portfolios have a pricing model that is based on the investment value of the client in that portfolio and the composition of these portfolios is reviewed regularly to ensure that they continue to reflect the underlying strategy.

In our endeavour to connect with investors and enable them to invest in different financial services and products, during FY 2021-22, we signed an agreement with Neobank Dinero to enlist their assistance to new-age retail investors who seek to enter alternative low-cost investment products. Neobank Dinero will assist customers in meeting their lifestyle objectives by investing in ETFs and giving them customised offers and rewards. In addition, the Company aims to develop the habit of investing in ETFs as a secure investment alternative in unpredictable markets and assists end-users in building a robust portfolio.

5paise also partnered with Tavaga Advisory Services, a SEBI-Registered Investment Adviser (RIA), to provide investment advisory services to its customers towards bringing more people into the investing universe. Tavaga will help disrupt the traditional wealth management landscape by democratising investment advisory and reducing intermediaries in the value chain.



## AWARDS AND ACCOLADES

WE FEEL HUMBLLED TO BE AWARDED ACCOLADES FOR VARIOUS INITIATIVES, ACTIVITIES AND PRACTICES THAT WE FOLLOW, ALONG THE WAY TO ACHIEVING OUR FINAL GOAL – STAKEHOLDER DELIGHT.



5paisa Capital received the 'The Economic Times' **Best Brands Award**



5paisa Capital was recognised as the **'Most Trusted BFSI Brand'** by Zee Business



5paisa Capital's CEO Prakarsh Gagdani received the **'Most Innovative Leader Award'** at World BFSI Congress



5paisa Capital's mobile app received the **'Most Innovative Fintech Product'** at World BFSI Congress



5paisa Capital received the award for **'HR Excellence'** at the CHRO Awards



5paisa Capital Ltd has been a **Great Place to Work – Certified™** employer in India from Jan 2022 to Jan 2023



The Company has been awarded TOP 5 Companies in, **DivHERsity (Startups)" DivHERsity Awards** by JobsForHer, which recognises exceptional work done by companies to accelerate female participation and performance in the organisation





# HUMAN RESOURCES - THE FUEL THAT DRIVES 5PAISA TO ITS DESTINATIONS

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.

We have 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.

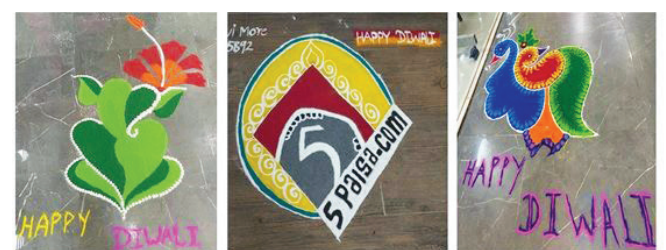
We celebrated our 6th Foundation day which consisted of a Rewards & Recognition function where we rewarded our Star Performer, Long Service Awards, Best Sales Agent, Best Sales Centre, etc.




**5paisa.com**

Navratri Ke Nav Rang  
**DAY 4 - ORANGE**

The fourth day is dedicated to Goddess Khushmanda, Credited with creating the world with her divine smile. She is also referred to as the "smiling goddess". That's the reason she is associated with the cheerful colour orange. This colour represents brightness, happiness and positive energy.





## OUR DIVERSE AND EXPERIENCED BOARD



**Dr. Archana Hingorani**  
Chairperson and  
Independent Director

Dr. Archana Hingorani holds an M.B.A. and Ph.D. in Finance from the University of Pittsburgh, United States. She has over three decades of experience in the asset management business, teaching and research.

She has been associated with the IL&FS Group until 2017 in various capacities, including CEO of IL&FS Investment Managers Limited. Beyond garnering rich experience in fund raising, investing, nurturing investments through four different economic cycles and carving exit paths, among others, she has mentored and nurtured smaller start-ups in the technology, education, financial inclusion, with a special focus on enterprises run by women.

She has been named as the most influential woman in India by various publications, including Business Today in 2011, 2012 and 2013; Asian Investor in 2014 and Fortune India in 2014, 2015 and 2016.

Dr. Archana is a Member of the Audit, Nomination and Remuneration Committees, Stakeholder Relationship Committee and the Chairperson of the Risk Management Committee of the Company.



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

Mr. Prakarsh Gagdani has 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 almost two decades of cross-functional experience in sales, advisory, product development and business development.

In the past, he has been associated with Angel Broking Limited for about twelve years.

Prakarsh is a Member of the Stakeholder's Relationship, Corporate Social Responsibility and Risk Management Committees and the Chairman of the Finance Committee of the Company.



**Ms. Nirali Sanghi**  
Independent Director

Ms. Nirali Sanghi 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 has a bachelor's degree 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).

Nirali is a Member of the Audit Committee, the Chairperson of Nomination & Remuneration Committees and Stakeholder Relationship Committee of the Company.



**Mr. Ravi Garikipati**  
Independent Director

Mr. Ravi Garikipati is an entrepreneur and technologist with over three decades of experience, largely in technology and executive leadership roles. He is a Board member and advisor to many late-stage start-ups and an active angel investor in deep tech, fintech and consumer tech start-ups.

He has recently co-founded a fintech start-up Davinta Finserv, which focusses on financial inclusion for the bottom of the pyramid. Prior to that, as a CTO at Flipkart, he defined and executed the technology vision and roadmap to transform commerce.

Before his stint at 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 platforms. 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.



**Mr. Milin Mehta**  
Independent Director

Mr. Milin Mehta is a Chartered Accountant and has been a senior partner of K. C. Mehta & Co., Chartered Accountants (Baroda, Mumbai, Ahmedabad, and Bengaluru) for the past three decades. He is a Fellow Member of the Institute of Chartered Accountants of India and a Law Graduate with a master's degree in Commerce.

Mr. Mehta was a special invitee to the Committee of the Institute of Chartered Accountants for making a representation before the Central Board of Direct Taxes / Standing Committee of the Parliament on formation of the new Direct Tax Code.

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

He is a Chairman of the Audit and Corporate Social Responsibility Committees and a Member of the Nomination and Remuneration Committee of the Company.



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

Mr. Gourav Munjal has 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 more than 11 years of experience in the field of Finance, Accounts, Treasury, MIS, Cost control and process improvements. Before joining the Company, he was associated with the IIFL Group and has handled same functions.

# Directors' Report

## Dear Members,

Your Company's Board of Directors ("Board") are pleased to present the Fifteenth Annual Report of 5paisa Capital Limited ("your Company") along with the Audited Financial Statements for the Financial Year ended March 31, 2022 ("year under review" or "year" or "FY 2021-22"). 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 in respect of 5paisa Capital Limited during the financial year ended March 31, 2022 and upto the date of the Board Meeting held on April 27, 2022 to approve this report.

## 1. FINANCIAL RESULTS

A summary of the Consolidated and Standalone financial performance of your Company, for the financial year ended March 31, 2022, is as under:

(₹ in millions)

Particulars	Consolidated Financial Results		Standalone Financial Results	
	2021-2022	2020-2021	2021-2022	2020-2021
Gross total income	2979.81	1945.75	2975.67	1938.59
Profit/(Loss) before interest, depreciation and taxation	454.02	444.52	461.15	472.57
Interest and financial charges	218.69	199.50	218.69	199.50
Depreciation	50.29	46.07	42.75	39.15
<b>Profit/(Loss) before tax</b>	<b>185.04</b>	<b>198.96</b>	<b>199.72</b>	<b>233.92</b>
Taxation - Current	-	-	-	-
- Deferred	47.68	52.06	51.37	60.72
- Short or excess	-	-	-	-
<b>Net profit/ (Loss) for the year</b>	<b>137.36</b>	<b>146.90</b>	<b>148.35</b>	<b>173.20</b>
<b>Less:</b> Appropriations	-	-	-	-
<b>Add:</b> Balance brought forward from the previous year	(493.25)	(640.15)	(466.63)	(639.83)
Balance to be carried forward	(355.89)	(493.25)	(318.28)	(466.63)

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 2021-22 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 (LODR) Regulations'] and the same shall also be made available to the Members in their forthcoming Annual General Meeting ('AGM').

## 3. 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 2.73 million 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 Indian economy has witnessed a V-shaped recovery in FY2021-22 after contracting in FY 2020-21 on account of the pandemic. While different segments of the financial





## Directors' Report (Contd.)

services sector were impacted in different ways, overall, the industry was pushed to innovate and adopt technology in products and services, processes and operations and for customer connect. This resulted in a wave of digital transformations and customers gained access digitally to a range of products and services, including application of loans, completing e-KYC, opening bank accounts, etc.

Your Company's customer base increased to 102% in current year and its broking revenues recorded 41% growth. During the year, the total income of your Company was up from ₹ 1,946 million to ₹ 2,979 Million. Your Company reported an average annual daily turnover of ₹ 1,205,984 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.

The growing penetration of internet and smartphone 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 favourable 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.

### 4. MACRO-ECONOMIC OVERVIEW

The economy staged an impressive turnaround in FY2021-22. Some of the factors that have supported growth during the year have been the widespread vaccination coverage, gains from supply side reforms, easing of regulations, robust export growth and a ramp-up in capital spending. According to the Economic Survey, Agriculture and Allied Sectors was the least impacted by the pandemic. This segment of the economy is expected to post a growth of 3.9% in FY 2021-22, after expanding 3.6% in the previous year. The strong performance of the sector was largely due to a good monsoon, which resulted in reservoir levels being higher than the 10-year

average. It was also supported by policies that ensured timely supplies of seed and fertilizers to farmers, despite pandemic-related disruptions.

The Industrial sector also staged a strong come-back after posting a negative growth of 7.0% in FY 2020-21 to an expected expansion of 11.8% in FY 2021-22. The manufacturing, construction and mining sub-sectors followed a similar trend as overall industry growth, while utilities experienced a more muted cycle since basic services, such as electricity and water supply, were maintained even at the height of the lockdowns. The share of industry in GVA is now estimated at 28.2% (Source: Ministry of Finance).

### 5. INDUSTRY OVERVIEW

The Indian financial services industry is vast and diverse consisting of banks, NBFCs, capital markets, insurance sector and the new payment banks 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.

### 6. KEY INITIATIVES / DEVELOPMENTS

The Board of Directors in their meeting held on April 13, 2021 proposed to raise funds through Issue of equity shares and warrants on preferential basis to certain investors. The said proposal was duly approved by the Members through Postal Ballot on May 14, 2021. The funds were raised 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 Promoters 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.

Earlier the Company offered the option of trading in US stocks through its registered partner, Vested Services Private Limited. However, with a view to offer diversified

## Directors' Report (Contd.)

products to its customers, your Company intends to offer an option to its customers for trading in US stocks. Consequently, your company has initiated the process of incorporating a wholly owned IFSC subsidiary and upon incorporation of the same, your company shall register itself with NSE IFSC Limited as a member and commence its operations shortly.

### 7. RETURN TO INVESTORS (DIVIDEND)

In view of the accumulated losses and fund requirement for future expansion, your Directors have not recommended any dividend on Equity Shares for the year under review.

### 8. TRANSFER TO GENERAL RESERVE:

Due to accumulated losses, your Company has not transferred any amount to the reserves.

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

Pursuant to the provisions of Section 124 and 125 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") Account 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 after complying with the procedure laid down under the Rules.

During FY 2021-22, the company had not transferred any shares to 'IEPF' Account.

As on the March 31, 2022, ₹ 0.18 million is lying as the unclaimed fractional entitlements in the unpaid fractional shares account.

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

- 2<sup>nd</sup> Edition of CHRO Innovation Summit & Awards 2022 by HR Excellence Award in Employee Engagement
- 5paisa Capital received the 'The Economic Times' Best Brands Award

- 5paisa Capital's CEO Prakarsh Gagdani received the 'Most Innovative Leader Award' at World BFSI Congress
- 5paisa Capital was recognized as the 'Most Trusted BFSI Brand' by Zee Business
- 5paisa Capital Limited was recognised as 2<sup>nd</sup> Edition of CHRO Innovation Summit & Awards 2022 by HR Excellence Award in Employee Engagement.
- Great Place to Work certified  
5paisa Capital Limited was recognised as Great Place to Work certified
- Top 5 Companies in Startup Category by DivHERSity Awards  
5paisa Capital Limited was recognised as Top 5 Companies in Startup Category by DivHERSity Awards
- Inspirational Leader of the Year by Recruitment World Summit & Awards 2022  
Mr. Pankaj Adhav, Human Resource Head has been recognized as Inspirational Leader of the Year by Recruitment World Summit & Awards 2022.
- Rising Start in Talent Leadership Hiring  
Jayesh Suthar honoured as Rising Start in Talent Leadership Hiring by Recruitment World Summit & Awards 2022
- Banking, Financing and Insurance  
5paisa Capital Limited received Silver Medal for its campaign 'AbTohSabkoPataHai' in the Banking, Financing and Insurance by Buzz In.
- Best Content in a video marketing campaign  
5paisa Capital Limited received Gold Medal for Best Content in a video marketing campaign – 'AbTohSabkoPataHai' by InksPELL - DOD.
- Best video campaign -BFSI & FinTech  
5paisa Capital Limited received Gold Medal for Best video campaign -BFSI & FinTech by Digixx.

### 11. SHARE CAPITAL

The paid up equity share capital of the company as on March 31, 2022 was ₹ 294,173,180/- divided into 29,417,318 equity shares of ₹ 10/- each as compared to ₹ 255,159,180/- divided into 25,515,918 equity shares of ₹ 10/- each as on March 31, 2021.

The increase in the share capital was on account of issuance of 3,817,400 equity shares on preferential basis to investors as mentioned above in Point No. 6 of this Report and pursuant to exercise of 84,000 ESOPs



## Directors' Report (Contd.)

granted under the 5paisa Capital Limited Employee Stock Option Scheme 2017, by eligible employees, which were converted into equity shares ₹ 10 each.

### 12. EMPLOYEES STOCK OPTION SCHEMES ("ESOS")

The Company has two Schemes which are prepared as per the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations"):

- 1) 5paisa Capital Limited Employee Stock Option Scheme 2017 ("**5PCL ESOS 2017**") was approved by shareholders vide a special resolution dated January 25, 2018
- 2) 5paisa Capital Limited Employee Stock Option Trust Scheme 2017 ("**5PCL ESOTS 2017**") was approved by shareholders vide a special resolution dated January 25, 2018

During the year under, there was no material change in ESOS of the Company. However, the Nomination and Remuneration Committee of the Board of Directors by the way of Circular Resolution dated December 30, 2021 approved amendment to the 5paisa Capital Limited Employee Stock Option Scheme - 2017 with a view to align and comply with the SEBI (SBEB) Regulations, 2021. The Scheme is in line with the "SBEB Regulations". The Company has received a certificate from the M/s. Nilesh Shah & Associates, Company Secretaries in Practice, that "5PCL ESOS 2017" & "5PCL ESOTS 2017" has been implemented in accordance with the SBEB Regulations and the resolution passed by the Members in their general meeting. The certificate would be made available to the Members during the Annual General Meeting for inspection. As per Regulation 14 of "SBEB Regulations", read with SEBI circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015, the details of the "ESOS" are uploaded on the Company's 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.

### 13. INCREASE IN SIZE OF ESOP POOL:

The Board of Directors in their meeting held on April 20, 2021 and pursuant to recommendation of Nomination and Remuneration Committee, 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 (Nine Lakhs) options to 15,00,000 (Fifteen

Lakhs) options convertible into equity shares of ₹ 10/ each of the Company. Further, the members at the Annual General Meeting (AGM) of the company held on June 11, 2021 also had approved the same.

### 14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of loans, guarantees given and investments made during the year, as required pursuant to the provisions of Section 186 of the Companies Act, 2013 and schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), are provided in the financial statements.

### 15. DEPOSITS

The Company has not accepted any deposits from public falling under the ambit of Section 73 of the Companies Act, 2013 and the Rules framed 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. SUBSIDIARIES

#### • 5paisa P2P Limited

During the year under review, the company continued its operations as P2P NBFC. However given the COVID situation, the lending and borrowing activities on the said platform were carried out conservatively.

#### • 5paisa Insurance Brokers Limited

The Company had filed an application for registration as Insurance Broker with Insurance Regulatory and Development Authority which got rejected and hence no insurance activities are being pursued under the Company as of now.

#### • 5paisa Trading Limited

During the year under review, the Company commenced its business of offering an option to trade in Digital Gold for its clients who were interested in buying/selling of digital gold online.

### 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 LODR Regulations and applicable Accounting Standards, the Board of Directors had in their meeting held on April 27, 2022 approved the Consolidated

## Directors' Report (Contd.)

Financial Statements 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 2021-22. 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 the Annual Report of the 15<sup>th</sup> AGM of the Company.

The policy on determining the material subsidiary is available on the website of the Company and can be accessed at:

[https://storage.googleapis.com/5paisa-prod-storage/files/investor\\_relations/2021-05/policy-on-determining-material-subsiadiary.pdf](https://storage.googleapis.com/5paisa-prod-storage/files/investor_relations/2021-05/policy-on-determining-material-subsiadiary.pdf)

### 18. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with Regulation 34 of LODR Regulations, the Management Discussion and Analysis Report is presented in separate section, forming part of this Annual Report.

### 19. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Pursuant to Regulation 34(2) of the Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/10/2015 and PR No.18/2021 dated November 04, 2015 and May 10, 2021 respectively, the Business Responsibility and Sustainability Report describing the initiatives taken

by the Company, from an environmental, social and governance perspective, forms part of Annual Report of 15<sup>th</sup> AGM of the Company.

## 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.

### I. Changes in Board Composition

During the year under review, there were no changes in the composition of Board.

### II. Re-appointment

#### Re-appointment of Mr. Gourav Munjal as Whole-Time Director

Mr. Gourav Munjal (DIN: 06360031) was appointed 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 January 16, 2023. As per the terms, tenure of his appointment expires on January 15, 2023.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on April 27, 2022, has re-appointed Mr. Gourav Munjal (DIN: 06360031) as a Whole-time Director of the Company for a further period of five years with effect from January 16, 2023 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.

A brief profile along with necessary disclosures of Mr. Gourav Munjal has been annexed to the Notice convening the ensuing AGM.

#### Re-appointment of Ms. Nirali Sanghi as Independent Director

The Board of Directors, based on performance evaluation and as per the recommendation of the Nomination and Remuneration Committee has recommended the reappointment of Ms. Nirali Sanghi, as an Independent Director of the Company for a second term of 5 (five)



## Directors' Report (Contd.)

consecutive years, effective from January 11, 2023 to January 10, 2028, on completion of her current term of office subject to the approval of the members at the 15<sup>th</sup> AGM of the Company.

In the opinion of the Board, she possesses requisite expertise, integrity and experience (including proficiency) for appointment as an Independent Director of the Company and the Board considers that, given her professional background, experience and contributions made by her during her tenure, the continued association of Ms. Nirali Sanghi would be beneficial to the Company.

A brief profile along with necessary disclosures of Ms. Nirali Sanghi has been annexed to the Notice of the 15<sup>th</sup> AGM of the Company.

### III. 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. Prakarsh Gagdani (DIN: 07376258), Whole Time Director and Chief Executive Officer of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment for the approval of members. A resolution seeking approval of the members for his re-appointment forms part of the Notice of 15<sup>th</sup> AGM of the Company.

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:

Pursuant to the provisions of Section 203 of the Companies Act, 2013 and rules made thereunder, the Key Managerial Personnel of the Company as on March 31, 2022 are:

Mr. Prakarsh Gagdani	: Whole-Time Director and Chief Executive Officer
Mr. Gourav Munjal	: Whole-Time Director and Chief Financial Officer
Mrs. Namita Godbole	: Company Secretary and Compliance Officer

The Remuneration and other details of the Key Managerial Personnel for the year ended

March 31, 2022 are mentioned in Form MGT-7 - Annual Return which can be accessed on the website of Company at <https://www.5paisa.com/investor-relations>

## 21. MEETING OF DIRECTORS & COMMITTEE/BOARD EFFECTIVENESS

### ➤ Meetings of the Board of Directors

The Board met Six (6) 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 LODR Regulations, the Board has in place 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, there was no change in the composition of Audit Committee. The Audit Committee met Five (5) times which is in compliance with the provisions of LODR Regulations 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.

The role, terms of reference and powers of the Audit Committee are in conformity with the requirements of the Companies Act, 2013 and LODR Regulations. 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.



## Directors' Report (Contd.)

- **Nomination and Remuneration Committee**

During the year, the Nomination and Remuneration Committee met Three (3) 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.

The role, terms of reference and powers of the Nomination and Remuneration Committee are in conformity with the requirements of the Companies Act, 2013 and LODR Regulations and the same has been 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 can also be accessed on the website of the Company at

[https://storage.googleapis.com/5paisa-prod-storage/files/investor\\_relations/2021-04/nomination-and-remuneration-policy.pdf](https://storage.googleapis.com/5paisa-prod-storage/files/investor_relations/2021-04/nomination-and-remuneration-policy.pdf)

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 LODR Regulations 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 of the Stakeholders Relationship Committee are in conformity with the requirements of the Companies Act, 2013 and Regulation 20 of LODR Regulations and the same has been provided in the Corporate Governance Report.

During the year under review, the Company has not received any complaints from the shareholders 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 Twelve (12) times. The Committee comprises

of Mr. Prakarsh Gagdani as the Chairman and Mr. Gourav Munjal as the member of the Committee.

The role and terms of reference of the Finance Committee are in conformity with the requirements of the Companies Act, 2013 and Regulation 20 of LODR Regulations and the same has been provided in the Corporate Governance Report.

The details of the Meeting are given in the Corporate Governance Report.

- **Risk Management Committee**

During the year, the Risk Management Committee met Two (2) times. The Committee comprises of Dr. Archana Hingorani as Chairman, Mr. Prakarsh Gagdani and Mr. Gourav Munjal as the members of the 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 level and its ability to manage them effectively.

The Company's Risk Management processes focus on ensuring that the risks to which the company is exposed to, at all times, are identified on a timely basis and addressed with appropriate solutions. Further, as mandated by LODR Regulations, 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 organizing 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 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, terms of reference of the Risk Management Committee are in conformity with the requirements of the Companies Act, 2013 and LODR Regulations and the same has been provided in the Corporate Governance Report.

Your directors, on a regular basis:

- (a) oversee and approve the Company's enterprise-wide risk management framework; and
- (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, organizational structures, processes, standards and code of conduct together form the risk management governance system of the Company and management of associated risks.

- **Corporate Social Responsibility Committee**

During the year, the Corporate Social Responsibility Committee met Once (1) time. The Committee comprises of Mr. Milin Mehta as Chairman and

Mr. Prakash Gagdani and Mr. Gourav Munjal as members of the Committee.

Pursuant to Section 135 of the Companies Act, 2013, every company having net worth of ₹ 500 Crore or more, or turnover of ₹ 1,000 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 their meeting held on April 20, 2021 has framed and adopted the Corporate Social Responsibility (CSR) policy, which can be accessed on the website of the Company at [https://storage.googleapis.com/5paisa-prod-storage/files/investor\\_relations/2022-04/CSR-Policy-updated.pdf](https://storage.googleapis.com/5paisa-prod-storage/files/investor_relations/2022-04/CSR-Policy-updated.pdf) and approved the constitution of Corporate Social Responsibility Committee .

Annual Report on CSR activities, as required under Sections 134 and 135 of the Companies Act, 2013 read with Rule 8 of the (Corporate Social Responsibility Policy) Rules, 2014, as amended ("CSR Rules") is provided as "**Annexure V**" to this report

Further, the Company is required to spend at least 2% of the average net profits of the Company made during three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. However, in view of its accumulated losses during the year under review, the Company was not required to spend on CSR Activities covered under Schedule VII of the Act.

➤ **Board Effectiveness**

- **Familiarisation Program for the Independent Directors**

In compliance with the requirements of LODR Regulations, 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

## Directors' Report (Contd.)

the Corporate Governance Report and are also available on the Company's website and can be accessed using the below link: [storage/files/investor\\_relations/2021-04/familiarisation-programmes.pdf](storage/files/investor_relations/2021-04/familiarisation-programmes.pdf)

- **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and LODR Regulations 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 is explained in the Corporate Governance Report which forms a part of Annual Report of 15<sup>th</sup> AGM of the Company. 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 17, 2022 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 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 Listing 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 Directors fulfill the conditions specified under the Act and the Listing Regulation 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 have 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 or loss of the Company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in





## Directors' Report (Contd.)

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 2022.

### 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 LODR Regulations. Pursuant to amendments to LODR Regulations dated November 09, 2021, the Board and Audit Committee in their meeting held on February 16, 2022 had made changes to the Policy on Related Party Transactions wherein various

changes have been adopted as required under the amended regulations.

Further, pursuant to the amended regulations, the Company is required to obtain prior approval of the members for the Material Related Party Transactions to be entered for FY 2022-23 and a postal ballot notice dated February 16, 2022 was sent to the members. The e-voting period for the same commenced on February 25, 2022 and concluded on March 26, 2022. The results of the Postal ballot were declared on March 30, 2022 and the resolutions were deemed to be passed with requisite majority.

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 LODR Regulations and the same was also approved by the members in the Annual General Meeting held on June 11, 2021. 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.

## Directors' Report (Contd.)

### 25. ANNUAL RETURN

As per the requirements of Section 92(3) of the Act and Rules 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return (e-form MGT-7) of the Company is available on the website of the Company at <https://www.5paisa.com/investor-relations>.

### 26. CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION:

A Certificate from Mr. Prakarsh Sharad Gagdani, CEO and Mr. Gourav Munjal, CFO, pursuant to provisions of SEBI (LODR) Regulations, 2015, for the year under review was placed before the Board of Directors of the Company at its meeting held on April 27, 2022 and the same does not contain any adverse remark or disclaimer.

### 27. 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. There has been no change in the nature of business of the Company as on the date of this Report.

### 28. SECRETARIAL AUDITOR, SECRETARIAL AUDIT REPORT AND COMPLIANCE WITH SECRETARIAL STANDARDS

In terms of the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. Nilesh Shah & Associates, Company Secretaries in whole-time practice, Mumbai, as Secretarial Auditor for conducting Secretarial Audit of the Company for the financial year 2021-22. The Auditor had conducted the audit and their report thereon was placed before the Board. The Secretarial Audit Report for the Financial Year 2021-22 does not contain any qualification, reservation or adverse remark. The Secretarial Auditor's report is appended as "Annexure – II" and forms part of the Annual Report of the 15<sup>th</sup> AGM of the Company. The Company is in compliance with the Secretarial Standards, specified by the Institute of Company Secretaries of India ("ICSI")

### 29. 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 –III" and forms part of the Annual Report of the 15<sup>th</sup> AGM of the Company .

### 30. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

Your Company since its inception believes in honest and ethical conduct from all the employees and others who are directly or indirectly associated with the Company.

Further, in compliance of the Companies Act, 2013 and Regulation 22 of LODR Regulations, the Company has adopted a Whistle Blower Policy. The Company's vigil mechanism / Whistle blower Policy aims to provide the appropriate platform 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 Policy also provides for adequate safeguards against victimization of director(s)/ employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. It is affirmed that no person has been denied access to the Audit Committee. The Company has disclosed the policy at the website of the Company and can be accessed using the below link:

[https://storage.googleapis.com/5paisa-prod-storage/files/investor\\_relations/2021-05/whistle-blower-policy.pdf](https://storage.googleapis.com/5paisa-prod-storage/files/investor_relations/2021-05/whistle-blower-policy.pdf)

The Audit Committee is also committed to ensure fraud-free work environment. Your Company investigates 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 2021-22, no cases under this mechanism were reported to the Company and/or to any of its subsidiaries.

### 31. PREVENTION OF SEXUAL HARASSMENT

Your Company recognizes 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.



## Directors' Report (Contd.)

Your Directors further state that during the fiscal year 2021-22, 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:

- a) Number of complaints received in the year: Nil
- b) Number of complaints disposed off during the year: Nil
- c) Number of cases pending more than ninety days: Nil
- d) 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.
- e) 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:

1. Every employee of the company has to undergo mandatory e-learning module on "Prevention of Sexual Harassment" at workplace.
2. Every new joiner is trained on Prevention of Sexual Harassment during induction program.
3. The Internal Complaints Committee is appropriately trained when the Committee Members are on-boarded to the Committee.
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 employee and has an external women representation.

### 32. PARTICULARS OF EMPLOYEES

The statement of Disclosure 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 – IV".

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, forms part of the Annual Report

of 15<sup>th</sup> 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 upto the date of the ensuing Annual General Meeting. Any Member interested in obtaining a copy of the same may write to the Company Secretary, whereupon a soft copy would be sent at the registered email address of the member.

### 33. STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the term of M/s. V Sankar Aiyar & Co., Chartered Accountants, Mumbai (Firm Registration Number: 109208W), the present auditors of the Company completed their term as Statutory Auditors of the Company at the conclusion of 15<sup>th</sup> AGM.

The Board of Directors of the Company at their meeting held on 27<sup>th</sup> April, 2022, on the recommendation of the Audit Committee, have made its recommendation for re-appointment of M/s. V Sankar Aiyar & Co, Chartered Accountants, Mumbai (Firm Registration Number: 109208W) as the Statutory Auditors of the Company for a term of five consecutive years. Accordingly, an ordinary resolution, proposing re-appointment of M/s. V Sankar Aiyar & Co., as Statutory Auditors of the Company for a term of five consecutive years i.e. from conclusion of 15<sup>th</sup> AGM till the conclusion of 20<sup>th</sup> AGM of the Company pursuant to Section 139 of the Act, forms part of the Notice of the 15<sup>th</sup> AGM of the Company. The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

### 34. AUDITORS REPORT

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 2021-22.

### 35. REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors 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.

## Directors' Report (Contd.)

### 36. 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 LODR Regulations forms an integral part of 15<sup>th</sup> AGM of the Company. 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 LODR Regulations is attached to the report on Corporate Governance.

### 37. 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.

### 38. GENERAL

Your Directors state there being no transactions with respect to the following items during the financial year 2021-22, no disclosure or reporting is required with respect to the same:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Significant or material orders passed against the Company by the Regulators or Courts or Tribunals during the year ended March 31, 2022 which would impact the going concern status of the Company and its future operations.

3. Buyback of shares
4. Receipt of any remuneration or commission by the Whole-time Director of the Company from any of its subsidiaries.
5. Material changes and commitments affecting the financial position of the Company that have occurred between the end of the financial year to which the financial statements relate and the date of this report, unless otherwise stated in the report.
6. Application or proceedings made under the Indian Bankruptcy Code, 2016.

### 39. 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 of Directors

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

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

Date: April 27, 2022  
Place: Mumbai



## Annexure – I to Directors' Report

### FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of 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, 2021 to March 31, 2022	April 01, 2021 to March 31, 2022	April 01, 2021 to March 31, 2022
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	(37.64)	(0.14)	(0.00)
6.	Total Assets	62.20	0.39	1.97
7.	Total Liabilities	27.33	0.03	1.49
8.	Investments	17.96	0.00	0.00
9.	Turnover	11.73	0.01	2.88
10.	Profit before taxation	(14.64)	(0.02)	(0.01)
11.	Provision for taxation- Deferred tax	(3.68)	(0.00)	(0.00)
12.	Profit after taxation	(10.95)	(0.02)	(0.01)
13.	Proposed Dividend	0	0	0
14.	% of shareholding	0	0	0

#### Notes:

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

## Annexure – I to Directors' Report

### 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 of Directors

#### **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 27, 2022

Place: Mumbai





## Annexure – II to Directors' Report

### FORM NO. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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 **31<sup>st</sup> March, 2022**, 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 31<sup>st</sup> March, 2022 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 (till 12<sup>th</sup> August, 2021) and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (w.e.f. 13<sup>th</sup> August, 2021);
  - (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

## Annexure – II to Directors' Report

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.

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 material observation of instances of non-compliance in respect of the same. It was noticed that the Company has inadvertently missed disclosing details of Shareholders holding more than 1% of the Shares while filing Shareholding Pattern for the Quarter Ended 30th June, 2021, which was corrected by filing revised Shareholding Pattern after the due date.

### 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. There were no changes in the composition of the Board of Directors during the year under review.

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 / ensures 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: 27.04.2022  
Place: Mumbai  
UDIN: F004554D000225401

Signature:  
**Name: Nilesh Shah**  
**For Nilesh Shah & Associates**  
Company Secretaries  
FCS: 4554  
C.P.: 2631  
Peer Review No. 698/2020





## Annexure – II to Directors' Report

### 'ANNEXURE A'

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,

**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: 27.04.2022  
Place: Mumbai  
UDIN: F004554D000225401

Signature:  
**Name: Nilesh Shah**  
**For Nilesh Shah & Associates**  
Company Secretaries  
FCS: 4554  
C.P.: 2631  
Peer Review No. 698/2020

## Annexure – III 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 FY2022.**

#### 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

- The foreign exchange earnings: NIL
- 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, 2022	March 31, 2021
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 27, 2022  
Place: Mumbai



## Annexure – IV 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 &amp; CEO</td> <td>29.83</td> </tr> <tr> <td>Mr. Gourav Munjal - WTD &amp; CFO</td> <td>11.11</td> </tr> <tr> <td colspan="2"><b>Non-Executive Director@</b></td> </tr> <tr> <td>Dr. Archana Niranjan 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	29.83	Mr. Gourav Munjal - WTD & CFO	11.11	<b>Non-Executive Director@</b>		Dr. Archana Niranjan Hingorani	NA	Mr. Milin Mehta	NA	Ms. Nirali Sanghi	NA	Mr. Ravindra Garikipati	NA										
Mr. Prakarsh Gagdani – WTD & CEO	29.83																									
Mr. Gourav Munjal - WTD & CFO	11.11																									
<b>Non-Executive Director@</b>																										
Dr. Archana Niranjan 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"><b>Executive Directors</b></td> </tr> <tr> <td>Mr. Prakarsh Gagdani – WTD &amp; CEO</td> <td>46%</td> </tr> <tr> <td>Mr. Gourav Munjal-WTD &amp; CFO</td> <td>15%</td> </tr> <tr> <td colspan="2"><b>Non-Executive Director@</b></td> </tr> <tr> <td>Dr. Archana Niranjan 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"><b>CFO, CEO and CS</b></td> </tr> <tr> <td>Mr. Prakarsh Gagdani – WTD &amp; CEO</td> <td>46%</td> </tr> <tr> <td>Mr. Gourav Munjal – WTD &amp; CFO</td> <td>15%</td> </tr> <tr> <td>Mrs. Namita Godbole- CS</td> <td>20%</td> </tr> </table>	<b>Executive Directors</b>		Mr. Prakarsh Gagdani – WTD & CEO	46%	Mr. Gourav Munjal-WTD & CFO	15%	<b>Non-Executive Director@</b>		Dr. Archana Niranjan Hingorani	NA	Mr. Milin Mehta	NA	Ms. Nirali Sanghi	NA	Mr. Ravindra Garikipati	NA	<b>CFO, CEO and CS</b>		Mr. Prakarsh Gagdani – WTD & CEO	46%	Mr. Gourav Munjal – WTD & CFO	15%	Mrs. Namita Godbole- CS	20%
<b>Executive Directors</b>																										
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Mr. Milin Mehta	NA																									
Ms. Nirali Sanghi	NA																									
Mr. Ravindra Garikipati	NA																									
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Mr. Gourav Munjal – WTD & CFO	15%																									
Mrs. Namita Godbole- CS	20%																									
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 11%. 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 518 employees on the rolls as on March 31, 2022.																								
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 2021-22, there is an average increase of 14% in the remuneration other than managerial personnel and 31% increase 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:

@ 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 27, 2022  
Place: Mumbai

# Annexure – V to the Directors’ Report

## The Annual Report on Corporate Social Responsibility (CSR) Activities

### 1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:-

5paisa Capital Limited (hereinafter referred to as “5PCL”) is guided by IIFL Group’s vision to become the most trusted and respected brand in the financial services space in India. To realize this vision, 5PCL recognizes the importance of contributing to sustainable social transformation. The approach of the business focuses on building trust, knowledge and delivering quality service to its customers on one hand and on the other; to provide timely assistance to its customers so as to help them achieve their financial goals.

5PCL strongly believes that Corporate Social Responsibility is connected with the principles of sustainable growth and hence recognizes the immense opportunity it has to bring about a positive change in the lives of the communities through its business operations and CSR activities.

The Policy directs its CSR Programmes, inter alia, towards achieving one or more of the following - poverty alleviation; promoting education and skill development; promoting healthcare including preventive healthcare; providing sanitation and drinking water; ensuring environmental sustainability; enabling climate resilience; rural development projects; creating livelihoods for people, especially those from disadvantaged sections of society; protection of national heritage, art and culture; preserving and promoting music and sports; and providing relief and assistance to victims of disasters and calamities.

### 2. COMPOSITION OF THE CSR COMMITTEE

Sr. No.	Name of Director	Designation
1.	Mr. Milin Mehta	Chairman
2.	Mr. Prakarsh Gagdani	Member
3.	Mr. Gourav Munjal	Member

### 3. PROVIDE THE WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY:

The web-links are as follows:

- Composition of CSR Committee - <https://www.5paisa.com/investor-relations>
- CSR Policy and Projects - [https://storage.googleapis.com/5paisa-prod-storage/files/investor\\_relations/2022-04/CSR-Policy-updated.pdf](https://storage.googleapis.com/5paisa-prod-storage/files/investor_relations/2022-04/CSR-Policy-updated.pdf)

### 4. PROVIDE THE DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, IF APPLICABLE (ATTACH THE REPORT). – Not Applicable

### 5. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY: Not Applicable

### 6. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS: The Company has accumulated losses in last three financial years.

### 7. PRESCRIBED CSR SPEND OF 5PAISA CAPITAL LIMITED.

- Two percent of average net profit of the company as per section 135(5) :** Not Applicable
- Surplus arising out of the CSR projects or programmes or activities of the previous financial years :** Not Applicable
- Amount required to be set-off for the financial year, if any:** Not Applicable
- Total CSR obligation for the financial year (7a+7b-7c) :** Not Applicable



## Annexure – V to Directors' Report

## 8. (i) CSR Amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)			
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).	
	Amount.	Date of transfer.	Name of the Fund	Amount.
	Not Applicable			

## (ii) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project State District	Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency Name CSR Registration number
Not Applicable										

## (iii) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project State District	Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency Name. CSR registration number
Not Applicable							

(iv) Amount spent in Administrative Overheads - Not Applicable

(v) Amount spent on Impact Assessment, if applicable - Not Applicable

(vi) Total amount spent for the Financial Year (8b+8c+8d+8e) - Not Applicable

(vii) Excess amount for set off, if any - Not Applicable

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

## 9. a. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any Name of the Fund	Amount (in ₹)	Date of transfer	Amount remaining to be spent in succeeding financial years (in ₹)
Not Applicable							

## Annexure – V to Directors’ Report

**b. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
Not Applicable								

**10. IN CASE OF CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR – Not Applicable**

(asset-wise details).

- Date of creation or acquisition of the capital asset(s).** Not Applicable
- Amount of CSR spent for creation or acquisition of capital asset.** Not Applicable
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.** Not Applicable
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).** Not Applicable

**11. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5).** Section 135 of Companies Act, 2013 is applicable from Financial Year 2022 as Company has incurred losses in previous years.

For and on behalf of the Board

**Prakarsh S. Gagdani**  
CEO & Whole time Director  
DIN: 07376258

**Gourav Munjal**  
CEO & Whole time Director  
DIN: 06360031

Date: April 27, 2022  
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	<a href="http://www.5paisa.com">www.5paisa.com</a>						
5.	Email id	<a href="mailto:csteam@5paisa.com">csteam@5paisa.com</a>						
6.	Financial Year reported	April 01, 2021 - March 31, 2022						
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 (₹)	294,173,180
2.	Total Turnover (₹ in million)	Consolidated: 2979.81 Standalone: 2975.67
3.	Total profits/loss after taxes (₹ in million)	Consolidated: 137.36 Standalone: 148.35
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Due to accumulated losses as at the end of the Financial Year, the company was not required to spend on CSR activities. However, the Company has constituted the CSR Committee in lines with the CSR Policy adopted, in compliance with the extant regulations.
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/ vendors (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	<a href="mailto:csteam@5paisa.com">csteam@5paisa.com</a>

**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. No.	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: <a href="https://www.5paisa.com/investor-relations">https://www.5paisa.com/investor-relations</a> Other policies are internal documents and accessible only to employees of the Company.								
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 has an in-house structure under the supervision of the management, where each business function is responsible for the implementation of the policies. These functions are headed by respective function heads, who manage and review the policies regularly. Further, the Company has constituted various Committees to oversee the implementation of these policies.								
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	All policies and processes are reviewed annually by the Board and amended in line with the extant applicable regulations from time to time. All policies and processes are subject to internal audit and internal reviews from time to time.								

**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.
- 5paisa 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 Sr. No. 1 against any principle is 'No', please explain why (tick up to two options)

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 and the same can be accessed at the website of the Company at <https://www.5paisa.com/investor-relations>

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 2021-22, the Company had not received any complaints from investors.

#### 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 support staff & 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 complaints 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.

- i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

N.A.

- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Please refer to the response under Principle 6.

- iii. 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 III 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 Company 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, 2022 is 808.

- 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, 2022 is 517.

- 3. Please indicate the Number of permanent women employees.**

The total number of permanent women employees as on March 31, 2022 is 196.

- 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.**

The Company does not engage in any form of child labour/forced labour/involuntary labour and does not implement any unfair employment practices.

The Company has a Prevention of Sexual Harassment Policy and a formal process for dealing with complaints of harassment or discrimination. Also, the Company has constituted an Internal Complaints Committee for handling complaints under the said policy.

During FY2021-22, there were no complaints received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

- (a) Permanent employees
- (b) Permanent women employees
- (c) Casual/Temporary/Contractual employees
- (d) Employees with disabilities

Employees' health and safety is of prime importance to the Company. The Company conducts robust and periodic training regarding fire safety and provides a good working knowledge of its Emergency Action Plan (EAP). Periodic fire evacuation drills and electrical and fire safety audits are conducted at the office locations, to sensitize employees about fire safety norms and regulations.

The Company has also taken various measures to help and support its employees during the COVID-19 pandemic. Most of the employees were enabled to work from home. The Company made necessary arrangement for temperature checks at entry points of the building, social distancing, installed hand sanitizer stations, undertook

regular sanitization of high touch surfaces (like table tops, staircase railings, lift buttons, etc.). Employees who were infected got tested immediately with Company's mediclaim tie ups. Homeopathy medicines were given to all employees for building immunity.

5paise Capital Limited has initiated various training and competency programs to strengthen capabilities of its people, and help them reach their full potential. There are specific training programs for new employee readiness and to prevent infant attrition in the Company. These programs enable employees of the Company to enhance their knowledge, skills and attitude. Our programs cover the areas of corporate induction, functional & compliance training, business orientation for VPs and above grade employees, and behavioral training. Regular structured training is imparted to employees on both domain as well as behavioral topics. Training is delivered through E-learning modes.

**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 2021-22. However, the spending is not required since the company has 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 FinSchool" to educate about various concepts of Capital Markets.

**Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

In order to educate prospective investors, 5paise has started an educational series i.e. "5P FinSchool". Through 5P FinSchool, we educate the customers in





## Business Responsibility Report (Contd.)

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 two modules with 9 courses and 88 chapters 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 & Illustrative presentations to these chapters.

### 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 statutes which embody the principles of human rights such as non-discrimination, prevention of child labour, prevention of sexual harassment, equal employment opportunities, etc. the Group 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), BSE Brokers Forum (BBF) and Commodity Participants Association of India (CPAI).

#### 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 FinSchool". Through 5P FinSchool, 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 two modules with 9 courses and 88 chapters 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 & Illustrative presentations to these chapters.

#### 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 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 FinSchool" to understand various concepts of Capital Markets.

Further, 5paisa came out to help and support orphans & underprivileged children and youth through relevant education, innovative healthcare and market-focused livelihood programmes. The company introduced the "Joy of Giving" programme, where our employees came forward to contribute and support these underprivileged kids. Further 5paisa donated ₹ 5,00,000/- to the Give India Foundation who works in education, health for COVID relief. 5paisa also organized a COVID vaccination drive for its employees at various locations and all employees have vaccinated till July 21.

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

Yes. Informal feedback is being taken and frequent visits were carried out to establish impact of the initiatives and to re-establish that such initiatives are worth and effective. However, no agency is hired for doing an impact assessment.

#### 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 FinSchool". Through 5P FinSchool, 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 two modules with 9 courses and 88 chapters 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 & Illustrative presentations to these chapters.

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**Business Responsibility Report (Contd.)****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.**

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**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 885 complaints, 6 complaints were under process i.e. 0.67% was rolled over to the next financial year.

**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 guidelines/disclosure requirements prescribed by the regulators like SEBI/ Stock Exchanges etc. 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 2022.

5paisa regularly advertises its products and offerings as per regulatory guidelines and whenever the Company receives enquiries or issues by the regulators, the same are addressed promptly.

**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 platform.

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 27, 2022

Place: Mumbai

# Corporate Governance Report

This Corporate Governance Report relating to the year ended on March 31, 2022 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 5paisa Capital Ltd ("the Company").

To comply with Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the report containing the details of Corporate Governance of 5paisa Capital Limited ('the Company') is as follows:

## 1. OUR COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

5paisa Capital Limited ('the Company') follows the highest standards of governance and disclosure. The framework of the company is driven by the objective of enhancing long term stakeholder value without compromising on ethical standards. 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 Listing Regulations. 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's business objective and that of its management and employees is to create value that can be sustained over the long term for consumers, shareholders, employees, its business partners and the national economy as a whole. The Company is conscious of the fact that its success is a reflection of the professionalism, conduct and ethical values of its management and employees. In addition to compliance with regulatory requirements, the Company endeavours to ensure that highest standards of ethical and responsible conduct are met throughout the organisation. The Company also considers its stakeholders as partners in success, and the Company, remains committed to maximizing stakeholders' value.

## 2. SHAREHOLDERS:

The Companies Act, 2013 ("the Act"), 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 (UPSI);
- Policy on Related Party Transactions;
- Corporate Social Responsibility Policy;
- Policy for determining of 'Material' Subsidiaries 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;
- Dividend Distribution Policy;
- Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace.

## 4. BOARD OF DIRECTORS

### (a) Composition of the Board of Directors as on March 31, 2022:

As on March 31, 2022, 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 Regulation 17 and 17A of the Listing Regulations read with section 149 of the Act. The Board provides leadership, strategic guidance and discharges its fiduciary duties of safeguarding the interest of the Company and its stakeholders.



## Corporate Governance Report (Contd.)

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 Act, the Listing Regulations.

None of the Independent Directors have any other material pecuniary relationship or transaction with the Company, its Promoters, or Directors or Senior Management which, in their judgement, would affect their independent except Sitting fees.

All Independent Directors have provided their annual declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. They have also given declaration under Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended, confirming compliance with Rule 6(1) and (2) of the said Rules that their names are registered in the databank as maintained by the Indian Institute of Corporate Affairs ("IICA").

In terms of the provisions of the Act and the SEBI Listing Regulations, the Directors of the Company had submitted necessary disclosures regarding the positions held by them on the Board and/ or the Committees of other companies with changes therein, if any, on a periodical basis. On the basis of such disclosures, it is confirmed that as on March 31, 2022, none of the Directors of the Company:

- holds Directorship positions in more than twenty (20) companies [including ten (10) public limited companies and seven (7) listed companies];
- holds Executive Director position and serves as an Independent Director in more than three (3) listed companies; and
- is a Member of more than ten (10) Committees and/ or Chairperson of more than five (5) Committees, across all the Indian public limited companies in which they are Directors.

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 and Chief Executive Officer)
	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

### (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-two (32) 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.

Expertise in specific functional areas	Business Management and Finance	
List of Directorship held in other listed Companies	Name of the Company	Category of Directorship
	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

#### • 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 Nineteen (19) years of



## Corporate Governance Report (Contd.)

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.

<b>Expertise in Specific Functional Areas</b>	<b>Business Management, Corporate Strategy and Retail Equity Broking</b>	
List of Directorship held in other Companies	<b>Name of the Company</b>	<b>Category of Directorship</b>
	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	70040 equity shares	

**Note:**

Mr. Prakarsh Gagdani is not a Director in any other listed entity. Hence his directorship in other public/private 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). 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).

<b>Expertise in specific functional areas</b>	<b>Corporate Strategy, Finance, Product Design and Marketing</b>	
List of Directorship held in other Companies	<b>Name of the Company</b>	<b>Category of Directorship</b>
	India Parenting Private Limited	Director
No of shares held in the Company	Nil	

**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, aged 33 years, is a Whole-Time Director and Chief Financial Officer of our 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 more than 11 years of experience in the field of Finance, Accounts, Treasury, MIS, Cost control and process improvements. Before joining the Company, he was associated with the IIFL Group and has handled same functions.

<b>Expertise in Specific Functional Areas</b>	<b>Accounts, Finance and Taxation</b>	
List of Directorship held in other Companies	<b>Name of the Company</b>	<b>Category of Directorship</b>
	5paisa P2P Limited	Executive Director
	5paisa Insurance Brokers Limited	Executive Director
	5paisa Trading Limited	Executive Director
No of shares held in the Company	150 equity shares	

**Note:**

Mr. Gourav Munjal is not a Director in any other listed entity. Hence his directorship in other public/private companies is provided.

- **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.

Mr. Mehta 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.



**Corporate Governance Report (Contd.)**

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.

<b>Expertise in Specific Functional Areas</b>	<b>Accounts, Finance and Taxation</b>	
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List of Directorship held in other Listed Companies	<b>Name of the Company</b>	<b>Category of Directorship</b>
	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 focusing 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.

<b>Expertise in Specific Functional Areas</b>	<b>Technology, Strategy Development and Implementation</b>	
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List of Directorship held in other Listed Companies	<b>Name of the Company</b>	<b>Category of Directorship</b>
	NIIT Limited	Independent Director

No of shares held in the Company Nil

**(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 and the same can be accessed on web link [https://storage.googleapis.com/5paisa-prod-storage/files/investor\\_relations/2021-05/board-diversity-policy.pdf](https://storage.googleapis.com/5paisa-prod-storage/files/investor_relations/2021-05/board-diversity-policy.pdf) and seeks to maintain a Board comprised of talented and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds. For purposes of Board composition, diversity includes, but is 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:

<b>Technical skills/ experience/competencies</b>	<b>Dr. Archana Hingorani</b>	<b>Mrs. Nirali Sanghi</b>	<b>Mr. Prakarsh Gagdani</b>	<b>Mr. Ravindra Garikipati</b>	<b>Mr. Gourav Munjal</b>	<b>Mr. Milin Mehta</b>
Knowledge of the Sector	√	√	√	√	√	√
Accounting and Finance	√	√	√	√	√	√
Corporate Governance and Compliances	√	√	√	√	√	√
Marketing experience			√			

## Corporate Governance Report (Contd.)

Technical skills/ experience/competencies	Dr. Archana Hingorani	Mrs. Nirali Sanghi	Mr. Prakarsh Gagdani	Mr. Ravindra Garikipati	Mr. Gourav Munjal	Mr. Milin Mehta
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/ Competence in all the above-mentioned areas.

### (d) Selection of Independent Directors:

Independent Directors play a significant role in the governance processes of the Board. By virtue of their varied expertise and experience, they enrich the Board's decision-making and prevent possible conflicts of interest that may emerge in such decision-making and safeguards the interests of all stakeholders, particularly the minority shareholders.

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 the Listing Regulations 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 has been received from each of Independent Directors. Your Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Act. The Terms and Conditions for appointment of Independent Directors are available on 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 and are Independent of the management.

In the opinion of the Board, all the Independent Directors fulfil the criteria relating to their

independence as specified in the Listing Regulations and the Act and are independent of the Management. The maximum tenure of the Independent Directors is in compliance with the provisions of the Listing Regulations and the Act. No Independent Director of the Company has resigned. However, Ms. Nirali Sanghi whose term is expiring on January 11, 2023 has been re-appointed for a second term of five (5) years by the Board of Directors pursuant to the recommendation of the Nomination and Remuneration Committee in their meeting held on April 27, 2022 subject to the approval of shareholders in the ensuing Annual General Meeting (AGM).

### (e) Board Meetings and Directorship / Committee membership(s) of Directors

During the F.Y. 2021-2022, Six (6) Board Meetings were held on the following dates: April 13, 2021, April 20, 2021, July 14, 2021, October 19, 2021, January 10, 2022 and February 16, 2022.

The maximum gap between any two Meetings did not exceed 120 days. Further, the Company has adopted and adhered to the Secretarial Standards prescribed by The Institute of Company Secretaries of India and approved by the Central Government.

Agenda papers containing all necessary information / documents are made available to the Board / Committees in advance to enable the Board / Committees to discharge its responsibilities effectively and take informed decisions. Where it is not practicable to attach or send the relevant information as a part of agenda papers, the same are tabled at the meeting or / and the presentations are made by the concerned managers to the Board, subject to compliance with legal requirements. Considerable time is spent by the Directors on discussions and deliberations at the Board / Committee Meetings.

**Corporate Governance Report (Contd.)**

The table below gives the details of the names of the members of the Board, their status, their attendance at the Board Meetings and the last AGM, their Directorships, Committee Memberships and Chairmanships in Indian Companies as on March 31, 2022. 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)	Appointment 07/06/2017 Re-appointment June 07, 2022	Independent Director	06	Yes	07	07	01
Mr. Prakarsh Gagdani (DIN: 07376258)	22/12/2021	Whole-Time Director and Chief Executive Officer	06	Yes	04	01	Nil
Ms. Nirali Sanghi# (DIN:00319389)	11/01/2018	Independent Director	04	Yes	01	02	01
Mr. Ravindra Garikipati	03/09/2020	Independent Director	05	Yes	03	Nil	Nil
Mr. Gourav Munjal (DIN: 06360031)	16/01/2020	Whole-Time Director	06	Yes	04	Nil	Nil
Mr. Milin Mehta (DIN: 01297508)	01/04/2020	Independent Director	06	Yes	05	04	03

**Note:**

- ^ 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.
- \* The Board of Directors in their meeting held on April 20, 2021 and the Shareholders in the AGM of the Company Held on June 11, 2021 approved the re-appointment of Dr. Archana Hingorani for a second term of five (5) years w.e.f. June 07, 2022.
- # The Board of Directors in their meeting held on April 27, 2022 subject to the approval of shareholders in the ensuing AGM approved the re-appointment of Ms. Nirali Sanghi for a second term of five (5) years w.e.f. January 11, 2023.

**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 statements 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.

## Corporate Governance Report (Contd.)

### Post-Meeting Follow-up System

After the Board meeting, we have formal system of follow-up, review and reporting on actions taken by the management on the decisions of the Board and subcommittees of the Board.

#### (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, capitalize 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, *inter alia*, 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, teamwork, 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 Act and Regulation 25 of Listing Regulations, a separate meeting of Independent Directors of the Company was held on March 17, 2022, *inter alia*, to discuss the following:

- To review and evaluate the performance of Non-Independent Directors and the Board and Committee as a whole;
- To review and evaluate the performance of the Chairperson of the company, taking in account the views of the Executive and Non-Executive Directors;
- To assess and evaluate 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. The consolidated Evaluation Report of the Board, based on inputs received from the Directors was discussed at the meeting of the Board held on April 27 2022 and the action areas identified in the process are being implemented to ensure a better interface at the Board/ Management level.

#### (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 Board Committee Meetings, on business and operations of the Company as well as the Group. Quarterly updates on relevant statutory changes are discussed at the Board meetings. The details of such familiarization programmes of



## Corporate Governance Report (Contd.)

the Company may be accessed on the Company's website at the link [https://storage.googleapis.com/5paisa-prod-storage/files/investor\\_relations/2021-04/familiarisation-programmes.pdf](https://storage.googleapis.com/5paisa-prod-storage/files/investor_relations/2021-04/familiarisation-programmes.pdf)

The Board has constituted Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and the Risk Management Committee. Each of the Committees deal with matters as mandated by the statutory regulations and play a very crucial role in the overall governance structure. All the Committees have specific terms of reference approved by the Board which outlines the composition, scope, powers & duties and responsibilities. The Chairman of the respective Committee informs the Board about the summary of the discussions held in the Committee meetings.

The minutes of the meeting of all Committees are placed before the Board for review. During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

### (i) Meetings of the Board:

- Frequency: The Board meets at least once 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.
- 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 and half yearly results of the Company as per the format prescribed in Listing Regulations.
- 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

## Corporate Governance Report (Contd.)

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.
- 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:

The Company has over the years maintained the highest standards of corporate governance processes and has had the foresight to set up corporate governance practices much before their implementation was mandated through the introduction of regulatory requirements.

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 six sub-committees of the Board as at March 31, 2022:

- A. Audit Committee
- B. Nomination and Remuneration Committee
- C. Stakeholders Relationship Committee
- D. Finance Committee
- E. Risk Management Committee
- F. Corporate Social Responsibility Committee

#### A. AUDIT COMMITTEE

The Audit Committee acts as an interface between the Statutory and Internal Auditors, the Management and the Board of Directors. It assists the Board in fulfilling its responsibilities of monitoring financial reporting processes; reviewing the Company's established systems and processes for internal financial controls and governance and reviews the Company's statutory and internal audit processes.

The Audit Committee of the Board is constituted in compliance with the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations. More than two-third (2/3rd) of the members of the Committee, including the Chairman are Independent Directors. The Committee is governed by a Charter, which is in line with the regulatory requirements mandated by the Act and the Listing Regulations. All the members on the Audit Committee are financially literate and possess sound knowledge in finance and accounting practices. The Chairman





## Corporate Governance Report (Contd.)

of the Committee possesses professional qualifications in the field of Finance and Accounting.

### Composition:

The present Audit Committee of your Company comprises of three Independent Directors (Mr. Milin Mehta, Mrs. 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 Listing Regulations as well as section 177 and other applicable provisions of Act 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 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 Act;
  - 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;
- 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;
- 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.

## Corporate Governance Report (Contd.)

- 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.
      1. 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:
        3. the Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
        4. such omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
      - ii) the omnibus approval shall specify:
        5. 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;
        6. the extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
        7. the indicative base price or current contracted price and the formula for variation in the price if any;
        8. such other conditions as the Audit Committee may deem fit.
    - 2. 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;
- iii) 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;
- iv) 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;
- v) 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.

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;

**Corporate Governance Report (Contd.)**

- 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:
    1. 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;
    2. 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 CA 2013 or the SEBI Listing Regulations or by any other regulatory authority.

**Meeting and Attendance:**

During the period under review, the Audit Committee of the Company met five (5) times on April 20, 2021, July 14, 2021, October 19, 2021, January 10, 2022 and February 16, 2022. The necessary quorum was present at the meetings. The maximum 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 last reconstituted on October 08, 2020.

The attendance of each member of the committee at the Meeting of Committee as on March 31, 2022 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	04

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 Chairman of the Audit Committee (Mr. Milin Mehta) was present at the last Annual General Meeting of the Company held on June 11, 2021.

**B. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee (NRC) of the Board is constituted in compliance with the requirements of Section 178 of the Act and

Regulation 19 of the Listing Regulations. The NRC is governed by a Charter in line with the Act and the Listing Regulations.

The Chairman of the Committee is an Independent Director and two-third (2/3rd) of the Members of the Committee are Independent Directors. The Chairman of the Board is a Member of the Committee but does not chair the Committee.

## Corporate Governance Report (Contd.)

### Composition:

The NRC 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 NRC was constituted on March 31, 2017 and the same was last reconstituted on September 03, 2020.

### Scope and Functions:

The scope of activities of the NRC is as set out in Regulation 19 of Listing Regulations and as amended, read with Section 178 of the Act. The Broad terms of reference of the NRC are as follows:

1. Succession planning of the Board of Directors and Senior Management Employees;
2. Identifying and selection of candidates for appointment as Directors / Independent Directors, based on certain laid down criteria;
3. Identifying potential individuals for appointment as Key Managerial Personnel (KMP) and to other Senior Management positions;
4. Formulate and review from time to time the policy for selection and appointment of

Directors, Key Managerial Personnel and senior management employees and their remuneration;

5. Review the performance of the Board of Directors and Senior Management Employees based on certain criteria, as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, it also ensures that the relationship of remuneration to performance is clear, that the performance meets the appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay, reflecting the short- term and long- term objectives of the Company.

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

### Meeting and Attendance:

During the year under review, NRC met Three (3) times during the last financial year on April 20, 2021, July 14, 2021 and October 19, 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	03	03
Dr. Archana Hingorani	Member	Independent Director	03	03
Mr. Ravindra Garikipati	Member	Independent Director	03	03
Mr. Milin Mehta	Member	Independent Director	03	03

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

The Chairperson of the NRC was present at the last AGM of the Company held on June 11, 2021.

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.

**Corporate Governance Report (Contd.)**

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.
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 Act / 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, Key Managerial Personnel (KMP) or Senior Management Personnel (SMP) should possess adequate qualification, expertise and experience for the position he/she is considered for appointment.

## Corporate Governance Report (Contd.)

- 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 SMP subject to the provisions and compliance of the said Act, rules and regulations.

### 3. Retirement:

The Director, KMP and SMP 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, SMP 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 NRC 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.

(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;





## Corporate Governance Report (Contd.)

- 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:

- The Non-Executive and 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 Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- 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.
- The Committee may recommend to the Board, the payment of commission, to reinforce the principles of collective responsibility of the Board.
- 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.
- The total commission payable to the Directors shall not exceed prescribed limits as specified under Companies Act, 2013.
- The commission shall be payable on pro-rata basis to those Directors who occupy office for part of the year.

### B. KMP and SMP:

The remuneration to the KMP and SMP will be based on following guidelines:

- Maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
- Compensation should be reasonable and sufficient to attract, retain and motivate KMP and senior management;
- 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;
- 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:

- The compensation of all individuals employed as Research Analyst shall be reviewed, documented and approved at least annually by the Committee.
- While approving the compensation of the Research Analysts, the Committee shall not consider:
  - Any specific brokerage services transaction which might have happened because of the services of the Research Analyst; and
  - Any contribution made by the Research Analyst to brokerage services business other than that of preparing and / or providing research reports.

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### 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.

### b. Details of Remuneration paid to Directors during FY 2021-22 and details of number of shares and convertible instruments held by Directors as on March 31, 2022 is as under:

Name of the Director	Designation	Salary and perquisite (In ₹)	Commission (In ₹)	Sitting Fees (In ₹)	Contribution to PF and other funds	Stock options (In Quantity)	No. of equity shares held
Mr. Prakarsh Gagdani	Whole-Time Director and Chief Executive Officer	12,812,539	Nil	NA	Nil	500,000	70,040
Mr. Gourav Munjal	Whole-Time Director	4,769,995	Nil	NA	Nil	60,000	150
Mr. Milin Mehta	Independent Director	NA	NA	420,000	NA	NA	Nil
Dr. Archana Hingorani	Independent Director	NA	NA	450,000	NA	NA	Nil
Ms. Nirali Sanghi	Independent Director	NA	NA	360,000	NA	NA	Nil
Mr. Ravindra Garikipati	Independent Director	NA	NA	225,000	NA	NA	Nil

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](http://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.



## Corporate Governance Report (Contd.)

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

The composition of the SRC of the Board is in line with the requirements of Section 178 of the Act and Regulation 20 read with Part D of Schedule II of the SEBI Listing Regulations. The SRC comprises of three (3) members of which two-thirds (2/3rd) of the members including the chairperson are Independent Directors. The Committee is governed by a Charter.

#### 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.

#### 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 in compliance 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 dematerialisation 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 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 2021-22, the Company did not receive any complaints from investors including complaints received through SEBI's scores portal which were duly resolved.

No pledge has been created over the equity shares held by the Promoters as on March 31, 2022.

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### Meeting and Attendance:

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, 2022 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	01	01
Dr. Archana Hingorani	Member	Independent Director	01	01
Mr. Prakarsh Gagdani	Member	Executive Director	01	01

The name, designation and address of Compliance Officer of the Company is as under:

Name and designation:	Mrs. Namita Godbole, Company Secretary & Compliance Officer
Corporate Office Address & Registered Office:	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: <a href="mailto:csteam@5paisa.com">csteam@5paisa.com</a>

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. 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,

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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

h) Other Routine Matters

**Meeting and Attendance:**

During the year under review, the Finance Committee of the Company met twelve (12) times i.e. on May 14, 2021, May 25, 2021, May 31, 2021, June 08, 2021, July 05, 2021, July 12, 2021, August 10, 2021, September 16, 2021, December 24, 2021, December 28, 2021, January 06, 2022 and March 07, 2022. The necessary quorum was present at the said 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	12	12
Mr. Gourav Munjal	Member	Whole-Time Director & CFO	12	12

**E. RISK MANAGEMENT COMMITTEE**

The Company has constituted the Risk Management Committee in line with the Listing Regulations as it is in the list of top 1,000 Companies in the country based on its market capitalization for the immediately preceding financial year.

The RMC was constituted by the Board of Directors in their meeting held on April 20, 2021. The Members of the Committee are drawn from the Members of the Board. Business Risk Evaluation and Management is an on-going process within the Company. The Company has a dynamic risk management framework to identify, monitor, mitigate and minimize risks as also to identify business opportunities.

The Committee is governed by a charter and its terms of reference comprises the following:

**Composition:**

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

## Corporate Governance Report (Contd.)

- 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;
- Any other matter as may be mandated/referred by the Authority/Board.

### Meeting and Attendance:

During the year under review, the Risk Management Committee of the Company met twice (2) on January 10, 2022 and March 23, 2022. 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
Dr. Archana Hingorani	Chairperson	Independent Director	02	02
Mr. Prakarsh Gagdani	Member	Whole-Time Director & CEO	02	02
Mr. Gourav Munjal	Member	Whole-Time Director & CFO	02	02

## F. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### Composition:

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 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 are as under:

1. Formulating and recommending to the Board, the CSR Policy which shall indicate the
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.

### Meeting and Attendance:

During the year under review, the Corporate Social Responsibility Committee of the Company met once i.e. on March 24, 2022. 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. Milin Mehta	Chairman	Independent Director	01	01
Mr. Prakarsh Gagdani	Member	Whole-Time Director & CEO	01	01
Mr. Gourav Munjal	Member	Whole-Time Director & CFO	01	01



**Corporate Governance Report (Contd.)****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 of the Company:

Date of AGM	Location	Time	Whether any special resolutions passed
June 11, 2021	Video Conferencing or Other Audio-Visual Means (VC/OAVM)	2.00 p.m.	Yes. Four (4) Special Resolutions were 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.

**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.

**8. POSTAL BALLOT**

During the year under review, the Company obtained the approval from shareholders twice through postal ballot, the details of the same are mentioned herein below.

Details of resolutions passed through postal ballot during Financial Year 2021-22 and details of the voting pattern:

**A) The following resolutions were passed through Postal Ballot (including electronic voting) as on May 14, 2021:**

- a) Issuance of equity shares to (i) FIH Mauritius Investments Limited, (ii) HWIC Asia Fund Class A Shares, (iii) RIMCO India Limited and (iv) WF Asian Reconnaissance Fund Limited ("Investors") on a preferential basis:

Votes in favour of resolution	16433803
Votes against the resolution	04
Percentage of votes in favour of resolution	99.9999

- b) Issuance of warrants convertible into equity shares to 1,200,000 on a preferential basis:

Votes in favour of resolution	8022486
Votes against the resolution	04
Percentage of votes in favour of resolution	99.9999

The Board of Directors of the Company had appointed M/s. Nilesh Shah and Associates, a Practicing Company Secretaries firm, Mumbai as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

**B) The following resolutions were passed through Postal Ballot (including electronic voting) as on March 26, 2022:**

- a) To approve material related party transactions with IIFL Facilities Services Limited:

Votes in favour of resolution	8832491
Votes against the resolution	107
Percentage of votes in favour of resolution	99.9988

- b) To approve material related party transactions with IIFL Finance Limited:

Votes in favour of resolution	8832491
Votes against the resolution	107
Percentage of votes in favour of resolution	99.9988

- c) To approve material related party transactions with IIFL Management Services Limited:

Votes in favour of resolution	8832491
Votes against the resolution	107
Percentage of votes in favour of resolution	99.9988

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- d) To approve material related party transactions with IIFL Securities Limited:

Votes in favour of resolution	8832491
Votes against the resolution	107
Percentage of votes in favour of resolution	99.9988

- e) To approve material related party transactions with IIFL Samasta Finance Limited:

Votes in favour of resolution	8832491
Votes against the resolution	107
Percentage of votes in favour of resolution	99.9988

- f) To approve material related party transactions with IIFL Wealth Prime Limited:

Votes in favour of resolution	8831991
Votes against the resolution	107
Percentage of votes in favour of resolution	99.9988

- g) To approve material related party transactions with IIFL Home Finance Limited:

Votes in favour of resolution	8832491
Votes against the resolution	107
Percentage of votes in favour of resolution	99.9988

- h) To approve material related party transactions with IIFL Insurance Brokers Limited:

Votes in favour of resolution	8832491
Votes against the resolution	107
Percentage of votes in favour of resolution	99.9988

- i) To approve material related party transactions with IIFL Wealth Management Limited:

Votes in favour of resolution	8831991
Votes against the resolution	107
Percentage of votes in favour of resolution	99.9988

- j) To approve material related party transactions with 5paisa P2P Limited:

Votes in favour of resolution	8831990
Votes against the resolution	108
Percentage of votes in favour of resolution	99.9988

- k) To approve material related party transactions with 5paisa Trading Limited:

Votes in favour of resolution	8831990
Votes against the resolution	108
Percentage of votes in favour of resolution	99.9988

- l) To approve material related party transactions with 5paisa Insurance Brokers Limited:

Votes in favour of resolution	8832491
Votes against the resolution	107
Percentage of votes in favour of resolution	99.9988

The Board of Directors of the Company had appointed M/s. Joshi Velankar and Associates, a Practicing Company Secretaries firm, Mumbai as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

## 9. 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 Act and Listing Regulations. In line with the amended SEBI 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 11, 2021 via Video Conferencing.

Further, SEBI issued a circular dated November 9, 2021 amending Regulation 23 of the "LODR Regulations" specifying that all existing material

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related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations. Accordingly, Company had approved material Related Party Transactions via postal ballot (including electronic voting) on March 26, 2022, in order to comply with above circular.

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 the web-link mentioned below:

[https://storage.googleapis.com/5paisa-prod-storage/files/investor\\_relations/2022-04/RPT\\_Policy-Version-2.1-Final%20%282%29\\_0.pdf](https://storage.googleapis.com/5paisa-prod-storage/files/investor_relations/2022-04/RPT_Policy-Version-2.1-Final%20%282%29_0.pdf)

You may refer to Note no. 33 to the financial statement which contains related party disclosures. No materially significant related party transactions have been entered into during FY 2021-22 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 2021-22 except as mentioned below:

1. A penalty of ₹ 500 was levied on 5paisa Capital Limited by MCX for Non/late submission of bank balance for week ending 30-10-2021. The penalty in connection with the same has been paid by 5paisa Capital Limited.
2. A penalty of ₹ 3,000 was levied on 5paisa Capital Limited by NSE for non-compliances/ violations reported in Internal Audit Report submitted for the half year ended March 2020. The penalty in connection with the same has been paid by 5paisa Capital Limited.
3. A penalty of ₹ 4,000 was levied on 5paisa Capital Limited by BSE for non-compliances/ violations reported in Internal Audit Report submitted for the half year ended March 2020. The penalty in connection with the same has been paid by 5paisa Capital Limited.
4. A penalty of ₹ 6,000 was levied on 5paisa Capital Limited by BSE for non-compliances/ violations reported in Internal Audit Report submitted for the half year ended September 2020. The penalty in connection with the same has been paid by 5paisa Capital Limited.
5. A penalty of ₹ 8,000 was levied on 5paisa Capital Limited by NSE for non-compliances/ violations reported in Internal Audit Report submitted for the half year ended September 2020. The penalty in connection with the same has been paid by 5paisa Capital Limited.
6. A penalty of ₹ 10,000 was levied on 5paisa Capital Limited by BSE towards unregistered client code on January 2022. The penalty in connection with the same has been paid by 5paisa Capital Limited.
7. A penalty of ₹ 10,000 was levied on 5paisa Capital Limited by BSE towards unregistered client code on October 2021. The penalty in connection with the same has been paid by 5paisa Capital Limited.
8. A penalty of ₹ 12,500 was levied on 5paisa Capital Limited by MCX for Adverse Observe MCX on October 2021. The penalty in connection with the same has been paid by 5paisa Capital Limited.
9. A penalty of ₹ 17,500 was levied on 5paisa Capital Limited by MCX for non-compliances/ violations reported in Internal Audit Report submitted for the half year ended September 2020. The penalty in connection with the same has been paid by 5paisa Capital Limited.
10. A penalty of ₹ 30,000 was levied on 5paisa Capital Limited by BSE towards unregistered client code on February 2022. The penalty in connection with the same has been paid by 5paisa Capital Limited.
11. A penalty of ₹ 42,500 was levied on 5paisa Capital Limited by MCX for non-compliances/ violations reported in Internal Audit Report submitted for the half year ended March 2021. The penalty in connection with the same has been paid by 5paisa Capital Limited.
12. A penalty of ₹ 60,000 was levied on 5paisa Capital Limited by BSE Non-Tagging of Unique Identifier for Algorithmic orders on December 2021. The penalty in connection with the same has been paid by 5paisa Capital Limited.

## Corporate Governance Report (Contd.)

13. With respect to SEBI inspection conducted jointly with SEBI, BSE, NSE, MCX and CDSL in June 2019 for the period April 1, 2018 to May 31, 2019, a penalty of ₹ 1154,908 was levied on 5paisa Capital Limited for handling of client's funds and securities, Client Funding, Client Registration Process, Analysis of Enhanced Supervision Data made during the course of said inspection. The penalty in connection with the same has been paid by 5paisa Capital Limited.

### (iii) Whistle Blower Policy/ Vigil Mechanism

In Compliance of the Act and Listing Regulations, 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 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 Listing Regulations to the extent applicable to the Company.

The status on the Compliance with the Non-mandatory recommendation in the SEBI 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 at the link [https://storage.googleapis.com/5paisa-prod-storage/](https://storage.googleapis.com/5paisa-prod-storage/files/investor_relations/2021-05/policy-on-determining-material-subsiary.pdf)

[files/investor\\_relations/2021-05/policy-on-determining-material-subsiary.pdf](https://storage.googleapis.com/5paisa-prod-storage/files/investor_relations/2021-05/policy-on-determining-material-subsiary.pdf)

### (vi) Disclosure of accounting treatment

There was no deviation in following the treatments prescribed in any of Indian Accounting Standards (IndAS) 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	1.30
Certification Expenses	0.39
Out Of Pocket Expenses	0.38
<b>Total</b>	<b>2.07</b>

### (ix) Disclosure in relation to sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal)

- 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 accordance with the regulations, clarifications and circulars and the same are updated as and when required. In line with the recent amendments in SEBI



## Corporate Governance Report (Contd.)

(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 5paisa 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 5paisa digital undertaking business from IIFL Finance Limited to 5paisa Capital Limited.

Upon the Scheme coming into effect and in consideration of the transfer and vesting of the 5paisa 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 5paisa 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 5paisa digital Undertaking of IIFL Finance Limited into 5paisa 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 realized thereunder was transferred to separate Bank account and were distributed to the fractional shareholder as the fractional entitlements. As on the March 31, 2022, ₹ 0.18 million is lying as the unclaimed fractional entitlements in the said bank account.

## 6. 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.5paisa.com](http://www.5paisa.com). The Annual Report, quarterly results, shareholding pattern, material events, corporate actions, copies of press releases, schedule of analysts/investor meets amongst others, are regularly sent to Stock Exchanges and uploaded on the Company's website. Quarterly/annual financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Regulations and uploaded on the Company's website.

The Board of Directors has approved a policy for determining materiality of events for the purpose of making disclosure to the stock exchange. The Chief Executive Officer, Chief Compliance Officer and the Company Secretary and the Chief Financial Officer 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 at the Web-link:

[https://storage.googleapis.com/5paisa-prod-storage/files/investor\\_relations/2021-04/policy-on-determination-of-materiality-of-information-and-event.pdf](https://storage.googleapis.com/5paisa-prod-storage/files/investor_relations/2021-04/policy-on-determination-of-materiality-of-information-and-event.pdf)

The quarterly 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.

## Corporate Governance Report (Contd.)

### 7. GENERAL SHAREHOLDERS' INFORMATION

1.	<b>Annual General Meeting</b>	Monday, July 11, 2022 via video Conferencing
2.	<b>Financial calendar (2022-23)</b>	<p>April 01, 2022 to March 31, 2023</p> <p>Results for the quarter ended June 30, 2022 – within 45 days from the end of the quarter</p> <p>Results for the quarter ended September 30, 2022 – within 45 days from the end of the quarter</p> <p>Results for the quarter ended December 31, 2022 – within 45 days from the end of the quarter</p> <p>Results for the quarter and year ended March 31, 2023 – within 60 days from the end of the quarter</p>
3.	<b>Book closure date</b>	Tuesday, July 05, 2022 to Monday, July 11, 2022 (both day inclusive)
4.	<b>Dividend</b>	During the year under review, your Company had not paid any dividend. The Board of Directors does not propose any dividend at ensuing Annual General Meeting.
5.	<b>Listing of equity shares on stock exchanges at</b>	<p><b>1. National Stock Exchange of India Limited</b> Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai-400 051</p> <p><b>2. BSE Limited</b> Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400001</p> <p>The Listing Fees for the FY 2021-2022 has been paid timely to the aforesaid Stock Exchanges.</p>
6.	<b>Stock code</b>	National Stock Exchange of India Limited – 5PAISA BSE Limited – 540776
7.	<b>Stock market data</b>	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 2021-2022. 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, 2022.

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April, 2021	417.50	252.05	244,662	420.00	252.00	2,533,344
May, 2021	396.45	321	108,129	398.00	333.30	1,274,992
June, 2021	444.70	346	444,382	444.85	343.55	2,224,740
July, 2021	577.40	416.5	350,132	580.00	417.00	2,461,465
August, 2021	544.55	424.3	106,928	528.70	423.55	790,075
September, 2021	503.95	423.05	47,706	492.00	438.05	480,992
October, 2021	542.00	415.8	133,072	543.80	425.00	1,345,210
November, 2021	488.00	356.75	36,819	447.60	356.20	338,066
December, 2021	445.00	385.05	28,900	445.80	383.40	325,805
January, 2022	464.85	346.10	52,364	463.50	348.45	1,046,995
February, 2022	408.90	293.25	72,127	409.20	293.60	588,879
March, 2022	403.80	296.30	91,004	404.00	296.75	982,078



**Corporate Governance Report (Contd.)**

8.	<b>Demat ISIN numbers in NSDL and CDSL for equity shares</b>	INE618L01018
9.	<b>Registrar &amp; Transfer Agent</b>	Link Intime India Private Limited C-101, 247, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai -400083. Tel: 022-49186000 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>
10.	<b>Share transfer system</b>	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.	<b>Dematerialization of shares</b>	As on March 31, 2022, 99.99% 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.
12.	<b>Correspondence for dematerialization, transfer of shares, non –receipt of dividend on shares and any other query relating to the shares of the Company</b>	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 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>
13.	<b>Any query on Annual Report contact at corporate office</b>	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: <a href="mailto:csteam@5paisa.com">csteam@5paisa.com</a>
14.	<b>Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity</b>	The Company vide postal ballot resolution dated May 14, 2021, issued twelve lakh (12,00,000) warrants to the investors. Pursuant to the terms of issue, the warrants are to be converted into fully paid-up equity shares within 18 months from the date of trading approval i.e. November 27, 2022.  The Company has outstanding unexercised ESOPs of 765,250 stock options as on March 31, 2022 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.

**8. SHAREHOLDING PATTERN**

Categories of Equity Shareholders as on March 31, 2022:

Sr. No	Category	Number of equity shares held	Percentage of holding
1.	Promoters & Promoters Group	8,810,698	29.95
2.	Indian Public & others	4,293,213	14.59
3.	Corporate Bodies	510,367	1.73
4.	Mutual Funds/Financial Institutions/Banks/Foreign Institutional Investors	14,986,767	26.11
5.	NRIs/OCBs/Foreign Nationals	816,273	2.77
6.	NBFCs registered with RBI	Nil	Nil
<b>Grand Total</b>		<b>29,417,318</b>	<b>100</b>

## Corporate Governance Report (Contd.)

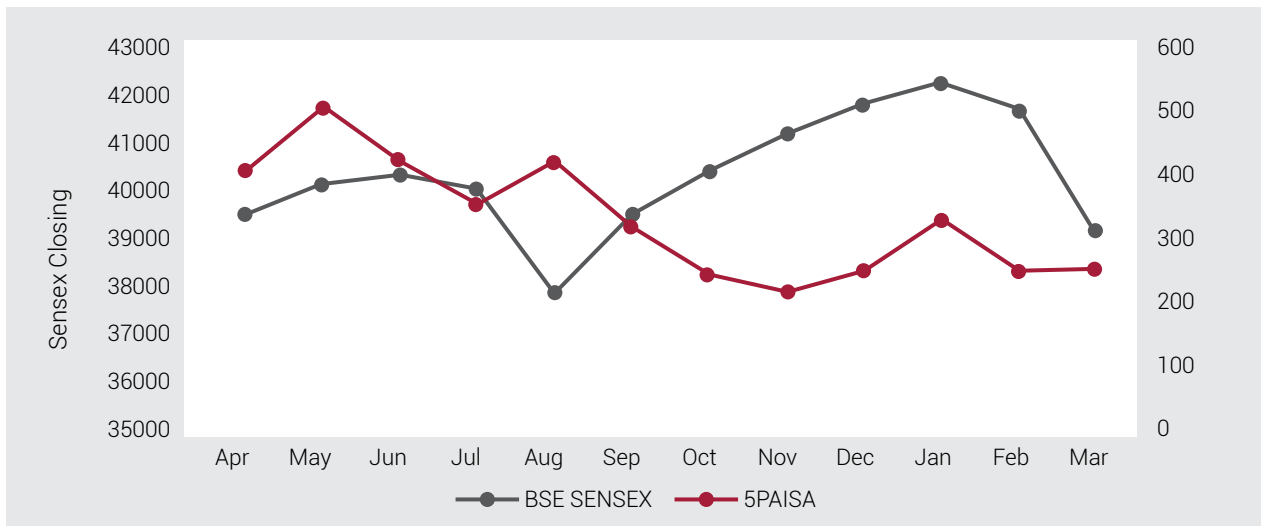
### 9. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2022

The distribution of shareholders as on March 31, 2022 is as follows:

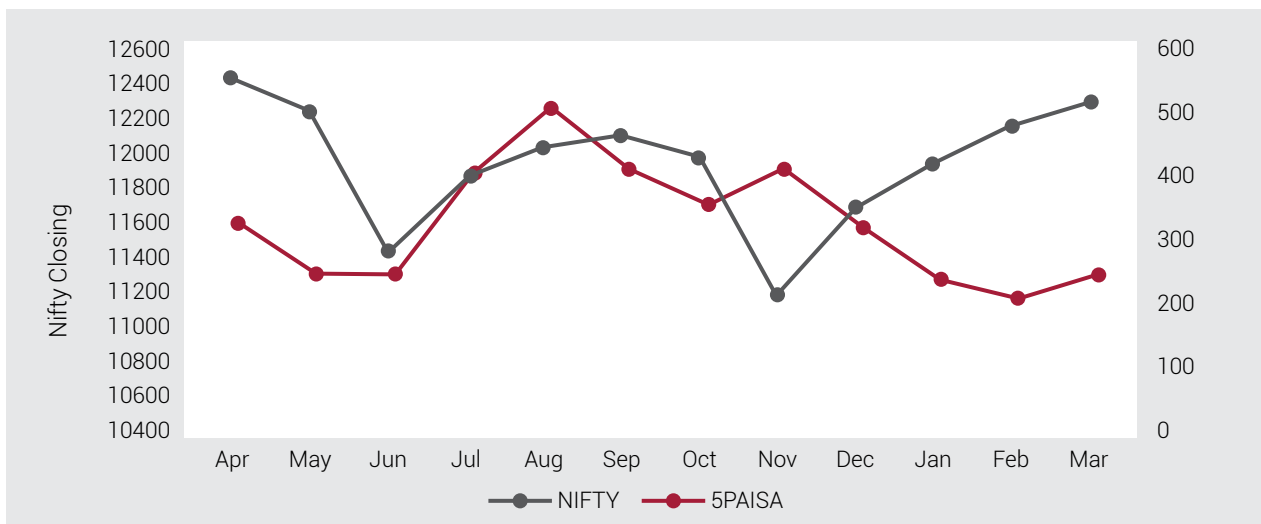
Sr. No.	Shares Range		Number of Shareholders	% of total shareholders	total shares for the range	% of issued capital
1	1	To 500	21140	96.8481	780013	2.6515
2	501	To 1000	301	1.3790	226033	0.7684
3	1001	To 2000	160	0.7330	235967	0.8021
4	2001	To 3000	63	0.2886	158675	0.5394
5	3001	To 4000	24	0.1100	86923	0.2955
6	4001	To 5000	31	0.1420	144851	0.4924
7	5001	To 10000	39	0.1787	290241	0.9866
8	10001 and more		70	0.3207	27494615	93.4640
<b>Total</b>			<b>21828</b>	<b>100.0000</b>	<b>29417318</b>	<b>100</b>

### 10. 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.)****11. PROCEEDS FROM PUBLIC ISSUES, RIGHT ISSUES AND PREFERENTIAL ISSUE, AMONG OTHERS**

The paid-up equity share capital of the company as on March 31, 2022 was ₹ 294,173,180/- (₹ 29,417,318 equity shares of ₹ 10/- each) pursuant to issue of 84,000 equity shares of ₹ 10 each under 5paisa Capital Limited Employee Stock Option Scheme 2017 and 3,817,400 equity shares issued pursuant to preferential allotment in May 2021.

**12. 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 which got rejected as there already exists an insurance broking license within the IIFL group.

**2. 5paisa P2P Limited**

During the year under review, the company had commenced its operations as NBFC Peer-to-Peer Lending Platform (NBFC-P2P).

**3. 5paisa Trading Limited**

During the year under review, the Company commenced its business of offering an option to trade in Digital Gold for its clients who were interested in buying/selling of digital gold online.

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. <https://www.5paisa.com/investor-relations>.

**13. CEO/CFO CERTIFICATE**

The Certificate required under Listing Regulations duly signed by the CEO and CFO was submitted to the Board and the same is annexed to this Report.

**14. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE**

The Company has obtained the certificate from M/s. Nilesh Shah & Associates, Company Secretary in practice as required under Listing Regulations, 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 placed at the Annual General Meeting for inspection by members.

**15. 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](http://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 27, 2022  
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, 2022 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 27, 2022  
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, 2022, 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 27, 2022

## 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, 2022, as per the regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and para-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 the 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.

For **V. Sankar Aiyar & Co.,**  
Chartered Accountants  
(FRN 109208W)

**(G SANKAR)**  
Partner  
(M.No.46050)

Place: Mumbai  
Date: April 27, 2022



**Corporate Governance Report (Contd.)****CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Spaisa Capital Limited**, having CIN: L67190MH2007PLC289249 and having registered office situated at IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane – 400 604 (hereinafter referred to as '**the Company**'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and carried by us and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **March 31, 2022** have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory:

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1	Archana Hingorani	00028037	07/06/2017
2	Nirali Sanghi	00319389	11/01/2018
3	Ravindra Garikipati	00984163	03/09/2020
4	Milin Mehta	01297508	01/04/2020
5	Gourav Munjal	06360031	16/01/2020
6	Prakarsh Gagdani	07376258	22/12/2015

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company, our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

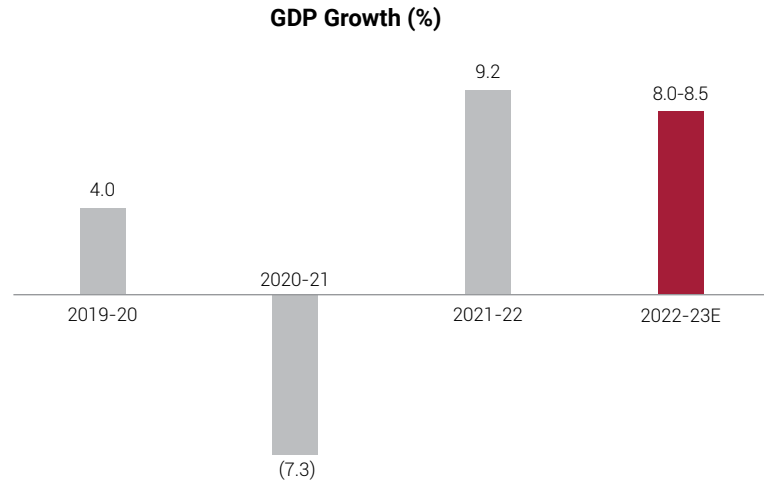
Date: April 27, 2022  
Place: Mumbai  
UDIN: F004554D000225423

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

# Management Discussion and Analysis

## INDIAN ECONOMY OVERVIEW

After contracting by 7.3% in FY 2020-21, the Indian economy is expected to grow by 9.2% in real terms in FY 2021-22, according to Advance Estimates in the Economic Survey - 2022. This effectively demonstrates that a 'V-shaped recovery' has played out, and economic activity has bounced back to pre-pandemic levels.



Source: Ministry of Finance  
E: Expected

Some of the factors that have supported growth during the year have been the widespread vaccination coverage, gains from supply side reforms, easing of regulations, robust export growth and a ramp-up in capital spending.

According to the Economic Survey, Agriculture and Allied Sectors was the least impacted by the pandemic. This segment of the economy is expected to post a growth of 3.9% in FY 2021-22, after expanding 3.6% in the previous year. The strong performance of the sector was largely due to a good monsoon, which resulted in reservoir levels being higher than the 10-year average. It was also supported by policies that ensured timely supplies of seed and fertilisers to farmers, despite pandemic-related disruptions.

The Industrial sector also staged a strong comeback after posting a negative growth of 7.0% in FY 2020-21 to an expected expansion of 11.8% in FY 2021-22. The manufacturing, construction and mining sub-sectors followed a similar trend as overall industry growth, while utilities experienced a more muted cycle since basic services, such as electricity and water supply, were maintained even at the height of the lockdowns. The share of industry in GVA is now estimated at 28.2% (Source: Ministry of Finance).

While there clearly was a wide dispersion of performance in different sub-sectors, the Services sector was the hardest hit by the pandemic, especially segments that involved human contact. The overall sector is estimated to have grown by 8.2% during FY 2021-22 after a contraction of 8.4% during the previous year (Source: Ministry of Finance). Both the Finance/ Real Estate and the Public Administration segments are now

well above pre-COVID levels but segments like Travel, Trade and Hotels have yet to fully recover. At the other extreme, the software and IT-enabled services exports witnessed a boom.

### Key policy announcements of Union Budget 2021-22

The three stated pillars of the government's vision for the next 25 years – the Amrit Kaal – were promoting digital economy and Fintech, technology-enabled development, energy transition and climate action. To achieve this longer-term objective, with appropriate short-term goals, leading proposals included:

- A higher capex spend of ₹ 7.5 trillion (35.4% over FY 2021-22BE/ 24.5% over FY 2021-22RE) to sustain the green shoots of growth, which have sprouted in FY 2020-21
- The fiscal deficit has been projected to remain elevated, while still maintaining a glide path of gradual lowering
- Enhancing Ease of Doing Business by digitising manual processes and interventions and integrating Central and State-level systems
- 'Kisan Drones' to be promoted for crop assessment, digitisation of land records, spraying of insecticides and nutrients
- High-quality e-content in all spoken languages to be developed for delivery via internet, mobile phones, TV and radio through Digital Teachers
- 75 Digital Banks to be set up in 75 Districts to ensure that digital banking reaches every nook and corner of the country



## Management Discussion and Analysis (Contd.)

- 5G spectrum auctions to open the door for digital transformation-oriented initiatives
- The finance minister also used the forum to propose India's own digital currency

The Budget stated that it was relying on a virtuous cycle starting from private investment with public capital investment helping to crowd-in private investment. The assumption appears to be that engaging this single lever can ultimately create employment, which will drive consumption while creating a robust infrastructure base for the country. It also presumes that with investment in infrastructure, manufacturing and services will also get a boost and exports will rise commensurately.

### Economic Outlook

Looking ahead, the Economic Survey projects an economic growth of 8.0 to 8.5% for FY 2022-23, based on various assumptions, including no further debilitating pandemic-related economic disruption, a normal monsoon, orderly withdrawal of global liquidity by major central banks, oil prices in the range of US\$ 70-75/bbl, and a steady easing of global supply chain disruptions over the course of the year. This estimate is in line with both the World Bank and the Asian Development Bank's latest forecasts of real GDP growth of 8.7% and 7.5%, respectively, for India for FY 2022-23. The World Economic Outlook (January 2022) projects India as the fastest growing major economy in the world during FY 2021-22, FY 2022-23 and FY 2023-24.

Overall, the Economic Survey was optimistic about macro-economic stability indicators suggesting that the Indian Economy is well placed to take on the challenges of FY 2022-23. (Source: Ministry of Finance).

### FINANCIAL SERVICES INDUSTRY

In recent times, India's mature and well-diversified financial sector has been expanding rapidly on the strength of technology, policy and regulatory facilitation. There has been an influx of new entities and the range of offerings and geographic reach have been increasing too.

FICCI characterised India's financial sector as one of the fastest growing sectors in the economy, pointing out that it has witnessed increased private sector activity, including an explosion of foreign banks, insurance companies, mutual funds, venture capital and investment institutions.

Today, the financial services industry in India comprises new-age Fintech start-ups and payment banks, in addition to more conventional entities like commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities.

There have been various initiatives by the government, RBI, SEBI and other regulators, to ensure that the Indian financial sector evolves into a strong, transparent and resilient system that meets the financial needs of individuals as well as enterprises, across the country.

Competition has played a role in the development of the sector too. With the introduction of several new instruments and products as well as the entry of new players, even existing players have had to upgrade their product offerings and distribution channels. Financial intermediaries are also moving to internationally acceptable norms and this has given a fillip to the development and modernisation of the financial sector.

As a fallout of the pandemic, all segments of the financial services industry were pushed to innovate and adopt technology in products and services, processes and operations and for customer connect. A wave of digital transformation swept over the industry and with it, every Indian with a smartphone and internet connectivity gained access digitally to a range of products and services including application of loans, completing e-KYC, opening bank accounts, etc.

Going forward, the key engines that will drive the Indian financial services industry forward will be:

- Growing demand on account of rising incomes and overall economic growth
- Innovation and greater customisation in products and services
- Policy support, which can facilitate greater efficiency and transparency in every segment
- Greater financial inclusion of both individuals and enterprises, which have hitherto been outside the net of the formal financial sector

### USE OF DIGITAL TECHNOLOGY IN THE FINANCE INDUSTRY

Over the years, India's financial sector landscape has become more digital, making it more accessible and friction-free for users. According to a report by Niti Aayog, titled 'Connected Commerce: Creating a Roadmap for a Digitally Inclusive Bharat', India is seeing an increasing digitalisation of financial services, with consumers shifting from cash to cards, wallets, apps, and UPI, thanks largely to the advent of Fintech companies and availability of economical internet connectivity and smartphones.

The growth and expansion of the Fintech ecosystem in India is being aided by a number of factors, including the growing availability of smartphones, increased internet access, and high-speed connectivity.

## Management Discussion and Analysis (Contd.)

Through specialised software and algorithms, Fintech companies have been enabling the financial sector to manage their operations, processes and customer interfaces. More importantly, they have addressed critical structural issues afflicting Indian financial services to enable increased outreach, improved customer experiences, reduced operational friction and greater adoption and usage of the digital channels.

Looking ahead, the opportunity for Fintech lies in expanding the market, shaping customer behaviour, and effecting long term changes in the financial industry. A report by Boston Consulting Group and FICCI report, titled 'India Fintech: A \$100 billion Opportunity' states that India is well-positioned to achieve a Fintech sector valuation of US\$ 150-160 billion by 2025, implying a US\$ 100 billion in incremental value creation potential. To achieve this goal, India's Fintech sector will need investments of US\$ 20-25 billion over the next few years, according to the report.

Niti Aayog foresees India emerging as the hub of digital financial services globally, with solutions like UPI growing tremendously and being hailed as instrumental in bringing affordable digital payment solutions to the last mile.

### OVERVIEW OF CAPITAL MARKETS

The Indian capital markets have existed for centuries and have always played a crucial role in the country's economic development. In more recent times, they provide a good reflection of the state of the economy as they capture the demand and supply of financial resources to various segments of the economy. These financial resources, in turn, enable production of goods and availability of services, employment and wage growth. All these activities contribute to the demand for various goods and services, completing a virtuous cycle of growth that is facilitated by adequate, timely and cost-effective funds.

The capital markets in India comprise three broad segments on the basis of instruments – equity, debt and hybrid structures.

All three segments are well regulated and have withstood cyclical ups and downs as well as external shocks too.

During the COVID-19 pandemic, the Indian and global capital markets remained largely buoyant as global central banks ensured adequate liquidity. As the impact of the pandemic on economic growth recedes, this liquidity is likely to get mopped up by a more hawkish stance by central banks as well as greater demand for funds by governments and corporates.

### STOCK BROKING SECTOR

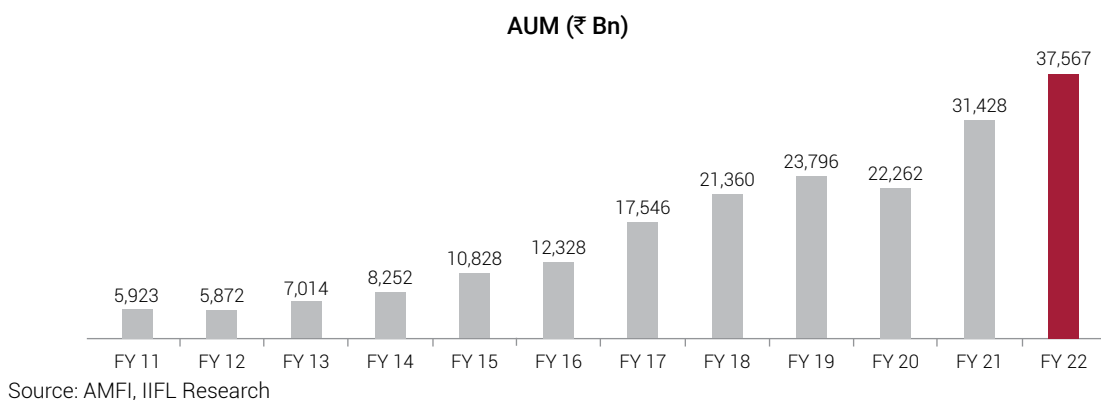
The Indian brokerage sector can be classified based on the nature of brokerage services, the type of parent company (banks or other) and the extent of business diversification. India has a mix of Full-Service Brokerage firms and Discount Brokerage houses. Full-Service Brokerage firms offer a wide range of services like offline and online trading, demat accounts, investment advisory, research reports, relationship manager for personalised services, portfolio management services, insurance and other customised services. Discount brokerage houses, on the other hand, offer services at low and fixed brokerage fees, irrespective of size of order and provide such services via online platforms.

The stock market, which reflects the sentiment of the traders and investors, and often captures the economic pulse too, has been largely buoyant over the past two years, with dips during events that threatened economic growth.

### MUTUAL FUND INDUSTRY

The Indian mutual fund industry has been evolving over the years. It currently has a vibrant institutional as well as retail participation and the retail segment has been growing rapidly, in terms of its contribution to AUM growth.

After dipping in FY 2019-20, on account of uncertainty triggered by the outbreak of the COVID-19 pandemic, AUM of the mutual fund industry in India climbed by 41% and 20% respectively in FY 2020-21 and FY 2021-22.

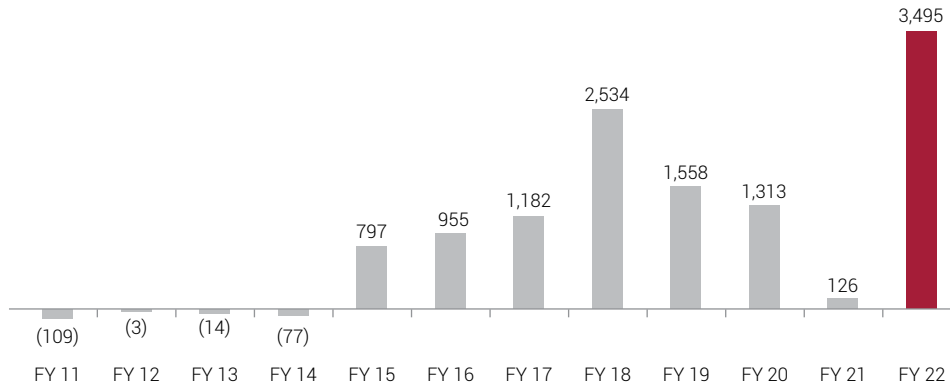


Although there was a significant decline in mutual fund equity collection to ₹ 126 billion in FY 2020-21, owing to the volatile markets and the negative returns on SIPs in equity mutual funds, this parameter bounced back to ₹ 3,495 billion in FY 2021-22 as equity markets rose steadily and investor confidence and financial stability improved.



## Management Discussion and Analysis (Contd.)

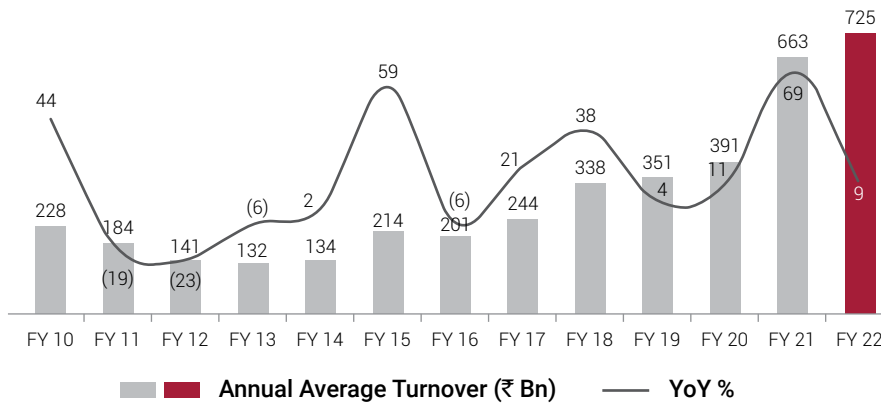
## Net Mutual Fund Equity Collections (₹ Bn)



Source: AMFI, IIFL Research

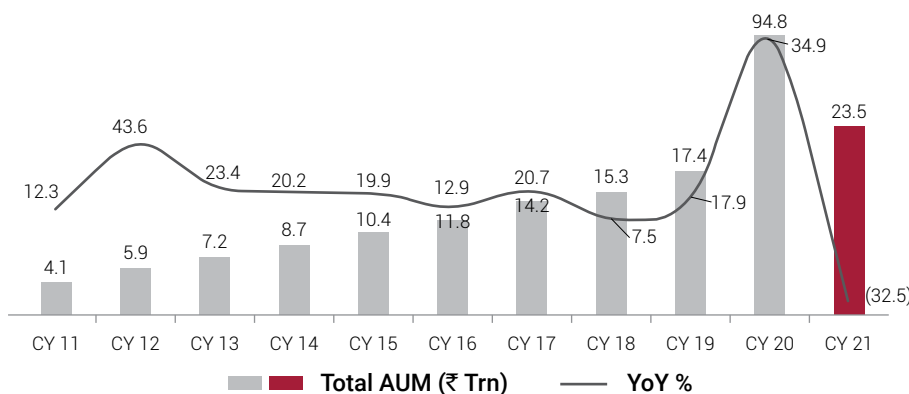
The annual average cash market turnover, which spiked to ₹ 663 billion in FY 2020-21 due to strong buying figure from FII's and a positive global setup, amongst other factors, stayed strong at ₹ 725 billion in FY 2021-22, marking a 9% rise over the previous year.

## Annual Average Cash Market Turnover



Sources: Bloomberg, IIFL Research

## AUM by Portfolio Managers

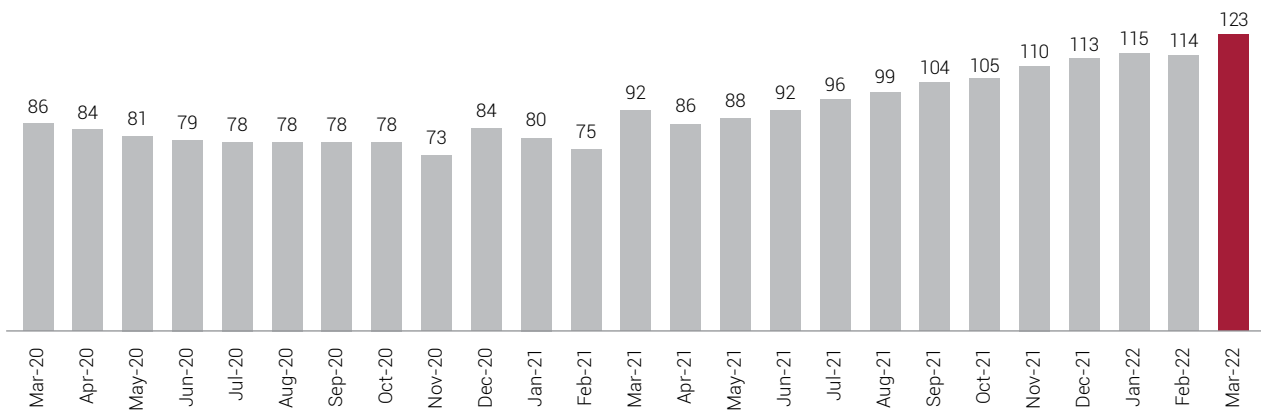


Sources: SEBI, IIFL Research

The AUM by Portfolio Managers fell during calendar year 2021(CY 2021) fell to ₹ 23.5 trillion from ₹ 34.9 trillion in CY 2020, marking a decline of 32.5%. In absolute terms, however, it showed an increase over CY 2019 levels, reflecting a return to the longer term trend.

## Management Discussion and Analysis (Contd.)

### SIP Contribution (₹ Bn)



Source: AMFI, IIFL Research

The SIP contribution increased by 34.0% YoY from ₹ 92 billion in March FY 2020-21 to ₹ 123 billion in March FY 2021-22, while the total number of SIP accounts grew from 37.3 million in March FY 2020-21 to 52.8 million in March FY 2021-22. The average SIP size, however, fell marginally to ₹ 2,336.0 in March FY 2021-22 from ₹ 2,464.7 in March FY 2020-21.

### DISCOUNT BROKERAGE INDUSTRY

While leading stock exchanges in India enabled digital trading around the turn of the millennium, the use of online trading platforms became popular much later. Today, with digitalisation at the individual level, due to penetration of internet services and access to mobile phones, stock broking has witnessed a radical change. A relatively new segment of discount brokers has emerged. These entities focus on offering their clients low-cost access to investing and trading through their online trading platforms. Discount brokerage charges are usually close to nil which has attracted investors, especially those that are new to equity investing.

Another key factor driving the growth of the discount brokerage industry is India's demographic profile, which comprises the largest working-age population in the world. Millennials (those with a median age of 18 to 35) account for 36% of the population and are projected to constitute 50% of the country's workforce by 2025. This segment of the population, being tech-savvy and price-conscious, has favoured discount brokers over traditional brokers because of the simplicity and fast-paced nature of services offered. (Source: Morgan Stanley)

Discount brokers also typically offer independent advisory services and informative content free of cost. This unrestricted access to information on their website and applications also attract customers.

Due to the combination of lower cost and good technology, which ensures faster and more convenient trading experiences,

along with access to relevant information and customisation, young first-time investors tend to be more inclined towards discount broker services.

### GOING FORWARD

As per capita incomes increase in India, alongside awareness about investment avenues and access to them, the participation in the capital markets is on the rise. With an increment in younger, more independent and cost-conscious investors and traders, the services of discount brokers have been gaining popularity.

This new breed of stock brokers, which have risen on the strength of their technology prowess, is rapidly outpacing full-service brokers, who previously enjoyed a dominant presence and preference among investors.

With internet penetration and the use of smartphones continuing to grow, it becomes faster, simpler and more convenient for investors from across the country to participate in stock markets directly or through mutual funds, via the platforms of discount brokers.

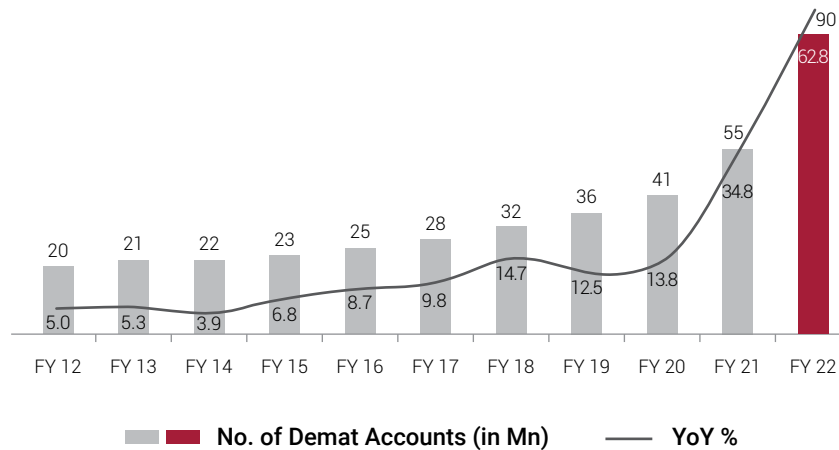
Discount brokers, with their low brokerage, technology integration, efficiency and convenience, from seamless account opening to automated integration of processes, are all set to gain from the emerging trend of growing capital market investment in the country.





## Management Discussion and Analysis (Contd.)

### Demat accounts



Sources: NSDL, CDSL, IIFL Research

In FY 2021-22, the number of demat accounts rose to 90 million from 55 million in FY 2020-21. The surge in retail participation in the stock market, post the spread of the coronavirus pandemic, has resulted in buoyant market trends over the past two years.

#### OPPORTUNITY

The pandemic accelerated many trends that were emerging before it struck. The overnight adoption of work from home and more digitally-dependent lifestyles were two significant impulses that triggered a virtuous equity investing cycle. As markets began picking up, after they hit a nadir in March 2020, potential investors actively participated by opening demat and trading accounts online and fuelled the rally. This attracted greater participation, which fuelled the rally further.

While the economy returned to pre-pandemic levels, as the third wave of COVID-19 subsided, and individuals and enterprises began to revert to pre-pandemic lifestyles, the preference for online investment platforms continued. Virtual customer enrolment and onboarding has become the new normal as it facilitated faster more seamless onboarding, trading and investing processes. This has great implications for the future of direct and indirect equity investing in the country.

According to NSE, within India's population of 1.38 billion people, there are just 12 million active investors as of August 2021. However, this trend appears to be changing, as per a SBI report, which points out that 4.47 million retail investor accounts have been added during the first two months of FY 2021-22. It also revealed that there was an increase of 14.2 million individual investors in FY 2020-21 alone.

With better connectivity and greater usage of smartphones, even in smaller towns and villages, alongside growing awareness among investors and increased financial literacy, the culture of equity investing is likely to burgeon.

Within this milieu, the prominence of discount brokers will rise as they cater to the expanding equity investing community, which will be driven by independent, cost-conscious millennials who prefer online services that are fast, economical and efficient.

#### THREATS

As the financial services sector becomes increasingly digital-oriented, like any other digitally transformed sector or industry, it becomes vulnerable to breaches in cyber security and data privacy.

Regulatory overhauls can also take a toll on the sector, especially the discount broking segment which functions on low margins and a wide base of clientele. Any sudden change in regulatory norms which result in a rise in operating costs could pose operational challenges.

As the fine line between Fintech and financial services blurs and competition increases, even traditional full-service brokerages are finding ways to become price competitive and have subscription plans and digital investment options.

Lastly, any unforeseen externality, shock or crisis can impact the sector, with the impacts on various units based on their preparedness and the strength of their Business Continuity plans.

## Management Discussion and Analysis (Contd.)

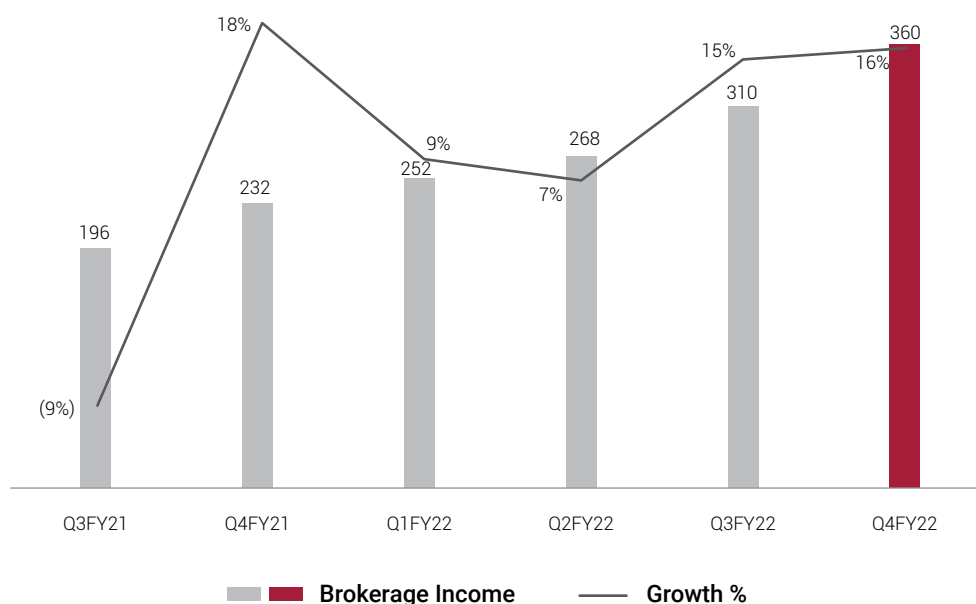
### COMPANY OVERVIEW

5paisa Capital Limited (hereafter referred to as the Company) is a technology-driven financial service company having mainly an online presence. Incorporated in 2007, it provides financial products through online platforms and mobile applications. The Company is registered with SEBI as a stock broker, depository participant and research analyst, and with AMFI as a mutual fund distributor. Its customer base mainly comprises retail investors, high-volume traders who actively deal in securities market and seek DIY (Do-it-yourself) services at an affordable cost. The Company's simplified tech-driven platform, customer-friendly mobile applications, artificial intelligence powered Robo Advisory platform, and paperless account opening platform have helped it become India's fastest growing online broker.

#### Product Offerings

<b>Broking</b>	Both Cash & Derivative segments	STOCK SIP				
<b>Mutual Funds</b>	Direct Funds	SIP	Robo Advisory			
<b>Wealth Management</b>						
<b>Research Products</b>	Swing Trader	Smart Investor	Smallcase	Sensibull	Screeners	Portfolio Analyser
<b>Insurance</b>	Health & Term					
<b>Algo Trading</b>	Open API					
<b>Commodities</b>						
<b>Personal Loans</b>						
<b>Digital Gold</b>						
<b>P2P Lending</b>						
<b>Learning Platform</b>	Finschool					
<b>Community</b>	Stocky5					

#### Broking Income (₹ Mn) and Growth

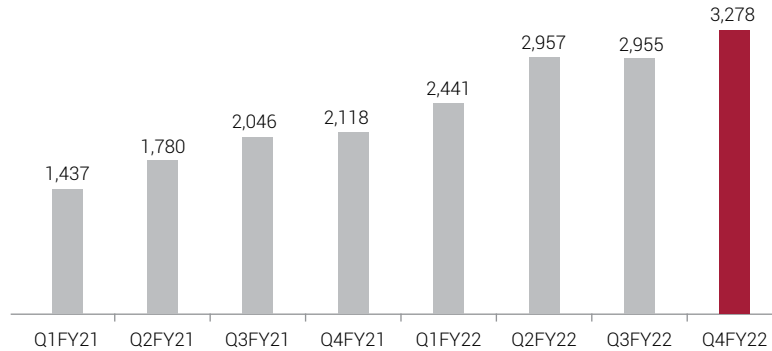


### FINANCIAL PERFORMANCE

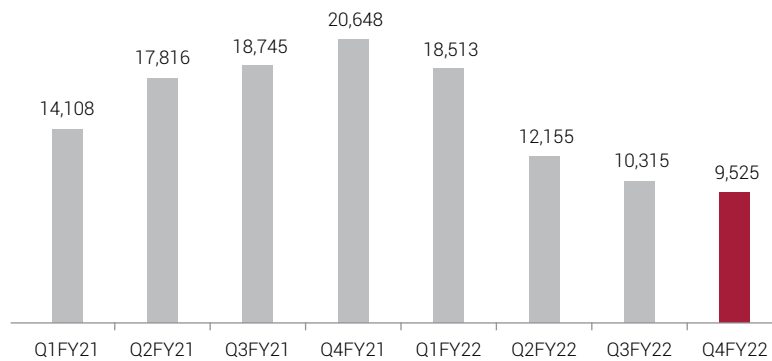
Revenues have seen strong and sustained growth of 53% y-o-y to ₹ 2,980 million in FY 2021-22. Total Comprehensive Income (TCI) stood at ₹ 139 million for the year, down 5% y-o-y. The Company continue with rapid and consistent growth.

The retail market share was 3.00% for cash and 2.98% for FnO for Q4 FY 2021-22. The 5paisa Mobile app had about 11.9 million downloads till March 31, 2022 with a 4.3 Star rating on Play Store. The Company on-boarded more than 1.4 million new clients in FY 2021-22, taking the total number of registered customers to 2.7 million and 86% were organic clients from Tier II/III cities.

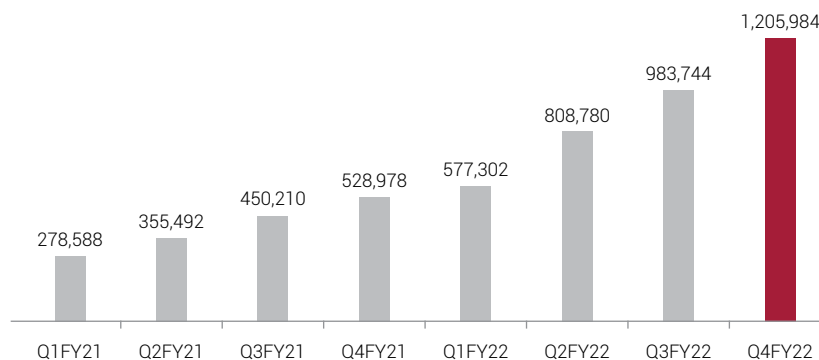
The quarterly brokerage stood at ₹ 360 million. This is an increase of 16% q-o-q.

**Management Discussion and Analysis (Contd.)****Total MF AUM (in Mn)**

The AUM Book registered a growth by 1.55 times to ₹ 3,278 million in FY 2021-22. It registered a growth of 11% q-o-q and 55% y-o-y.

**OPERATIONAL PERFORMANCE****Average Daily Cash Turnover (₹ Mn)**

The average daily cash turnover stood at ₹ 9,525 million for Q4 FY 2021-22, down by 8% q-o-q whereas exchange cash turnover (NSE+BSE) was down by 6% for the quarter ended March 2022. On a y-o-y basis, the Company's average daily cash turnover for the quarter was down by 54% y-o-y.

**Average Total Turnover (₹ Mn)**

Average total turnover of the Company was at ₹ 1,205,984 million, up by 23% q-o-q whereas the exchange total turnover was 29.7% for the quarter ended March 2022.

## Management Discussion and Analysis (Contd.)

Details of significant changes, if any, in key financial ratios, along with detailed explanations:

Key Ratios	FY22	FY21	Variance %
Debt/Equity Ratio	0.74	1.47	(49.82)%
Return on Net Worth	4.2%	11.7%	(63.85)%
Interest Coverage Ratio	2.11	2.37	(10.98)%
Net Profit Ratio	5.0%	8.9%	(44.20)%
Return on Capital Employed	6.9%	11.6%	(40.47)%

- Debt Equity reduced from 1.47 times to 0.74 times due to increase in shareholders' equity and reserves from ₹ 1,587.4 million in FY 2020-21 to ₹ 3,777.5 million in FY22 which is primarily due to preferential allotment of 38,17,400 shares during the year at ₹ 500 per share.
- Interest coverage ratio decreased from 2.37 times to 2.11 times due to increase in finance cost from ₹ 151.5 million in FY 2020-21 to ₹ 199.5 million in FY 2021-22. Finance cost has increased due to increase in borrowing cost pertaining to client funding book.
- Net Profit ratio has decreased from 8.9% to 5.0% mainly on account of decrease in profits to ₹ 148.3 millions in FY 2021-22 as compared to ₹ 173.2 millions in FY 2020-21 which is mainly on account of increase in marketing expenses & other customer acquisition expenses.
- Return on capital employed decreased from 11.6% to 6.9% on account of decrease in EBIT to ₹ 418.4 million in FY 2021-22 from ₹ 433.4 million in FY 2020-21 which is mainly on account of increase in marketing expenses & other customer acquisition expenses.

### CUSTOMER ACQUISITION

Customer acquisition has increased to 102% in the current year recording a growth of over 1.35 million customers. Of the total new customers for the year, 86% are from tier 2 and 3 cities. The high share of organic customers in the total customer acquisition base has helped to reduce the cost of acquisitions substantially.

The Company offers the following benefits:

- Multi-lingual services (4 different languages)
- One-stop shop for investments
- Customer-friendly app
- Digital onboarding service
- Complete paperless and process is smooth and seamless
- Personalised advisory and Robo advisory services
- Variety of attractive subscription plans
- Discounted flat fee per order
- In-depth research

### TECHNOLOGY UPDATE

5paisa's tech team has been constantly working with a customer-first approach to deliver digital solutions keeping business and customer requirements as its primary consideration. During the year FY 2021-22, the following enhancements were made:

#### Existing technology solutions were optimised

The Company is working on improving the performance of our application to ensure that our customers enjoy a superior experience. The Company has redesigned and migrated the public facing website to the cloud in a secure and scalable manner.

To track and measure customer journeys, the Company is capturing both quantitative and qualitative information, using analytical tools. The Company is also working on a fresher and richer mobile app as part of an upcoming redesign and have simplified the Open API stack.

#### New cloud-based tool adoption

The Company has undertaken a spree of cloud-based and related initiatives, including Single Sign-on (SSO) integration with Business Applications; Design of new infrastructure in Active-Active mode; New monitoring platform for Infrastructure and Application monitoring, design of cloud-based telephony solutions in hybrid model. The Company has also migrated our finance application to the cloud.

#### Security Tools implemented

To protect the Company's systems, the Company has implemented Dark Web Monitoring Services, from a specialised partner, Data leak prevention for email solutions and an incident monitoring team has been on-boarded. The Company has also deployed a laptop encryption tool.

#### Sustained ISO 27001:2013 Certification

Many improvements were noted in the Company's overall Information Security Program with a much more matured monitoring process, as reported by BSI (External Auditor).



## Management Discussion and Analysis (Contd.)

### Improved Business Continuity Management

There has been no interruption to business operations as BCP was active during the COVID-related lockdown. Necessary infrastructure related access was provided to users in a secured manner over the cloud. No impact was faced by end users during the work-from-home scenario.

### Cyber Insurance

Cyber Insurance cover was obtained for 5paisa in order to cover the financial loss that may occur in case of cyber-attacks and hacking-related incidents.

### Sustained Regulatory Compliance

The Company secured sustained compliance to regulatory guidelines of SEBI, BSE, NSE, CDSL, NSDL from the Technology, Information Security & Business Continuity perspectives. There were no major deviations reported in overall assessment and reports were submitted on time. The Company has an enhanced vendor Risk Management framework with regular Audits by critical vendors.

### Trading Platform - New initiative

The Company has upgraded its trading platform to include various features that have improved speed, accuracy, security and availability of data and information for various categories of traders and investors, and made it more amenable to them. Towards this end, it has optimised its Open AI platform, partnering with 15 start-ups to provide more trading and investment tools and decisioning support, revamped our Web, Desktop and Mobile applications, introduced a community platform and launched new products like Stock SIP, Basket Orders, VTT, Margin Plus and Quick Options.

## HUMAN RESOURCE

5paisa has an experienced and talented pool of employees who contribute to enhancing the business efficiency, devising strategies, setting up systems and responding to the evolving business needs.

The Company has embarked on various human resource activities to enhance the productivity of the workforce. The Company endeavours to provide a safe, conducive and productive work environment.

### Strong Leadership

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 is constantly changing the way that people work to increase productivity. It requires more than modern hardware and technology. 5paisa establishment has offered a modern single-stop employee interface for all employee-related requirements which can be accessed 24x7 via the internet. A single requirement solution is in place that allows users to access features and activities from the onboarding process to exit.

### Training and Development

The Company strives to impart regular training, knowledge, building skills and supporting in areas of 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.

### Employee Retention initiative

The Company initiated employee connect programs to gather feedback from our employees after 15 days, 45 days and 90 days. This helps to reduce the attrition in the first 6 months and understand employee experiences during the initial stages.

### Encouraging Performance

Using an effective feedback mechanism, in the form of Individual Performance Measures (IPMs) for employees, the Company sets expectation parameters to guide the employees from time to time. This helps in alignment of the employees' personal goals with organisational objectives. At the same time, the Company keeps its employees motivated through regular Rewards and Recognition incentives.

### Fast Track Career Path

To encourage its people to perform to the best of their abilities, grow professionally and succeed in the organisation, the Company has instituted the 'Role Elevation Panel Process' to fast track careers of those employees that have a track record

## Management Discussion and Analysis (Contd.)

of excellent performance. This program is administered through a fair and transparent panel process.

### Management Connect

To ensure that the work culture fostered by the management flows through the organisation, the Company organises periodic sessions, wherein the CEO connects with all employees through Facebook@Work. During these cross hierarchy sessions, the management discusses various aspects of the Company's future path, such as its prospects, goals and future plans, opportunities and challenges, etc. Such session also provides employees with the chance to address their queries and concerns directly to the management. From the management's perspective, it enables them to ensure that the employees align their vision with that of the Company.

### 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 townhall 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.

As on March 31, 2022, the Company has a strong workforce of 820 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-defense' (3 LOD) 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 defence. 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.

The Company's exposure to various risks and their potential impact are detailed below:

#### Market risk

As a financial technology broking services company, the Company's business is materially affected by the 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 market conditions, a conducive regulatory and political environment, investor sentiments and other factors that affect the volume of trading in India and the level of interest in Indian business developments. A continuous 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, ransomware and malware infection, phishing, brand abuse, security attack, data leakage, Website and application hacking or similar disruptive problems. These problems caused by third parties could lead to disruptions in the Company's services to its customers. Solving such problems may entail interruptions, delays or temporary suspension of services, which could result in loss of revenue and dissatisfaction of customers. Breaches of information technology systems, including through phishing or hacking may result in unauthorised access to the Company's content. Such continuous breaches of information technology systems may require the Company to introduce more security features and that will entail further expenditure to put in place





## Management Discussion and Analysis (Contd.)

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 Company continues to sustain its commitment to the highest levels of quality, superior service management, robust information security practices and mature business continuity management. Company successfully completed the annual ISO 27001:2013 (ISMS) surveillance audit in December 2021. Further, the Company has sustained compliance with respect to various applicable laws and regulations in terms of technology, business continuity management and information security from SEBI, BSE, NSE, MCX, NCDEX, CDSL, NSDL, among others.

The technology used in the Company comprises industry standard business applications and robust IT infrastructure. These capabilities are used to manage business operations, scalable, improve overall productivity & efficiency, and provide seamless and world-class experience to the Company's customers. Organisation ensured there is no business or operations impact due to COVID Wave 2 or COVID Wave 3 situation as robust Business Continuity Plan was already active.

The Company has strengthened its information and cyber security mechanisms and other risk measures to mitigate potential threats, risks and challenges. The Company also implemented tools for mitigating various security risks including privileged identity management, advanced malware detection and protection, end-point encryption, mobile device management, protection from network & application layer attacks and secured internet & remote access. The Company also procured Cyber Insurance Cover to protect from financial losses.

The Company believes in skill development for staff and various e-learning modules on technology and other business areas have been enabled for employees via online training.

### 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 require cash outflow in shorter period of time and may require longer period to increased revenues which can result into lower profitability for some time. 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 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.

### 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, implemented all HR related policies 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.

### 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 as well as internal compliances. The emphasis of the audit is to check on process controls, measures undertaken by the Company to monitor risk and to check for non-compliances, 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 periodic

## Management Discussion and Analysis (Contd.)

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, Chartered Accountants 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/ Depositories, DP processes, Know Your Customer (KYC) verifications, demat transfers, payouts verifications, systems audit, end use verification audits and verification of related party transactions etc. 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, if necessitated 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 non-compliances, frauds etc.

### 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

The year under review was characterised by a recovery from the pandemic. While some aspects of the economy and lifestyles have returned to pre-pandemic practices, others have retained the benefits of the transition.

The economy has greater levels of digitization and automation and individuals and enterprises have come to expect more speed, transparency and efficiency from transactions and various other aspects of life, including consumption and investing.

The capital markets, specifically the stock markets, have seen an influx of new investors as well as new listings, with a spate of IPOs that tapped the markets during the year.

As the equity culture spreads and grows deeper, the Company is well placed to serve customers across the country, particularly in tier 2 and 3 towns and villages, on the strength of the substantial investments in people, processes and technology that it has made in previous years. The Company continues to focus on delivering steady performance and staying ahead of the trends in the capital market and brokerage segment.



# Independent Auditor's Report

## To the Members of 5paise Capital Limited

### Report on the Audit of the Standalone Financial Statements

#### OPINION

We have audited the accompanying standalone Ind AS financial statements of 5paise Capital Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements, including 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, 2022, its 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
<b>Information technology (IT) systems used in financial reporting process.</b>	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.



## Independent Auditor's Report (Contd.)

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

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls 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 disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 of the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 41(c) of the financial statements;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company – Refer Note 41(d) of the financial statements;
    - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the

## Independent Auditor's Report (Contd.)

- Ultimate Beneficiaries – Refer Note 41(a) of the financial statements;
- (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries – Refer Note 41(b) of the financial statements; and
- (c) In our opinion and based on the audit procedures, we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The Company has neither declared nor paid any dividend during the year.

For **V. Sankar Aiyar & Co.,**  
**Chartered Accountants**  
(FRN 109208W)

**(G SANKAR)**  
Partner  
(M.No.46050)  
UDIN: 22046050AHWLHK3472

Place: Mumbai  
Date: April 27, 2022





## Annexure A to the Independent Auditor's Report

### Annexure referred to in our report of even date to the members of Spaisa Capital Limited on the standalone financial statements for the year ended 31st March 2022

- (i) (a) (A) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of Right of Use assets.
- (B) The Company is maintaining proper records showing full particulars of intangible assets.
- (b) As explained to us, the Company has a phased programme of verification of fixed assets once in 3 years which in our opinion is reasonable considering the size of the company and nature of its fixed assets. Based on the information and the explanation given to us and on verification of the records of the Company, 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.
- (d) According to the information and explanation given to us and records of the Company examined by us, the Company has not revalued its Property Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanation given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act 1988 (45 of 1988) and rules made thereunder and accordingly, the requirements of paragraph 3(i)(e) of the Order are not applicable to the Company.
- (ii) (a) The Company is not carrying on any trading or manufacturing activity. Therefore, Paragraph 3(ii)(a) of the Order is not applicable to the Company.
- (b) In our opinion and according to the information and explanation given to us and records of the Company examined by us, the Company has availed working capital limits from Banks on the basis of security of current assets. The quarterly returns or statements filed by the Company with the banks are in agreement with the books of accounts of the Company.
- (iii) According to the information and explanations given to us and records of the Company examined by us, the Company has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firm, Limited Liability Partnerships or any other parties during the year. Therefore, paragraph 3(iii)(a) to (f) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us and records of the Company examined by 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) According to the information and explanation given to us and records of the Company examined by us, 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 further 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 and based on records of the Company examined by 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 March 31, 2022 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) In our opinion and according to the information and explanation given to us, in respect of tax assessments made under the Income Tax Act, 1961, there are no transactions which have been surrendered or disclosed as income by the Company. Accordingly, there are no

## Annexure A to the Independent Auditor's Report (Contd.)

previously unrecorded income and related assets which have been accounted in the books of account during the year.

- (ix) According to information and explanation given to us and records of the Company examined by us,
- The Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
  - The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
  - The Company does not have any term loans. Hence reporting under clause (ix)(c) of the Order not applicable.
  - On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been utilized for loan term purposes by the Company.
  - The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, and its associate and hence reporting on clause 3(ix)(e) of the Order not applicable.

The Company has not raised any loans during the year on pledge of securities held in its subsidiaries, and its associate and hence reporting on clause 3(ix)(f) of the Order not applicable.

- (x) (a) In our opinion and according to the information and explanation given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under the clause 3(x)(a) is not applicable.
- (b) In our opinion and according to the information and explanations given to us, the Company has made preferential allotment of shares and Warrants during the year and requirements of section 42 and 62 of the Companies Act 2013 have been complied with and fund raised has been used for the purpose for which it was raised.
- (xi) (a) Based upon the audit procedures performed and information and explanations given by the management, we have not come across any instances of fraud by the Company or on the Company during the year.

(b) We have not filed Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government since we have not come across any instances of fraud by the Company or on the Company during the year.

(c) The Company has a whistle blower policy system in place and according to the information and explanation received, no complaints have been received by the Company during the year (and up to the date of this report).

(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 records of the Company examined by us 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) (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business and nature of its business;

(b) We have considered the internal audit reports for the year under audit, issued to the Company and till date, in determining the nature, timing and extent of our audit procedures.

(xv) In our opinion and according to the information and explanations given to us and records examined by us, the Company has not entered into any non-cash transactions with Directors or persons connected with him during the year.

(xvi) (a) In our opinion and according to information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence reporting under clause 3 (xvi)(a) of the order are not applicable to the Company.

(b) In our opinion and according to information and explanation given to us, Company has not conducted any Non-Banking financial or Housing Finance activities without a valid Certificate of Registration (CoR) from Reserve Bank of India as per Reserve Bank of India Act, 1934. Hence reporting under

**Annexure A to the Independent Auditor's Report (Contd.)**

clause 3 (xvi)(b) of the order are not applicable to the Company.

- (c) In our opinion and according to information and explanation given to us, the Company is not core investment company.
- (d) In our opinion and according to information and explanation given to us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3 (xvi) (d) of the order is not applicable to the Company.

(xvii) The company has not incurred any cash losses in the financial year and also in the immediately preceding financial year.

(xviii) There has been no resignation of statutory auditors during the year and accordingly the requirements of Clause 3(xviii) of the Order not applicable to the Company.

(xix) In our opinion and on the basis of examination of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial

liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the balance sheet date as and when they fall due within a period of one year from the balance sheet date. We however state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) According to information and explanation given to us and records examined by us, the Company does not have other than ongoing projects. Hence reporting under clause 3(xx)(a) of the Order is not applicable.
- (b) According to information and explanation given to us and records examined by us, the Company does not have ongoing projects. Hence reporting under clause 3(xx)(b) of the Order is not applicable.

Place: Mumbai  
Date: April 27, 2022

For **V. Sankar Aiyar & Co.,**  
**Chartered Accountants**  
(FRN 109208W)

**(G SANKAR)**  
Partner  
(M.No.46050)  
UDIN: 22046050AHWLHK3472

## 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 2022**

### **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 31, 2022 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 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, 2022 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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: 22046050AHWLHK3472

Place: Mumbai

Date: April 27, 2022

# Standalone Balance Sheet

As at March 31, 2022

(₹ in Millions)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>I ASSETS</b>			
<b>(1) Financial Assets</b>			
(a) Cash and cash equivalents	3	888.79	165.61
(b) Bank balance other than (a) above	4	11,111.03	5,073.30
(c) Receivables			-
(i) Trade receivables	5	-	0.00
(d) Loans	6	2,516.53	1,390.68
(e) Investments	7	195.60	125.03
(f) Other financial assets	8	1,071.29	1,608.62
<b>Sub total</b>		<b>15,783.24</b>	<b>8,363.24</b>
<b>(2) Non-Financial Assets</b>			
(a) Current tax assets (net)		40.18	10.78
(b) Deferred tax assets (net)	9	119.31	171.15
(c) Property, Plant and Equipment	10(a)	70.28	16.50
(d) Right of use assets	11	22.96	38.91
(e) Other intangible assets	10(b)	10.29	6.69
(f) Capital work-in-progress	10(c)	2.27	-
(g) Other non-financial assets	12	51.45	52.57
<b>Sub total</b>		<b>316.74</b>	<b>296.60</b>
<b>TOTAL ASSETS</b>		<b>16,099.98</b>	<b>8,659.84</b>
<b>II LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>(1) Financial Liabilities</b>			
(a) Payables			
(i) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises		0.03	0.08
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	9.76	4.18
(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	516.07	165.66
(b) Borrowings (Other than debt securities)	14	2,789.76	2,339.29
(c) Other financial liabilities	15	8,921.05	4,533.84
<b>Sub total</b>		<b>12,236.67</b>	<b>7,043.05</b>
<b>(2) Non-Financial Liabilities</b>			
(a) Provisions	16	11.21	9.18
(b) Other non-financial liabilities	17	74.56	20.17
<b>Sub total</b>		<b>85.77</b>	<b>29.35</b>
<b>(3) EQUITY</b>			
(a) Equity share capital	18	294.17	255.16
(b) Other equity	19	3,483.37	1,332.28
<b>Sub total</b>		<b>3,777.54</b>	<b>1,587.44</b>
<b>Total</b>		<b>16,099.98</b>	<b>8,659.84</b>

See accompanying notes forming part of Standalone Financial Statements 1-44  
 @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: 109206W  
 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 27, 2022

**Namita Godbole**  
 Company Secretary





# Standalone Statement of Profit and Loss

For the year ended March 31, 2022

(₹ in Millions)

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Revenue from Operations</b>			
(a) Interest income	20	809.90	458.50
(b) Fees and commission income	21	2,156.69	1,465.07
<b>(I) Total revenue from operations</b>		<b>2,966.59</b>	<b>1,923.57</b>
Other income	22	9.08	15.02
<b>(II) Total income</b>		<b>2,975.67</b>	<b>1,938.59</b>
<b>(III) Expenses</b>			
(a) Finance cost	23	218.69	199.50
(b) Employee benefits expense	24	414.04	349.06
(c) Depreciation, amortization and impairment	25	42.75	39.15
(d) Other expenses	26	2,100.47	1,116.96
<b>(IV) Total expenses</b>		<b>2,775.95</b>	<b>1,704.67</b>
(V) Exceptional items		-	-
<b>(VI) Profit/(Loss) before tax (IV-V)</b>		<b>199.72</b>	<b>233.92</b>
(VII) Tax expense:	27		
(1) Current tax			
(2) Deferred tax		51.37	60.72
<b>(VIII) Profit/(Loss) for the year (VI-VII)</b>		<b>148.35</b>	<b>173.20</b>
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		1.84	(0.29)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.46)	0.07
<b>Other Comprehensive Income (IX)</b>			
<b>Total Comprehensive Income for the year (VIII) + (IX)</b>		<b>1.38</b>	<b>(0.22)</b>
<b>Earnings per equity share of face value of ₹ 10 each</b>			
Basic in (₹)	28	5.10	6.80
Diluted in (₹)		5.05	6.75

See accompanying notes forming part of Standalone Financial Statements 1-44

As per our attached report of even date

For and on behalf of Board of Directors

**For V Sankar Aiyar & Co.**

Chartered Accountants

Firm Registration Number: 109206W

By the hand of

**G. Sankar**

Partner

Membership No. 046050

Place: Mumbai

Date: April 27, 2022

**Prakarsh Gagdani**

Whole Time Director & CEO

(DIN : 07376258)

**Gourav Munjal**

Whole Time Director & CFO

(DIN : 06360031)

**Namita Godbole**

Company Secretary

# Statement of Changes in Equity

For the year ended March 31, 2022

## A. Equity Share Capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
<b>Equity Shares</b>				
At the beginning of the year	25,515,918	255.16	25,477,668	254.78
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Restated Balance at the beginning of the previous reporting period	25,515,918	255.16	25,477,668	254.78
Changes in equity share capital during the year *	3,901,400	39.01	38,250	0.38
<b>Closing at the end of year</b>	<b>29,417,318</b>	<b>294.17</b>	<b>25,515,918</b>	<b>255.16</b>

\* During the year 84,000 equity shares has been issued to the employees of the Company under employee stock option scheme & 38,17,400 shares have been issued on preferential basis. (Previous year 38,250 equity shares has been issued to the employees of the Company under employee stock option scheme).

## B. Other Equity

Particulars	(₹ in Millions)							Total
	Share Warrants	General Reserve	Reserves and Surplus Securities Premium Reserve	Capital Reserve	Retained Earnings	Employee Stock option Reserve	Other items of Other Comprehensive Income	
<b>Balance as at March 31, 2020</b>	-	-	1,694.22	47.71	(639.83)	28.47	(2.59)	1,127.98
Changes in accounting policy or prior year errors	-	-	-	-	-	-	-	-
<b>Restated balance at the beginning April 1, 2020</b>	-	-	1,694.22	47.71	(639.83)	28.47	(2.59)	1,127.98
Profit for the year	-	-	-	-	173.20	-	-	173.20
Other comprehensive Income for the year	-	-	-	-	-	-	(0.22)	(0.22)
Premium of equity shares issued (net of share issue expenses)*	-	-	6.94	-	-	-	-	6.94
Utilised towards IPO expenses	-	-	-	-	-	-	-	-
Utilised towards equity share option exercised	-	-	-	-	-	-	-	-
Transfer to retained earnings from Equity-Settled share-based payment reserve	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-
Additions during the year	-	7.97	-	-	-	16.41	-	-
<b>Balance as at March 31, 2021</b>	-	7.97	1,701.16	47.71	(466.63)	44.88	(2.81)	1,332.28
Changes in accounting policy or prior year errors	-	-	-	-	-	-	-	-
<b>Restated balance at the beginning April 1, 2021</b>	-	7.97	1,701.16	47.71	(466.63)	44.88	(2.81)	1,332.28
Profit for the year	-	-	-	-	148.35	-	-	148.35
Other comprehensive Income for the year	-	-	-	-	-	-	1.38	1.38
Premium of equity shares issued (net of share issue expenses)*	-	-	1,831.24	-	-	-	-	1,831.24
Utilised towards IPO expenses	-	-	-	-	-	-	-	-
Utilised towards equity share option exercised	-	-	-	-	-	-	-	-
Transfer to retained earnings from Equity-Settled share-based payment reserve	-	-	-	-	-	-	-	-
Addition for equity share options granted	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-
Additions during the year	150.00	-	-	-	-	20.12	-	170.12
<b>Balance as at March 31, 2022</b>	<b>150.00</b>	<b>7.97</b>	<b>3,532.40</b>	<b>47.71</b>	<b>(318.28)</b>	<b>65.00</b>	<b>(1.43)</b>	<b>3,483.37</b>

\*Securities Premium reserve of 1,831.24 million is created during the year due to issue of shares under equity stock option scheme and preferential issue.

See accompanying notes forming part of Standalone Financial statements (1 -44)

As per our attached report of even date

**For V Sankar Aiyar & Co.**

Chartered Accountants

Firm Registration Number: 109206W

By the hand of

**G. Sankar**

Partner

Membership No. 046050

Place: Mumbai

Date: April 27, 2022

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



# Standalone Cash Flow Statement

For the year ended March 31, 2022

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Cash Flows From Operating Activities</b>		
Net Profit before tax	199.72	233.92
Adjustments for:		
Depreciation, amortisation and impairment	42.75	39.15
Employee benefit expenses - share based	20.12	24.38
Employee benefit expenses - others	6.83	7.53
Finance Cost	218.69	199.50
Dividend Income	-	(0.39)
(Gain)/Loss on financial assets measured at fair value	(2.80)	(12.16)
(Gain)/Loss on sale of PPE & Intangible Assets	0.15	(0.09)
<b>Operating profit before working capital changes</b>	<b>485.45</b>	<b>491.83</b>
(Increase)/Decrease in Trade Receivables	0.00	1.31
(Increase)/Decrease in Loans	(1,125.85)	(719.98)
Increase/(Decrease) in Other Non financial Liabilities	54.39	(37.36)
(Increase)/Decrease in Other Financial Assets	537.33	765.31
Increase/(Decrease) in Other Financial Liabilities	4,387.20	2,115.07
(Increase)/Decrease in Other Non-Financial Assets	1.12	(7.98)
(Increase)/Decrease in Bank Deposits	(6,044.69)	(2,567.98)
Increase/(Decrease) in Provisions	(4.80)	(3.22)
Increase/(Decrease) in Trade Payable	5.53	(4.63)
Increase/(Decrease) in Other Payable	350.42	(3.55)
<b>Cash generated/(used in) from operations</b>	<b>(1,353.90)</b>	<b>28.83</b>
Taxes	(28.94)	4.31
<b>Net cash generated/(used in) from operating activities (A)</b>	<b>(1,382.84)</b>	<b>33.14</b>
<b>Cash Flows From Investing Activities :</b>		
Purchase of PPE & Intangible Assets	(82.11)	(35.69)
Sale of PPE & Intangible Assets	6.65	16.64
Purchase of Investments	(320.45)	(7.71)
Sale of Investments	249.89	4.31
Dividend Income	-	0.39
<b>Net cash flow generated/(used in) investing activities (B)</b>	<b>(146.02)</b>	<b>(22.06)</b>
<b>Cash Flows From Financing Activities :</b>		
Increase in Share Capital	39.01	0.38
Increase in Share Premium (Net of share Issue Expenses)	1,831.24	6.94
Issue of Share Warrants	150.00	-
Bank overdraft Taken/(Repaid) during the year (Net)	450.47	1,147.36
Inter corporate deposits Taken	5,750.00	7,600.00
Inter corporate deposits Repaid	(5,750.00)	(8,600.00)
Finance Cost	(218.69)	(199.50)
<b>Net cash flow generated/(used in) financing activities (C)</b>	<b>2,252.03</b>	<b>(44.82)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>723.18</b>	<b>(33.74)</b>
Cash and Cash Equivalents at beginning of year	165.61	199.35
Cash and Cash Equivalents at end of year	888.79	165.61
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>723.18</b>	<b>(33.74)</b>

See accompanying notes forming part of the standalone financial statements (1 - 44)

As per our attached report of even date

For and on behalf of Board of Directors

**For V Sankar Aiyar & Co.**

Chartered Accountants

Firm Registration Number: 109206W

By the hand of

**G. Sankar**

Partner

Membership No. 046050

Place: Mumbai

Date: April 27, 2022

**Prakarsh Gagdani**

Whole Time Director & CEO

(DIN : 07376258)

**Gourav Munjal**

Whole Time Director & CFO

(DIN : 06360031)

**Namita Godbole**

Company Secretary

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## NOTE 1. CORPORATE INFORMATION:

Spaisa 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 2022 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, 2022 are being authorized for issue in accordance with a resolution of the directors on April 27, 2022.

#### 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, 2022

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 amortization and accumulated impairment loss, if any. Intangible assets with indefinite useful lives,

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

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 not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.





# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

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.

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

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

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 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.



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## 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 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.

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

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 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 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.

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



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

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 exchange rates on the date of transaction. Foreign exchange gains and losses resulting

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

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 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.





# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

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 used for business purposes, and hence bank overdrafts are not 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.

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

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

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 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



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

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. Expenses relating to share issue has been reduced from share premium.

## 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 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 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

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

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.

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.



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

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 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.

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

**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 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, 2022

## NOTE 3 : CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at	
	March 31, 2022	March 31, 2021
<b>Cash &amp; cash equivalents:</b>		
- Cash in hand	-	-
- Cheques in hand	-	-
<b>Balances with bank:</b>		
- in current accounts	3.13	42.28
- in client accounts	885.66	123.33
<b>Total cash &amp; cash equivalents</b>	<b>888.79</b>	<b>165.61</b>

## NOTE 4 : BANK BALANCE OTHER THAN ABOVE

(₹ in Millions)

Particulars	As at	
	March 31, 2022	March 31, 2021
Fixed Deposits	-	0.70
Lien marked *	11,111.03	5,072.60
<b>Total</b>	<b>11,111.03</b>	<b>5,073.30</b>

\*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, 2022	March 31, 2021
<b>(i) Trade receivables</b>		
- Receivables considered Good - unsecured	-	0.00
- Receivables which have significant increase in credit risk	-	0.00
- Receivables - credit impaired	-	0.54
<b>Total (i) Gross</b>	<b>-</b>	<b>0.54</b>
Less : Impairment loss allowance	-	0.54
<b>Total (i) Net</b>	<b>-</b>	<b>0.00</b>

@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 31st March 2022 & 31st March 2021.
- b) No trade receivables and other receivables are interest bearing.

## Trade Receivables Ageing Schedule as on 31 March 2022

(₹ in Millions)

Particulars	Less than	6 Months to	1-2 Years	2-3 Years	More than	Total
	6 Months	1 year			3 years	
Undisputed Trade Receivables - Considered Good	-	-	-	-	-	-
Receivables which have significant increase in credit risk	-	-	-	-	-	-
Receivables - credit impaired	-	-	-	-	-	-

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## Trade Receivables Ageing Schedule as on 31 March 2021

(₹ in Millions)

Particulars	Less than 6 Months	6 Months to 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Undisputed Trade Receivables - Considered Good	0.00	-	-	-	-	0.00
Receivables which have significant increase in credit risk	0.00	-	-	-	-	0.00
Receivables - credit impaired	-	-	-	0.54	-	0.54

@Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million.

## NOTE 6 : LOANS

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Loans repayable on demand		
Margin trading facility balances*	2,516.53	1,390.68
<b>Total</b>	<b>2,516.53</b>	<b>1,390.68</b>

\* Loans to customers are secured by pledge of Shares/Bonds/Mutual Funds and other allowable securities as per exchange rules.

## NOTE 7 : INVESTMENTS

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>A) At cost</b>		
<b>Investment in equity shares of subsidiaries*</b>		
- 5paisa P2P Limited	72.50	72.50
- 5paisa Insurance Brokers Limited	0.50	0.50
- 5paisa Trading Limited	0.50	0.50
<b>Total (A)</b>	<b>73.50</b>	<b>73.50</b>
<b>B) At fair value through profit or loss</b>		
Exchange Traded Fund		
EQ-SBISENSEXETF	6.77	3.76
EQ-SETFBANK EQ	6.60	3.17
EQ-SETFBSE100	5.42	11.03
EQ-SETFNIFTYNEXT 50 EQ	6.57	3.30
EQ-SETFNIFTY EQ	6.89	6.71
EQ-UTINIFTYETF	5.89	4.82
EQ-UTISENSEXETF	8.96	6.82
EQ-UTINEXT50	6.77	7.76
EQ-SETFSN50	3.45	1.76
EQ- SBIETFQPTY	4.54	0.18
EQ- UTISXN50	2.81	2.21
EQ - SBIETFPB	3.84	-
EQ - DSPNEWETF	6.73	-
EQ - SBIETFCON	2.01	-
EQ - SBIETFIT	3.82	-
EQ - ABSLBANETF	1.47	-
EQ - ABSLNN50ET	0.88	-
EQ - BSLNIFTY	0.39	-



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Particulars	As at	
	March 31, 2022	March 31, 2021
EQ - DSPN50ETF	15.82	-
EQ - DSPQ50ETF	7.29	-
EQ - HEALTHY	0.41	-
EQ - LICNETFN50	4.42	-
EQ - LICNFNHGP	5.75	-
EQ - TECH	0.93	-
EQ - LICNETFSEN	1.80	-
EQ - BSLSENETFG	0.48	-
EQ - UTIBANKETF	0.55	-
EQ - ABSLAMC	0.84	-
<b>Total (B)</b>	<b>122.10</b>	<b>51.53</b>
<b>Total (A + B)</b>	<b>195.60</b>	<b>125.03</b>
- Investment outside India		
- Investment in India	195.60	125.03
<b>Total</b>	<b>195.60</b>	<b>125.03</b>

\* 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, 2022	March 31, 2021
Deposit/Margin with exchanges	45.31	649.33
Clients and Exchanges receivables (net of provision)#	801.40	848.69
Security deposit with landlords and others*	12.80	15.07
Interest accrued on deposits and investments	211.78	91.38
Receivable from related parties (Refer note 33)	-	4.15
<b>Total</b>	<b>1,071.29</b>	<b>1,608.62</b>

#Includes receivable from director and key managerial personnel ₹ 0.00 million (March 31, 2021 ₹ 0.00 million)

\* Include deposit with related party of ₹ 10.8 million (March 31, 2021 ₹ 10.8 million) Refer note 33

## NOTE 9 :- DEFERRED TAX ASSETS (NET)

(₹ in Millions)

Particulars	As at March 31, 2022			
	Opening balance as at April 1, 2021	Recognised in profit or loss	Recognised in/reclassified from OCI	Closing balance
<b>Deferred tax assets:</b>				
Depreciation on property, plant and equipment	2.52	(1.58)		0.94
Provisions for expected credit loss	12.01	27.06		39.07
Compensated absences and retirement benefits	2.45	1.21	(0.46)	3.19
Tax on business Loss carry-forward	156.05	(79.96)		76.09
Others	2.79	2.16	-	4.95
<b>Total deferred tax assets (a)</b>	<b>175.82</b>	<b>(51.11)</b>	<b>(0.46)</b>	<b>124.24</b>

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Particulars	As at March 31, 2022			Closing balance
	Opening balance as at April 1, 2021	Recognised in profit or loss	Recognised in/reclassified from OCI	
<b>Deferred tax liabilities:</b>				
Unrealised profit on investments	(3.83)	0.22	-	(3.61)
On Lease Rentals as per tax	(0.84)	(0.48)	-	(1.32)
<b>Total deferred tax liabilities (b)</b>	<b>(4.67)</b>	<b>(0.26)</b>	<b>-</b>	<b>(4.93)</b>
<b>Deferred tax assets (a) + (b)</b>	<b>171.15</b>	<b>(51.37)</b>	<b>(0.46)</b>	<b>119.31</b>

(₹ in Millions)

Particulars	As at March 31, 2021			Closing balance
	Opening balance as at April 1, 2020	Recognised in profit or loss	Recognised in/reclassified from OCI	
<b>Deferred tax assets:</b>				
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
<b>Total deferred tax assets (a)</b>	<b>233.29</b>	<b>(57.55)</b>	<b>0.07</b>	<b>175.82</b>
<b>Deferred tax liabilities:</b>				
Unrealised profit on investments	-	(3.83)	-	(3.83)
On Lease Rentals as per tax	(1.50)	0.65	-	(0.84)
<b>Total deferred tax liabilities (b)</b>	<b>(1.50)</b>	<b>(3.17)</b>	<b>-</b>	<b>(4.67)</b>
<b>Deferred tax assets (a) + (b)</b>	<b>231.79</b>	<b>(60.72)</b>	<b>0.07</b>	<b>171.15</b>

## NOTE 10 : PROPERTY, PLANT AND EQUIPMENT

### Tangible Assets:

(₹ in Millions)

Particulars	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Total
<b>As at March 31, 2020</b>	<b>25.90</b>	<b>2.96</b>	<b>2.87</b>	<b>2.82</b>	<b>34.55</b>
Additions	14.98	0.05	0.11	0.22	15.37
Disposals/Adjustments	2.41	0.13	0.02	0.48	3.05
<b>As at March 31, 2021</b>	<b>38.47</b>	<b>2.88</b>	<b>2.95</b>	<b>2.57</b>	<b>46.87</b>
Additions	67.82	0.01	7.95	2.16	77.93
Disposals/Adjustments	6.34	-	0.31	-	6.65
<b>As at March 31, 2022</b>	<b>99.95</b>	<b>2.88</b>	<b>10.59</b>	<b>4.73</b>	<b>118.15</b>



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Particulars	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Total
<b>Accumulated Depreciation:</b>					
<b>As at March 31, 2020</b>	<b>13.23</b>	<b>1.09</b>	<b>1.40</b>	<b>2.23</b>	<b>17.95</b>
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
<b>As at March 31, 2021</b>	<b>24.78</b>	<b>1.59</b>	<b>2.00</b>	<b>2.00</b>	<b>30.37</b>
Depreciation charge for the year	17.69	0.57	1.46	0.63	20.35
Deductions/Adjustments	2.54	-	0.31	-	2.85
<b>As at March 31, 2022</b>	<b>39.92</b>	<b>2.16</b>	<b>3.14</b>	<b>2.63</b>	<b>47.86</b>

## Net Book Value:

(₹ in Millions)

Particulars	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Total
As at March 31, 2021	13.69	1.28	0.95	0.57	16.50
<b>As at March 31, 2022</b>	<b>60.03</b>	<b>0.72</b>	<b>7.44</b>	<b>2.10</b>	<b>70.28</b>

## b) Other intangible assets (other than internally generated):

(₹ in Millions)

Particulars	Software	Total
<b>Cost:</b>		
<b>As at March 31, 2020</b>	<b>17.20</b>	<b>17.20</b>
Additions	3.13	-
Deductions/Adjustments	-	-
<b>As at March 31, 2021</b>	<b>20.33</b>	<b>20.33</b>
Additions	8.49	8.49
Deductions/Adjustments	-	-
<b>As at March 31, 2022</b>	<b>28.82</b>	<b>28.82</b>
<b>Accumulated Depreciation:</b>		
<b>As at March 31, 2020</b>	<b>9.42</b>	<b>9.42</b>
Depreciation charge for the year	4.22	4.22
Deductions/Adjustments	-	-
<b>As at March 31, 2021</b>	<b>13.64</b>	<b>13.64</b>
Depreciation charge for the year	4.88	4.88
Deductions/Adjustments	-	-
<b>As at March 31, 2022</b>	<b>18.52</b>	<b>18.52</b>

## Net Book Value:

(₹ in Millions)

Particulars	Software	Total
As at March 31, 2021	6.69	6.69
<b>As at March 31, 2022</b>	<b>10.29</b>	<b>10.29</b>

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## Capital WIP

### Capital WIP aging schedule as at 31 March 2022

(₹ in Millions)

Particulars	Amount for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress	2.27	-	-	2.27
Projects temporarily suspended	-	-	-	-
<b>Total</b>	<b>2.27</b>	<b>-</b>	<b>-</b>	<b>2.27</b>

### Capital WIP aging schedule as at 31 March 2021

(₹ in Millions)

Particulars	Amount for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress	-	-	-	-
Projects temporarily suspended	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTE 11 :- RIGHT OF USE ASSETS

### A) Following are the changes in the carrying value of right of use assets for the year ended March 31, 2022:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
<b>Balance as at April 01, 2020</b>	<b>55.97</b>	<b>1.75</b>	<b>57.72</b>
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
<b>Balance as at April 01, 2021</b>	<b>38.49</b>	<b>0.41</b>	<b>38.91</b>
Additions to right of use assets	1.57	-	1.57
Deletions to right of use assets	-	-	-
Depreciation	17.31	0.21	17.52
<b>Closing Balance as at March 31, 2022</b>	<b>22.76</b>	<b>0.21</b>	<b>22.96</b>

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, 2022:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
<b>Balance as at April 01, 2020</b>	<b>59.09</b>	<b>1.83</b>	<b>60.92</b>
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)
<b>Balance as at April 01, 2021</b>	<b>41.81</b>	<b>0.45</b>	<b>42.26</b>
Additions	1.57	-	1.57
Deletion	-	-	-
Finance cost accrued during the year	3.50	0.03	3.53
Payment of lease liabilities	(18.91)	(0.25)	(19.15)
<b>Balance as at March 31, 2022</b>	<b>27.97</b>	<b>0.24</b>	<b>28.21</b>





## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

### C) Following is the break up value of the Current and Non - Current Lease Liabilities for the year ended March 31, 2022:

Particulars	(₹ in Millions)		
	Premises	Vehicle	Total
Current lease liabilities	16.39	0.24	16.63
Non-current lease liabilities	11.59	-	11.59
<b>Total</b>	<b>27.97</b>	<b>0.24</b>	<b>28.21</b>

### D) Table showing details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis:

Particulars	(₹ in Millions)		
	Premises	Vehicle	Total
<b>As at March 31, 2021</b>			
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
<b>Total</b>	<b>41.81</b>	<b>0.45</b>	<b>42.26</b>
<b>As at March 31, 2022</b>			
Less than one year	16.39	0.24	16.63
One to two years	11.59	-	11.59
Two to five years	-	-	-
<b>Total</b>	<b>27.97</b>	<b>0.24</b>	<b>28.21</b>

### E) Amounts recognised in profit or loss

Particulars	(₹ in Millions)	
		<b>As at March 31, 2022</b>
<b>For the year ended March 31, 2021</b>		
Interest on lease liabilities		4.51
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets		0.13
<b>Total</b>		<b>4.64</b>
<b>For the year ended March 31, 2022</b>		
Interest on lease liabilities		3.50
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets		0.03
<b>Total</b>		<b>3.53</b>

### F) Amounts recognised in profit or loss for the year ended March 31, 2022:

Particulars	(₹ in Millions)	
		<b>As at March 31, 2022</b>
<b>For the year ended March 31, 2021</b>		
Total cash outflow for leases		25.15
<b>For the year ended March 31, 2022</b>		
Total cash outflow for leases		19.15

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## NOTE 12 : OTHER NON-FINANCIAL ASSETS

Particulars	(₹ in Millions)	
	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	23.60	23.93
GST credit receivable	-	0.73
Other advances	27.84	27.91
<b>Total</b>	<b>51.45</b>	<b>52.57</b>

## NOTE 13 : PAYABLES

Particulars	(₹ in Millions)	
	As at March 31, 2022	As at March 31, 2021
<b>(I) Trade Payable</b>		
(i) total outstanding dues of micro enterprises and small enterprises	0.03	0.08
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	9.76	4.18
<b>Total (a)</b>	<b>9.79</b>	<b>4.26</b>
<b>(II) Other Payable</b>		
(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
(b) Accrued salaries & benefits	2.60	0.43
(c) Provision for expenses	513.47	165.14
<b>Total (b)</b>	<b>516.07</b>	<b>165.66</b>
<b>Total (a+b)</b>	<b>525.86</b>	<b>169.92</b>

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)	
	As at March 31, 2022	As at March 31, 2021
(a) Principal amount remaining unpaid to any supplier at the year end	0.03	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 Standalone Financial Statements

For the year ended March 31, 2022

## Trade payable aging schedule as at 31 March 2022

(₹ in Millions)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME - undisputed	-	0.03	-	-	-	0.03
(ii) Others - undisputed	516.07	9.76	-	-	-	525.83
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>516.07</b>	<b>9.79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>525.86</b>

## Trade payable aging schedule as at 31 March 2021

(₹ in Millions)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME - undisputed	-	0.08	-	-	-	0.08
(ii) Others - undisputed	165.66	4.19	-	-	-	169.84
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>165.66</b>	<b>4.26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169.92</b>

## NOTE 14 : BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Millions)

Particulars	As at	
	March 31, 2022	March 31, 2021
At amortised cost		
<b>(a) Loans repayable on demand (from banks) : Secured</b>		
- Working capital demand loan	-	200.00
- Bank Overdraft	2,789.76	2,139.29
<b>(b) Other loans : Unsecured</b>		
- Loan from related parties (Refer note 33)	-	-
<b>Total (c) = (a)+ (b)</b>	<b>2,789.76</b>	<b>2,339.29</b>
Borrowings in India	2,789.76	2,339.29
Borrowings outside India	-	-
<b>Total</b>	<b>2,789.76</b>	<b>2,339.29</b>

### (a) Terms of loans:

- Working Capital Demand Loan (WC DL) 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.
- Loan from related parties are unsecured.

### (b) Tenor of repayment :

- For WC DL 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.
- For bank overdraft the same is repayable on demand.
- For loan from related parties the same is repayable on demand.

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## (c) Interest Rate :

- (i) For WCDL the rate of interest is fixed (Lending banks MCLR rate + Spread varies (1.25% to 2.85%), Interest is payable on 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%), Interest is payable on monthly basis on the last date of each month.
- (iii) For related parties interest rate will be SBI 1 year MCLR + Credit spread of 250 to 350 basis point p.a. as approved by the board.

## NOTE 15 : OTHER FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Clients and Exchanges payables #	8,875.22	4,484.12
Payable to related parties (Refer note 33)	2.16	-
Lease liability	28.21	42.26
Provision for gratuity (funded)	1.48	0.54
Other payable	10.50	6.92
Interest Accrued but not due	3.48	-
<b>Total</b>	<b>8,921.05</b>	<b>4,533.84</b>

# Include payable to directors & key managerial personnel of ₹ 0.25 million (March 31, 2021 ₹ 1.04 million)

## NOTE 16 : PROVISIONS

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for leave encashment	11.21	9.18
<b>Total</b>	<b>11.21</b>	<b>9.18</b>

## NOTE 17 : OTHER NON-FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues	54.89	12.43
Income received in advance	19.67	7.74
<b>Total</b>	<b>74.56</b>	<b>20.17</b>

## NOTE 18 : EQUITY SHARE CAPITAL

### a. The Authorised, Issued, Subscribed and Paid up Share Capital:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Authorized Share Capital</b>		
At the beginning of the year	800.00	300.00
Add: Increase in authorised share capital	-	500.00
<b>Closing at the end of year</b>	<b>800.00</b>	<b>800.00</b>
80,000,000 (Previous Year 80,000,000) Equity Shares of ₹ 10/- each	800.00	800.00
<b>Issued, Subscribed and Paid-up Share Capital</b>		
29,417,318 (Previous Year 25,515,918) Equity Shares of ₹ 10/- each fully paid-up	294.17	255.16



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## b. Reconciliation of the shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
<b>Equity Shares</b>				
At the beginning of the year	25,515,918	255.16	25,477,668	254.78
Add: Shares issued during the year*	3,901,400	39.01	38,250	0.38
<b>Closing at the end of year</b>	<b>29,417,318</b>	<b>294.17</b>	<b>25,515,918</b>	<b>255.16</b>

\*During the year 84,000 equity shares has been issued to the employees of the Company under employee stock option scheme & 38,17,400 shares have been issue on preferential basis.(Previous year 38,250 equity shares has been issued to the employees of the Company under employee stock option scheme).

## 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, 2022		As at March 31, 2021	
	No. of Shares	% of holding in the class	No. of Shares	% of holding in the class
<b>Equity share of ₹ 10 each fully paid up</b>				
FIH Mauritius Investments Ltd.	7,670,130	26.07	6,771,314	26.54
Nirmal Bhanwarlal Jain	5,600,088	19.04	5,600,088	21.95
HWIC Asia Fund Class A Shares	2,570,186	8.74	2,269,002	8.89
WF Asian Reconnaissance Fund Limited	29,05,906	9.88	5,28,506	2.07
Madhu N Jain	13,65,016	4.64	13,65,016	5.35

## e. Details of shares held by promoters at as on 31 March 2022

Promoter name	Number of shares	%of total shares	% Change during the year
Mr. Nirmal Jain	5,600,088	19.04%	-2.91%
Mr. Venkataraman Rajamani	949,594	3.23%	-0.49%
Mrs. Madhu N Jain	1,365,016	4.64%	-0.71%
Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)	720,000	2.45%	0.37%
Ardent Impex Pvt Ltd	108,000	0.36%	0.06%
Orpheus Trading Pvt. Ltd.	52,000	0.18%	0.02%
Mrs. Aditi Athavankar	16,000	0.05%	0.01%

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## Details of shares held by promoters at as on 31 March 2021

Promoter name	Number of shares	%of total shares	% Change during the year
Mr. Nirmal Jain	5,600,088	21.95%	-0.03%
Mr. Venkataraman Rajamani	949,594	3.72%	-0.01%
Mrs. Madhu N Jain	1,365,016	5.35%	-0.01%
Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)	720,000	2.82%	-0.01%
Ardent Impex Pvt Ltd	108,000	0.42%	Nil
Orpheus Trading Pvt. Ltd.	52,000	0.20%	Nil
Mrs. Aditi Athavankar	16,000	0.06%	Nil

- f. During the period of five years immediately preceding 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.
- g. 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

Particulars	Reserves and Surplus						Other items of Other Comprehensive Income	Total
	Share Warrants	General Reserve	Securities Premium Reserve	"Capital Reserve"	Retained Earnings	Employee Stock option Reserve		
<b>Balance as at March 31, 2020</b>	-	-	<b>1,694.22</b>	<b>47.71</b>	<b>(639.83)</b>	<b>28.47</b>	<b>(2.59)</b>	<b>1,127.98</b>
Total comprehensive income for the year	-	-	-	-	173.20	-	(0.22)	172.98
Additions during the year * (Net of share issue expenses)	-	-	6.94	-	-	16.41	-	23.35
<b>Balance as at March 31, 2021</b>	-	<b>7.97</b>	<b>1,701.16</b>	<b>47.71</b>	<b>(466.63)</b>	<b>44.88</b>	<b>(2.81)</b>	<b>1,332.28</b>
Total comprehensive income for the year	-	-	-	-	148.35	-	1.38	149.73
Additions during the year * (Net of share issue expenses)	150.00	-	1,831.24	-	-	20.12	-	2,001.36
<b>Balance as at March 31, 2022</b>	<b>150.00</b>	<b>7.97</b>	<b>3,532.40</b>	<b>47.71</b>	<b>(318.28)</b>	<b>65.00</b>	<b>(1.43)</b>	<b>3,483.37</b>

\*Securities Premium reserve of ₹ 1,831.24 million is created during the year due to issue of shares under equity stock option scheme & preferential issue.

### Footnotes: Nature and purpose reserves

- i) Share Warrant : 3,00,000 Share Warrant exercisable (convertible) in one or more tranches, anytime within period of eighteen months from the date of issue of warrants i.e May 19, 2021 into equal number of equity shares of face value of ₹ 10/- each of the Company on a preferential basis for cash.
- ii) 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).
- iii) Securities premium : Securities premium represents the surplus of proceeds received over the face value of shares, at the time of issue of shares.





## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

- iv) Retained earnings : The balance in retained earnings primarily represents the surplus/deficit after payment of dividend (including tax on dividend) and transfer to reserves.
- v) 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.
- vi) 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, 2022	For the year ended March 31, 2021
Interest on deposits with banks *	434.24	224.28
Interest on loan (Margin Trading Funding Facilities)	375.66	234.19
Other interest income	0.00	0.03
<b>Total</b>	<b>809.90</b>	<b>458.50</b>

@Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million.

\*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, 2022	For the year ended March 31, 2021
Brokerage & related income	1,955.74	1,302.83
Commission & other advisory fees (including cross sell)	200.95	162.25
<b>Total</b>	<b>2,156.69</b>	<b>1,465.07</b>

### NOTE 22 : OTHER INCOME

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Income on		
- others	0.14	1.39
Capital Gain	5.73	0.81
Gain on financial assets measured at fair value through Profit & Loss account	2.80	12.16
Dividend Income	-	0.39
Gain on derecognition of property, plant and equipment	-	0.09
Other Income	0.41	0.18
<b>Total</b>	<b>9.08</b>	<b>15.02</b>

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## NOTE 23 : FINANCE COST MEASURED AT AMORTISED COST

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on borrowings	198.79	176.23
Other borrowing cost	19.90	23.27
<b>Total</b>	<b>218.69</b>	<b>199.50</b>

## NOTE 24 : EMPLOYEE BENEFIT EXPENSES

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries/wages and bonus	370.56	300.10
Contribution to provident and other funds	12.67	14.37
Share based payments	20.20	24.71
Staff welfare expenses	3.78	2.36
Gratuity (As per actuarial report)	3.10	2.53
Leave encashment (As per actuarial report)	3.73	4.99
<b>Total</b>	<b>414.04</b>	<b>349.06</b>

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, 2022	For the year ended March 31, 2021
<b>Defined benefit obligation as at beginning of year</b>	<b>15.61</b>	<b>8.71</b>
Interest cost	1.03	0.54
Current service cost	3.07	2.36
Service Cost	-	-
Liability transferred In/ acquisitions	2.69	3.26
(Liability transferred out/ divestments)	(1.01)	(0.06)
(Benefit paid directly by the Employer)	-	-
(Benefit paid from the fund)	(1.88)	-
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	0.01	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(0.95)	(1.03)
Actuarial (gains)/losses on obligations - due to experience	(1.06)	1.82
<b>Defined benefit obligation at the end of the year</b>	<b>17.51</b>	<b>15.61</b>



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## (ii) Reconciliation of opening and closing balances of fair value of Plan Assets

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Change in the fair value of plan assets	-	-
Fair value of plan assets at the beginning of the year	15.07	6.00
Interest income	0.99	0.37
Contributions by the employer	2.00	8.20
Expected return on plan assets (excluding interest)	-	-
Assets transferred in/acquisitions	-	-
(Benefit paid from the fund)	(1.88)	-
Return on plan Assets, excluding interest income	(0.15)	0.50
<b>Fair value of plan assets at the end of the year</b>	<b>16.03</b>	<b>15.07</b>

## (iii) Amount Recognized in the Balance Sheet

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>(Present Value of Benefit Obligation at the end of the year)</b>	<b>(17.51)</b>	<b>(15.61)</b>
Fair value of Plan Assets at the end of the year	16.03	15.07
Funded Status - Surplus / (Deficit)	(1.48)	(0.54)
<b>Net (liability)/Asset recognized in the balance sheet (surplus/ (deficit))</b>	<b>(1.48)</b>	<b>(0.54)</b>

## (iv) Expenses recognised during the year

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>In Income statement</b>		
Current service cost	3.07	2.36
Net interest cost	0.04	0.17
Past service cost	-	-
Expense recognised in the Statement of Profit and Loss under "Employee benefits expenses"	3.10	2.53
<b>In other comprehensive income</b>		
Actuarial (gains)/Losses on obligation for the period	(1.99)	0.79
Return on plan assets, excluding interest income	0.15	(0.50)
Change in asset ceiling	-	-
<b>Net (income)/expense for the year recognized in OCI</b>	<b>(1.84)</b>	<b>0.29</b>

## (v) Balance sheet reconciliation

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Opening net liability</b>	<b>0.54</b>	<b>2.71</b>
Expenses Recognized in Statement of Profit or Loss	3.10	2.53
Expenses/(Income) Recognized in OCI	(1.84)	0.29
Net Liability/(Asset) Transfer In	2.69	3.26
Net (Liability)/Asset Transfer Out	(1.01)	(0.06)
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(2.00)	(8.20)
<b>Net liability/(asset) recognized in the balance sheet</b>	<b>1.48</b>	<b>0.54</b>

## Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

### (vi) Investment Details

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Category of assets		
Insurance fund	16.03	15.07
<b>Total</b>	<b>16.03</b>	<b>15.07</b>

### (vii) Actuarial assumptions

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Expected return on plan assets	6.84%	6.57%
Rate of discounting	6.84%	6.57%
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. & for service 5 years and above 1% p.a.
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08) Ultimate
Mortality rate after employment	N.A.	N.A.

- (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 Sensitivity analysis is given below:

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Projected Benefit Obligation on Current Assumptions</b>	<b>17.51</b>	<b>15.61</b>
Delta Effect of +1% Change in Rate of Discounting	(3.04)	(2.65)
Delta Effect of -1% Change in Rate of Discounting	3.85	3.41
<b>Change in Salary Escalation Rate</b>	-	-
Delta Effect of +1% Change in Rate of Salary Increase	2.84	2.72
Delta Effect of -1% Change in Rate of Salary Increase	(2.45)	(2.23)
<b>Change in Employee Turnover Rate</b>	-	-
Delta Effect of +1% Change in Rate of Employee Turnover	(0.62)	(0.81)
Delta Effect of -1% Change in Rate of Employee Turnover	0.75	0.97



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

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.

**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, 2022	For the year ended March 31, 2021
<b>Projected benefits payable in future years from the date of reporting :</b>		
1 <sup>st</sup> Following Year	0.14	1.59
2 <sup>nd</sup> Following Year	0.16	0.10
3 <sup>rd</sup> Following Year	0.19	0.12
4 <sup>th</sup> Following Year	0.20	0.13
5 <sup>th</sup> Following Year	0.23	0.15
Sum of Years 6 To 10	1.48	1.07
Sum of Years 11 and above	77.77	66.10

## 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, 2022	For the year ended March 31, 2021
Contribution to provident fund	6.68	5.72
Contribution to ESIC	0.79	1.58
Contribution to labour welfare fund	0.02	0.03
Contribution to EPS	5.18	6.99
Contribution to NPS	-	0.05
<b>Total</b>	<b>12.67</b>	<b>14.37</b>

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## NOTE 25 : DEPRECIATION, AMORTIZATION AND IMPAIRMENT

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on property, plant and equipment and Right of use *	37.87	34.93
Amortization of intangible assets	4.88	4.22
<b>Total</b>	<b>42.75</b>	<b>39.15</b>

\* Depreciation includes depreciation on right of use assets (Refer note 11)

## NOTE 26 : OTHER EXPENSES

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Advertisement & Marketing Expenses (Including branding)	960.48	463.11
Books & Periodicals Charges	0.51	0.02
Exchange and Statutory Charges	67.51	62.35
Bank Charges	14.45	6.07
Communication Expense	56.76	55.53
Electricity Charges	10.07	8.94
Professional Charges	354.66	266.12
Office Expenses	100.22	126.05
Subscription Charges	1.44	0.58
Directors Remuneration/Sitting Fees	1.61	1.28
Postage And Courier	0.68	0.23
Printing And Stationery	1.13	1.19
Expected Credit Loss	108.18	32.13
Insurance	0.34	0.42
Rates & Taxes	1.59	2.28
Repairs & Maintenance	-	-
- Computer	1.15	0.53
- Others	1.24	1.05
Remuneration To Auditors :	-	-
- As Auditors - Statutory Audit	1.30	1.00
- Certification Work And Other Matters	0.39	-
- Out Of Pocket Expenses	0.38	-
Software Charges	406.05	83.39
Travelling and Conveyance	9.39	3.56
Loss On Sale Of Property,Plant And Equipment	0.15	-
Miscellaneous Expenses	0.81	1.14
<b>Total</b>	<b>2,100.47</b>	<b>1,116.96</b>





# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## NOTE 27 : INCOME TAX

### Amount Recognised in profit or (loss)

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Current tax expenses</b>		
Current Year	-	-
Changes in estimates related to prior years	-	-
Deferred tax expenses		
Origination and reversal of temporary differences	51.37	60.72
<b>Total (i) + (ii)</b>	<b>51.37</b>	<b>60.72</b>

### Reconciliation of effective tax rates

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax	199.72	233.93
Tax using domestic tax rates	25.17%	25.17%
Tax amount	50.26	58.87
<b>Tax effect of :</b>		
Non-deductible expenses	1.11	0.25
Recognition of previously unrecognised deductible temporary differences	-	1.60
<b>Total Income Tax Expense</b>	<b>51.37</b>	<b>60.72</b>

## NOTE 28 : EARNING PER SHARE (EPS)

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Face value of equity shares in ₹ fully paid up</b>	10	10
<b>BASIC</b>		
Profit after tax as per statement of profit and loss (A)	148.35	173.20
Weighted average number of equity shares outstanding (B)	29,112,826	25,484,479
<b>Basic Earning per Share (₹) A/B</b>	<b>5.10</b>	<b>6.80</b>
<b>DILUTED</b>		
Weighted average number of equity shares for computation of basic EPS	29,112,826	25,484,479
Add: Potential equity shares on account conversion of Employees Stock Options	260,874	166,225
Weighted average number of equity shares for computation of diluted EPS (C)	29,373,701	25,650,704
<b>Diluted Earning per Share (₹) A/C</b>	<b>5.05</b>	<b>6.75</b>

## NOTE 29 : CAPITAL, OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE:

### Capital and other commitment

(₹ in Millions)

Particulars	March 31, 2022	March 31, 2021
(i) Capital Commitment	65.32	11.35
(ii) Other Commitment	-	-

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## Contingent Liabilities

Particulars	(₹ in Millions)	
	March 31, 2022	March 31, 2021
(i) Bank Guarantees	2,000.00	1,690.00
<b>Total</b>	<b>2,000.00</b>	<b>1,690.00</b>

## NOTE 30 : ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

Particulars	(₹ in Millions)	
	As at March 31, 2022	As at March 31, 2021
<b>Financial assets</b>		
<b>First charge</b>		
Fixed Deposits - lien marked	3,185.40	903.00
Other financial assets	3,101.99	1,895.52
<b>Total assets pledged as security</b>	<b>6,287.39</b>	<b>2,798.52</b>

## 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, 2022			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	-	-	-	-
Less : Impairment loss allowance	-	-	-	-
<b>Carrying amount</b>	-	-	-	-
Other Financial Assets	984.55	185.46	56.51	1,226.53
Less : Impairment loss allowance	-	(98.73)	(56.51)	(155.24)
<b>Carrying amount</b>	<b>984.55</b>	<b>86.73</b>	-	<b>1,071.29</b>



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

(₹ 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)
<b>Carrying amount</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>
Other Financial Assets	1,590.99	47.07	17.74	1,655.79
Less : Impairment loss allowance	-	(29.43)	(17.74)	(47.17)
<b>Carrying amount</b>	<b>1,590.99</b>	<b>17.63</b>	<b>-</b>	<b>1,608.62</b>

@Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million.

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
<b>March 31, 2020</b>		<b>8.46</b>	<b>7.12</b>		<b>15.58</b>
Increase/(Decrease) net		20.97	11.16		32.13
<b>March 31, 2021</b>		<b>29.43</b>	<b>18.28</b>		<b>47.71</b>
Increase/(Decrease) net		69.30	38.23		107.53
<b>March 31, 2022</b>		<b>98.73</b>	<b>56.51</b>		<b>155.24</b>

### 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.

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Particulars	Carrying amount up to 1 year		Carrying amount from 1 year to 5 year	
	As at	As at	As at	As at
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Trade payables & other payable	525.86	169.92	-	-
Working capital demand Loan	-	200.00	-	-
Bank overdraft	2,789.76	2,139.29	-	-
Other financial liabilities	8,909.46	4,505.89	11.59	27.95
<b>Total</b>	<b>12,225.08</b>	<b>7,015.10</b>	<b>11.59</b>	<b>27.95</b>

## 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 based 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, 2022	March 31, 2021
Bank overdraft	2,789.76	2,139.29
Working capital demand loan	-	200.00
Applicable rate & 12 months weighted average rate	6.50%	9.48%
Annualised interest cost	198.79	176.23

Sensitivity analysis for impact on interest cost

(₹ in Millions)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Increase in 1% change in ROI	27.90	21.39
Decrease in 1% change in ROI	(27.90)	(21.39)

### 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 derivative risks

The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## 31 C.5. 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)
	<b>Exchange Traded Fund</b>
Market Value as on March 31, 2022	122.10
Market Value as on March 31, 2021	51.53

The effect of upward movement of 5% in the price affects the projected net income by ₹ 6.10 million and for forward downward movement of 5% the projected net loss will be ₹ 6.10 million for FY 2022-23.

## 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)	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Total debt	2,789.76	2,339.29
Cash & cash equivalent (excluding client bank balance)	(3.13)	(42.28)
<b>Net debt</b>	<b>2,786.62</b>	<b>2,297.00</b>
Total equity	3,777.54	1,587.45
<b>Net debt to equity</b>	<b>0.74</b>	<b>1.45</b>

## 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 Standalone Financial Statements

For the year ended March 31, 2022

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, 2022			As at March 31, 2021		
	Fair Value through Profit or loss	Amortised Cost	Carrying Value	Fair Value through Profit or loss	Amortised Cost	Carrying Value
<b>Financial Asset</b>						
(a) Cash and cash equivalents	-	888.79	888.79	-	165.61	165.61
(b) Bank balance other than (a) above	-	11,111.03	11,111.03	-	5,073.30	5,073.30
(c) Receivables	-	-	-	-	-	-
(i) Trade receivables	-	-	-	-	0.00	0.00
(d) Loans	-	2,516.53	2,516.53	-	1,390.68	1,390.68
(e) Investments	-	-	-	-	-	-
(i) Investment in equity shares of subsidiaries	-	73.50	73.50	-	73.50	73.50
(ii) Exchange Traded Fund	122.10	-	122.10	51.53	-	51.53
(f) Other financial assets	-	1,071.29	1,071.29	-	1,608.62	1,608.62
<b>Total</b>	<b>122.10</b>	<b>15,661.14</b>	<b>15,783.24</b>	<b>51.53</b>	<b>8,311.71</b>	<b>8,363.24</b>
<b>Financial Liabilities</b>						
(a) Trade payables	-	9.79	9.79	-	4.26	4.26
(b) Other payables	-	516.07	516.07	-	165.66	165.66
(c) Borrowings (Other than debt securities)	-	2,789.76	2,789.76	-	2,339.29	2,339.29
(d) Other financial liabilities	-	8,921.05	8,921.05	-	4,533.84	4,533.84
<b>Total</b>	<b>-</b>	<b>12,236.67</b>	<b>12,236.67</b>	<b>-</b>	<b>7,043.05</b>	<b>7,043.05</b>

@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, 2022			
	Level 1	Level 2	Level 3	Total
Exchange Traded Fund	122.10	-	-	122.10
<b>Total Assets</b>	<b>122.10</b>	<b>-</b>	<b>-</b>	<b>122.10</b>

(₹ 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
<b>Total Assets</b>	<b>51.53</b>	<b>-</b>	<b>-</b>	<b>51.53</b>



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## 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, 2022		
	Carrying Value	Fair Value	Fair Value Hierarchy
<b>Assets</b>			
Investment in Equity Share of Subsidiaries (at cost)	73.50	73.50	-
Cash and cash equivalents	888.79	888.79	-
Bank balance	11,111.03	11,111.03	-
Loans	2,516.53	2,516.53	-
Security deposit with Landlord	12.80	12.80	Level 3
Other financial asset	1,058.49	1,058.49	-
<b>Total Assets</b>	<b>15,661.14</b>	<b>15,661.14</b>	<b>-</b>
<b>Liabilities</b>			
Borrowings	2,789.76	2,789.76	-
Trade and other payables	525.86	525.86	-
Other financial liabilities	8,921.05	8,921.05	-
<b>Total Liabilities</b>	<b>12,236.67</b>	<b>12,236.67</b>	<b>-</b>

(₹ in Millions)

Particulars	As at March 31, 2021		
	Carrying Value	Fair Value	Fair Value Hierarchy
<b>Assets</b>			
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	-
<b>Total Assets</b>	<b>8,311.71</b>	<b>8,311.71</b>	<b>-</b>
<b>Liabilities</b>			
Borrowings	2,339.29	2,339.29	-
Trade and other payables	169.92	169.92	-
Other financial liabilities	4,533.85	4,533.85	-
<b>Total Liabilities</b>	<b>7,043.05</b>	<b>7,043.05</b>	<b>-</b>

\*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, 2022

## 31 E.4. Movements In Level 1 Financial Instruments Measured At Fair Value:

Particulars	(₹ in Millions)
	<b>Exchange Traded Fund</b>
<b>Balances as at April 1, 2021</b>	51.53
Purchase	311.91
Sale/Redemption of financial instrument	(241.27)
Total gain/(losses) recognised in profit and loss	(0.07)
<b>Balances as at March 31, 2022</b>	<b>122.10</b>

Particulars	(₹ in Millions)
	<b>Exchange Traded Fund</b>
<b>Balances as at April 1, 2020</b>	35.95
Purchase	25.22
Sale/Redemption of financial instrument	(4.31)
Total gain/(losses) recognised in profit and loss	(5.34)
<b>Balances as at March 31, 2021</b>	<b>51.53</b>

## 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
<b>Financial Assets:</b>				
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, 2022

## 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
<b>Directors &amp; its Relatives</b>	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
	Mrs Nirali Sanghi - Independent Director
	Mr Milin Mehta - Independent Director (w.e.f. Apr 01, 2020)
	Mr Ravindra Garikipati - Independent Director (w.e.f. Sep 03, 2020)
<b>Key Management Personnel</b>	Mrs Namita Godbole- Company Secretary
<b>Subsidiaries</b>	5Paisa P2P Limited
	5Paisa Insurance Brokers Limited
	5Paisa Trading Limited
<b>Other Related Parties</b>	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)
	Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited )*
	Livlong Protection & Wellness Services Limited (Formerly known as IIFL Corporate Services Limited)**
	IIFL Wealth Management Limited
	IIFL Facilities Services Limited
	IIFL Wealth (UK) Limited
	IIFL Capital Inc
	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
	IIFL Samasta Finance Limited ( Formerly known as 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 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
	Shreyans Foundations LLP

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

Relationship	Name of the related party
	Giskard Datatech Private Limited****
	IIFHL Sales 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
	Sharad Gagdani
	Mrs Kalpana Gagdani (mother of Prakarsh Gagdani)
	Mrs Punam Gagdani (wife of Prakarsh Gagdani)

\*Name of the Company changed from IIFL Insurance Brokers Limited to Livlong Insurance Brokers Limited with effect from February 22, 2022

\*\*Name of the Company changed from IIFL Corporate Services Limited to Livlong Protection & Wellness Solutions Limited with effect from October 06, 2021 Further, it is ceased to be Wholly Owned Subsidiary of IIFL Securities Limited with effect from December 01, 2021

\*\*\*Amalgated with IIFL Capital Pte. Limited with effect from 27, 2021

\*\*\*\*Cease to be Associate Company of IIFL Securities Limited with effect from December 30, 2021

## (B) Significant transactions with related parties during the year

Nature of transaction	(₹ in Millions)	
	2021-22	2020-21
<b>Referral Income/Service Income/Brokerage Income/Depository Participate Income / PMS. etc.:</b>		
<b>a) Other Related Parties</b>		
IIFL Finance Limited (Formerly IIFL Holdings Limited)	-	0.68
IIFL Asset Management Limited	0.00	-
<b>b) Directors, Key Managerial Persons &amp; their relatives</b>		
Mr Prakarsh Gagdani	0.00	0.00
Mr Santosh Jayaram (up to Feb 28, 2021)	-	0.00
Mr Gourav Munjal	0.00	-
Prakarsh Sharad Gagdani - HUF	0.00	0.00
Mrs Kalpana Gagdani	0.01	0.00
Mrs Punam Gagdani	0.00	0.00
<b>Advisory Fees:</b>		
a) Other Related Parties		
IIFL Securities Limited	47.72	-
<b>Security Deposit :</b>		
a) Other Related Parties		
IIFL Facilities Services Limited	7.81	7.81
IIFL Securities Limited	3.07	3.07



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Nature of transaction	2021-22	2020-21
<b>Remuneration:</b>		
Mr. Prakarsh Gagdani	12.81	9.78
Mr. Santosh Jayaram (upto Feb 28, 2021)	-	3.25
Mr. Gourav Munjal	4.77	4.46
Mrs. Namita Godbole	4.84	4.30
<b>Sitting Fees:</b>		
Dr. Archana Hingorani	0.45	0.42
Mrs Nirali Sanghi	0.36	0.42
Mr Milin Mehta	0.42	0.36
Mr Ravindra Garikipati	0.23	0.08
<b>Rent Expense :</b>		
<b>a) Other Related Parties</b>		
IIFL Facilities Services Limited	16.41	15.63
IIFL Securities Limited	6.14	6.14
<b>Interest Expenses Inter Corporate Deposit:</b>		
<b>a) Other Related Parties</b>		
IIFL Facilities Services Limited	-	2.99
IIFL Finance Limited (Formerly IIFL Holdings Limited)	50.73	118.20
<b>Inter Corporate Deposit Taken :</b>		
<b>a) Other Related Parties</b>		
IIFL Facilities Services Limited	-	900.00
IIFL Finance Limited (Formerly IIFL Holdings Limited)	6,000.00	7,600.00
<b>Inter Corporate Deposit Repaid :-</b>		
<b>a) Other Related Parties</b>		
IIFL Facilities Services Limited	-	900.00
IIFL Finance Limited (Formerly IIFL Holdings Limited)	6,000.00	8,600.00
<b>Allocation / Reimbursement of expenses Paid :</b>		
<b>a) Other Related Parties</b>		
IIFL Finance Limited (Formerly IIFL Holdings Limited)	8.71	4.43
IIFL Facilities Services Limited	10.37	8.68
IIFL Management Services Limited	0.00	0.03
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.00	0.14
IIFL Securities Limited	56.94	69.38
<b>Allocation / Reimbursement of expenses Received :</b>		
<b>a) Subsidiary</b>		
5Paisa P2P Limited	-	1.31
<b>b) Other Related Parties</b>		
IIFL Securities Limited	-	0.61
IIFL Finance Limited (Formerly IIFL Holdings Limited)	0.42	-

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Nature of transaction	2021-22	2020-21
<b>Others Paid :</b>		
<b>a) Subsidiary</b>		
5Paisa P2P Limited	0.37	0.25
<b>b) Other Related Parties</b>		
IIFL Securities Limited	2.37	2.70
IIFL Finance Limited (Formerly IIFL Holdings Limited)	1.00	0.89
IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)	-	-
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.33	0.06
Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)	-	0.14
<b>Others Received :</b>		
<b>a) Subsidiary</b>		
5Paisa P2P Limited	1.29	1.45
<b>b) Other Related Parties</b>		
Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)	0.11	-
IIFL Securities Limited	2.53	2.74
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.87	0.11
IIFL Finance Limited (Formerly IIFL Holdings Limited)	3.27	2.92
Livlong Protection & Wellness Services Limited (Formerly known as IIFL Corporate Services Limited)	0.49	-

## (C) Closing Balance

(₹ in Millions)

Nature of transaction	2021-22	2020-21
<b>Sundry Payable :</b>		
<b>a) Subsidiary</b>		
5Paisa P2P Limited	0.01	-
<b>b) Other Related Parties</b>		
IIFL Facilities Services Limited	0.81	-
IIFL Securities Limited	3.71	-
Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)	-	0.12
Prakarsh Gagdani HUF	-	0.01
<b>c) Directors &amp; Relatives</b>		
Mr Prakarsh Gagdani	0.02	0.00
Mr Santosh Jayaram (up to Feb 28, 2021)	-	0.00
Mr Gourav Munjal	0.00	-
Mrs Kalpana Gagdani	0.09	1.04
Mr Sharad Gagdani	-	0.00
Mr Prakarsh Gagdani HUF	0.15	-
<b>Security Deposit</b>		
<b>a) Other Related Parties</b>		
IIFL Securities Limited	3.07	3.07
IIFL Facilities Services Limited	7.81	7.81
<b>Sundry Receivable :</b>		
<b>a) Subsidiary</b>		
5Paisa P2P Limited	-	0.28



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Nature of transaction	2021-22	2020-21
<b>b) Other Related Parties</b>		
IIFL Finance Limited (Formerly IIFL Holdings Limited)	1.69	2.08
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.06	0.09
IIFL Securities Limited	-	1.82
Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)	0.04	-
Livlong Protection & Wellness Services Limited (Formerly known as IIFL Corporate Services Limited)	0.58	-
<b>c) Director &amp; Relatives</b>		
Mr Gourav Munjal	-	0.00
Mrs Punam Gagdani	0.00	-
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
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

## b) Movement of options during the year ended March 31, 2022

Particulars	Option Outstanding (in numbers)	Range of exercise Price (in ₹)**	Weight average exercise price (in ₹)#	Weight average remaining contractual life (in Years)
<b>Outstanding as on March 31, 2020</b>	<b>672,000</b>	<b>157.30 to 200</b>	-	<b>5.40</b>
<b>Exercisable as on March 31, 2020</b>	<b>672,000</b>	<b>157.30 to 200</b>	-	-
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	-
<b>Outstanding as on March 31, 2021</b>	<b>765,750</b>	<b>157.30 to 282</b>	-	<b>4.84</b>
<b>Exercisable as on March 31, 2021</b>	<b>765,750</b>	<b>157.30 to 282</b>	-	-
Granted during the year	197,500	398 to 530	-	-
Forfeited during the year	-	-	-	-
Expired/Lapsed during the year	112,500	-	-	-
Exercised during the year ***	84,000	157.53 to 194	162.96	-
<b>Outstanding as on March 31, 2022</b>	<b>766,750</b>	<b>157.30 to 530</b>	-	<b>5.30</b>
<b>Exercisable as on March 31, 2022</b>	<b>766,750</b>	<b>157.30 to 530</b>	-	-

\* 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 84,000 options has been exercised by the employee.

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

(c) The Company has granted 197,500 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.

## NOTE 35: THE TABLE BELOW SHOWS AS ANALYSIS OF ASSETS AND LIABILITIES ANALYED ACCORDING TO WHEN THEY ARE EXPECTED TO BE RECOVERED OR SETTLED.

(₹ in Millions)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>(1) Financial Assets</b>						
(a) Cash and cash equivalents	888.79	-	888.79	165.61	-	165.61
(b) Bank Balance other than (a) above	10,891.73	219.30	11,111.03	5,073.30	-	5,073.30
(c) Receivables	-	-	-	-	-	-
(I) Trade receivables	-	-	-	0.00	-	0.00
(II) Other receivables	-	-	-	-	-	-
(d) Loans	2,516.53	-	2,516.53	1,390.68	-	1,390.68
(e) Investments	122.10	73.50	195.60	51.53	73.50	125.03
(f) Other financial assets	1,013.18	58.11	1,071.29	1,544.22	64.40	1,608.62
<b>Sub-total</b>	<b>15,432.33</b>	<b>350.91</b>	<b>15,783.24</b>	<b>8,225.34</b>	<b>137.90</b>	<b>8,363.24</b>





# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>(2) Non-Financial Assets</b>						
(a) Current tax assets (net)	17.87	22.31	40.18	1.07	9.70	10.78
(b) Deferred tax assets (net)	-	119.31	119.31	-	171.15	171.15
(c) Property, Plant and Equipment	-	70.28	70.28	-	16.50	16.50
(d) Right to use assets	-	22.96	22.96	-	38.91	38.91
(f) Capital work-in-progress	-	2.27	2.27	-	-	-
(e) Other intangible assets	-	10.29	10.29	-	6.69	6.69
(f) Other non-financial assets	51.45	-	51.45	52.57	-	52.57
<b>Sub-total</b>	<b>69.32</b>	<b>247.42</b>	<b>316.74</b>	<b>53.64</b>	<b>242.95</b>	<b>296.60</b>
<b>Total Assets</b>	<b>15,501.65</b>	<b>598.33</b>	<b>16,099.98</b>	<b>8,278.99</b>	<b>380.85</b>	<b>8,659.84</b>
<b>LIABILITIES</b>						
<b>(1) Financial Liabilities</b>						
(a) Payables						
(I) Trade payables						
(i) Total outstanding dues of micro enterprises and small enterprises	0.03	-	0.03	0.08	-	0.08
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	9.76	-	9.76	4.18	-	4.18
(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	516.07	-	516.07	165.66	-	165.66
(b) Borrowings (Other than debt securities)	2,789.76	-	2,789.76	2,339.29	-	2,339.29
(c) Other financial liabilities	8,909.46	11.59	8,921.05	4,505.89	27.95	4,533.84
<b>Sub-total</b>	<b>12,225.08</b>	<b>11.59</b>	<b>12,236.66</b>	<b>7,015.09</b>	<b>27.95</b>	<b>7,043.05</b>
<b>(2) Non-Financial Liabilities</b>						
(a) Provisions	11.21	-	11.21	9.18	-	9.18
(b) Other non-financial liabilities	74.56	-	74.56	20.17	-	20.17
<b>Sub-total</b>	<b>85.77</b>	<b>-</b>	<b>85.77</b>	<b>29.35</b>	<b>-</b>	<b>29.35</b>
<b>Total Liabilities</b>	<b>12,310.85</b>	<b>11.59</b>	<b>12,322.43</b>	<b>7,044.44</b>	<b>27.95</b>	<b>7,072.40</b>
<b>Net</b>	<b>3,190.80</b>	<b>586.74</b>	<b>3,777.54</b>	<b>1,234.54</b>	<b>352.89</b>	<b>1,587.44</b>

## NOTE 36 :

- 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.
- 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.
- The wholly owned subsidiary of the Company namely 5paisa Trading Limited had incorporated on February 27, 2020.

# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

## 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 : RATIOS

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

## NOTE 41 : ADDITIONAL REGULATORY INFORMATION AS PER DIVISION III SCHEDULE III OF COMPANIES ACT, 2013

- a) No funds have been advanced or loaned or invested by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- b) No funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- c) The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.
- d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- e) No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988).
- f) The Company has not been declared as wilful defaulter by any bank or financial Institution or other lender.
- g) During the year, the company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- h) There are no transactions which have not been recorded in the books of accounts and which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.



# Notes forming part of Standalone Financial Statements

For the year ended March 31, 2022

- i) The quarterly returns / statements of current assets filed by the Company, with banks from whom borrowings have been availed on the basis of security of current assets, are in agreement with the books of account.
- j) There are no charges or satisfaction yet to be registered with the registrar of companies beyond the statutory period.
- k) The company does not have layers beyond the number prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- l) The company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

## NOTE 42 :- RECENT PRONOUNCEMENTS

On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below:

Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its consolidated financial statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

**Note 43 :** In the matter of delayed submission of the report in respect to Segregation and Monitoring of Collateral at Client Level at NSE on account of a technical issue faced by the company, which, as per the extant penalty structure defined by exchanges is ₹ 250/- per client per day for around 1.9 million clients for a day, the company has made a representation to NSE requesting them for pardoning the delay and waiving off the penalty or capping the same to a reasonable amount. The matter was taken up by the Disciplinary Action Committee of NSE in April 2022 and confirmation is awaited from NSE with respect to the penalty leviable. The company is expecting to get the penalty amount waived, reduced substantially or capped. In this regard a reliable estimate of amount cannot be made of this obligation and hence no provision is considered.

## NOTE 44 : 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: 109206W

By the hand of

**G. Sankar**

Partner

Membership No. 046050

Place: Mumbai

Date: April 27, 2022

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

# 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 March 31, 2022, 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, 2022, 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 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
<b>Information technology (IT) systems used in financial reporting process.</b>	We obtained an understanding of the Parent Company's IT control environment relevant to the audit.
The Parent 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 Parent 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 Parent 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 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 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



## Independent Auditor's Report (Contd.)

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 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 are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in

## Independent Auditor's Report (Contd.)

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.

### OTHER MATTERS

We did not audit the financial statements of one subsidiary Company whose financial statements reflect total assets of ₹ 62.20 Millions as at March 31, 2022, total revenues of ₹ 11.73 Millions and net cash outflows amounting to ₹ 0.23 Millions for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary company and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary company is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. 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 March 31, 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 March 31, 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.

- (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 disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 of the financial statements;
  - ii. The Group did not have any long-term contracts including derivative contracts for which there



**Independent Auditor's Report (Contd.)**

- were any material foreseeable losses - Refer Note 42(c) of the financial statements;
- 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 - Refer Note 42(d) of the financial statements;
- iv. (a) The respective Managements of the Holding Company, its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, its subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries - Refer Note 42(a) of the financial statements;
- (b) The respective Managements of the Holding Company, its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds have been received by the Holding Company, its subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company, its subsidiaries shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries - Refer Note 42(b) of the financial statements; and
- (c) In our opinion and based on the audit procedures we have considered reasonable and appropriate in the circumstances performed by us on the Holding Company, its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The Company has neither declared nor paid any dividend during the year.
2. With respect to the matters specified in paragraphs 3 (xxi) and 4 of the Companies ( Auditor's Report Order, 2020 ( the "Order"/ "CARO" ) issued by Central Government in terms of Section 143(11) of the Act, to be included in the Auditors report, according to the information and explanation given to us, and based on the CARO report issued by us for the Holding Company and two of its subsidiaries and by the statutory auditor of a subsidiary Company, included in the consolidated financial statement of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **V. Sankar Aiyar & Co.,**  
**Chartered Accountants**  
(FRN 109208W)

**(G SANKAR)**  
Partner  
(M.No.46050)  
UDIN: 22046050AHWLKK9727

Place: Mumbai  
Date: April 27, 2022



# 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 2022**

## **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 31, 2022 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 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



## Annexure to Auditor's Report (Contd.)

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, 2022, 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.

Place: Mumbai  
Date: April 27, 2022

For **V. Sankar Aiyar & Co.,**  
**Chartered Accountants**  
(FRN 109208W)

**(G SANKAR)**  
Partner  
(M.No.46050)  
UDIN: 22046050AHWLKK9727

# Consolidated Balance Sheet

As at March 31, 2022

(₹ in Millions)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>I ASSETS</b>			
<b>(1) Financial Assets</b>			
(a) Cash and cash equivalents	3	894.12	168.76
(b) Bank balance other than (a) above	4	11,111.29	5,074.05
(c) Receivables			-
(i) Trade receivables	5	0.28	0.00
(d) Loans	6	2,516.53	1,390.68
(e) Investments	7	140.06	85.29
(f) Other financial assets	8	1,080.79	1,623.74
<b>Sub total</b>		<b>15,743.07</b>	<b>8,342.52</b>
<b>(2) Non-Financial Assets</b>			
(a) Current tax assets (net)		40.54	10.78
(b) Deferred tax assets (net)	9	131.85	179.95
(c) Property, Plant and Equipment	10(a)	70.28	16.50
(d) Right of use assets	11	22.96	38.91
(e) Other intangible assets	10(b)	18.45	22.38
(f) Capital work-in-progress	10(c)	2.27	-
(g) Other non-financial assets	12	56.22	57.88
<b>Sub total</b>		<b>342.57</b>	<b>326.40</b>
<b>Total</b>		<b>16,085.64</b>	<b>8,668.92</b>
<b>II LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>(1) Financial Liabilities</b>			
(a) Payables			
(i) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises		0.03	0.08
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	12.98	17.76
(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	527.71	176.02
(b) Borrowings (Other than debt securities)	14	2,789.76	2,339.29
(c) Other financial liabilities	15	8,934.72	4,545.42
<b>Sub total</b>		<b>12,265.20</b>	<b>7,078.57</b>
<b>(2) Non-Financial Liabilities</b>			
(a) Provisions	16	11.26	9.40
(b) Other non-financial liabilities	17	69.43	20.20
<b>Sub total</b>		<b>80.69</b>	<b>29.60</b>
<b>(3) EQUITY</b>			
(a) Equity share capital	18	294.17	255.16
(b) Other equity	19	3,445.58	1,305.59
<b>Sub total</b>		<b>3,739.75</b>	<b>1,560.75</b>
<b>Total</b>		<b>16,085.64</b>	<b>8,668.92</b>

See accompanying notes forming part of Consolidated Financial Statements 1-45  
 @Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million.

As per our attached report of even date

For and on behalf of Board of Directors

**For V Sankar Aiyar & Co.**

Chartered Accountants

Firm Registration Number: 109206W

By the hand of

**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 27, 2022

**Namita Godbole**

Company Secretary



# Consolidated Statement of Profit and Loss

For the year ended March 31, 2022

(₹ in Millions)

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Revenue from Operations</b>			
(a) Interest income	20	809.91	458.51
(b) Fees and commission income	21	2,159.74	1,470.63
<b>(I) Total revenue from operations</b>		<b>2,969.65</b>	<b>1,929.14</b>
Other income	22	10.16	16.61
<b>(II) Total income</b>		<b>2,979.81</b>	<b>1,945.75</b>
<b>(III) Expenses</b>			
(a) Finance cost	23	218.69	199.50
(b) Employee benefits expense	24	421.93	361.07
(c) Depreciation, amortization and impairment	25	50.29	46.07
(d) Other expenses	26	2,103.86	1,140.16
<b>(IV) Total expenses</b>		<b>2,794.77</b>	<b>1,746.79</b>
(V) Exceptional items		-	-
<b>(VI) Profit/(Loss) before tax (IV-V)</b>		<b>185.04</b>	<b>198.96</b>
(VII) Tax expense:	27		
(1) Current tax			
(2) Deferred tax		47.68	52.06
<b>(VIII) Profit/(Loss) for the year (VI-VII)</b>		<b>137.36</b>	<b>146.90</b>
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified to profit or loss		1.71	(0.39)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.43)	0.10
<b>Other Comprehensive Income (IX)</b>			
<b>Total Comprehensive Income for the year (VIII) + (IX)</b>		<b>1.28</b>	<b>(0.29)</b>
<b>Earnings per equity share of face value of ₹ 10 each</b>			
Basic in (₹)	28	4.72	5.76
Diluted in (₹)		4.68	5.73

See accompanying notes forming part of Consolidated Financial Statements 1-45

As per our attached report of even date

For and on behalf of Board of Directors

**For V Sankar Aiyar & Co.**

Chartered Accountants

Firm Registration Number: 109206W

By the hand of

**G. Sankar**

Partner

Membership No. 046050

Place: Mumbai

Date: April 27, 2022

**Prakarsh Gagdani**

Whole Time Director & CEO

(DIN : 07376258)

**Gourav Munjal**

Whole Time Director & CFO

(DIN : 06360031)

**Namita Godbole**

Company Secretary

# Consolidated Statement of Changes in Equity

For the year ended March 31, 2022

## A. Equity Share Capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
<b>Equity Shares</b>				
At the beginning of the year	25,515,918	255.16	25,477,668	254.78
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Restated Balance at the beginning of the previous reporting period	25,515,918	255.16	25,477,668	254.78
Add: Shares issued during the year *	3,901,400	39.01	38,250	0.38
<b>Closing at the end of year</b>	<b>29,417,318</b>	<b>294.17</b>	<b>25,515,918</b>	<b>255.16</b>

\* During the year 84,000 equity shares has been issued to the employees of the Company under employee stock option scheme & 38,17,400 shares have been issue on preferential basis. (Previous 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							Total
	Share Warrants	General Reserve	Securities Premium Reserve	Capital Reserve	Retained Earnings	Employee Stock option Reserve	Other items of Other Comprehensive Income	
<b>Balance as at March 31, 2020</b>	-	-	1,694.22	47.71	(640.15)	28.47	(2.59)	1,127.66
Changes in accounting policy or prior year errors	-	-	-	-	-	-	-	-
<b>Restated balance at the beginning April 1, 2020</b>	-	-	1,694.22	47.71	(640.15)	28.47	(2.59)	1,127.66
Profit for the year	-	-	-	-	146.90	-	-	146.90
Other comprehensive Income for the year	-	-	-	-	-	-	(0.29)	(0.29)
Premium of equity shares issued (net of share issue expenses)*	-	-	6.94	-	-	-	-	6.94
Utilised towards IPO expenses	-	-	-	-	-	-	-	-
Utilised towards equity share option exercised	-	-	-	-	-	-	-	-
Transfer to retained earnings from Equity-Settled share-based payment reserve	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-
Additions during the year	-	7.97	-	-	-	16.41	-	24.38
<b>Balance as at March 31, 2021</b>	-	7.97	1,701.16	47.71	(493.25)	44.88	(2.88)	1,305.59
Changes in accounting policy or prior year errors	-	-	-	-	-	-	-	-
<b>Restated balance at the beginning April 1, 2021</b>	-	7.97	1,701.16	47.71	(493.25)	44.88	(2.88)	1,305.59
Profit for the year	-	-	-	-	137.36	-	-	137.36
Other comprehensive Income for the year	-	-	-	-	-	-	1.28	1.28
Premium of equity shares issued (net of share issue expenses)*	-	-	1,831.24	-	-	-	-	1,831.24
Utilised towards IPO expenses	-	-	-	-	-	-	-	-
Utilised towards equity share option exercised	-	-	-	-	-	-	-	-
Transfer to retained earnings from Equity-Settled share-based payment reserve	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-
Additions during the year	150.00	-	-	-	-	20.12	-	170.12
<b>Balance as at March 31, 2022</b>	<b>150.00</b>	<b>7.97</b>	<b>3,532.40</b>	<b>47.71</b>	<b>(355.89)</b>	<b>65.00</b>	<b>(1.60)</b>	<b>3,445.58</b>

\*Securities Premium reserve of ₹ 1,831.24 million is created during the year due to issue of shares under equity stock option scheme and preferential issue.

See accompanying notes forming part of Consolidated Financial Statements (1-45)

As per our attached report of even date

**For V Sankar Aiyar & Co.**

Chartered Accountants

Firm Registration Number: 109206W

By the hand of

**G. Sankar**

Partner

Membership No. 046050

Place: Mumbai

Date: April 27, 2022

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



# Consolidated Cash Flow Statement

For the year ended March 31, 2022

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Cash Flows From Operating Activities</b>		
Net Profit before tax	185.04	198.96
<b>Adjustments for:</b>		
Depreciation, amortisation and impairment	50.29	46.07
Employee benefit expenses - share based	20.12	24.38
Employee benefit expenses - others	7.08	7.81
Finance Cost	218.69	199.50
Capital Gain on Investments	(2.28)	(0.81)
Dividend Income	-	(0.39)
(Gain)/Loss on financial assets measured at fair value	(3.89)	(12.16)
(Gain)/Loss on sale of PPE & Intangible Assets	0.15	(0.09)
<b>Operating profit before working capital changes</b>	<b>475.20</b>	<b>463.27</b>
(Increase)/Decrease in Trade Receivables	(0.28)	1.31
(Increase)/Decrease in Loans	(1,125.85)	(719.98)
Increase/(Decrease) in Other Non financial Liabilities	49.23	(37.61)
(Increase)/Decrease in Other Financial Assets	542.95	750.36
Increase/(Decrease) in Other Financial Liabilities	4,389.30	2,126.16
(Increase)/Decrease in Other Non-Financial Assets	1.67	(9.72)
(Increase)/Decrease in Bank Deposits	(6,050.78)	(2,568.73)
Increase/(Decrease) in Provisions	(5.23)	(3.41)
Increase/(Decrease) in Trade Payable	(4.82)	8.09
Increase/(Decrease) in Other Payable	351.69	6.59
<b>Cash generated/(used in) from operations</b>	<b>(1,376.92)</b>	<b>16.33</b>
Taxes	(29.34)	4.58
<b>Net cash generated/(used in) from operating activities (A)</b>	<b>(1,406.26)</b>	<b>20.91</b>
<b>Cash Flows From Investing Activities :</b>		
Purchase of PPE & Intangible Assets	(74.58)	(41.25)
Sale of PPE & Intangible Assets	6.65	16.64
Purchase of Investments	-	(7.71)
Sale of Investments	(54.77)	22.99
Dividend Income	-	0.39
Capital Gain on Investment	2.28	0.81
<b>Net cash flow generated/(used in) investing activities (B)</b>	<b>(120.42)</b>	<b>(8.14)</b>
<b>Cash Flows From Financing Activities:-</b>		
Increase in Share Capital	39.01	0.38
Increase in Share Premium (Net of share Issue Expenses)	1,831.24	6.94
Issue of Share Warrants	150.00	-
Bank overdraft Taken/(Repaid) during the year (Net)	450.47	1,147.36
Inter corporate deposits Taken	5,750.00	7,600.00
Inter corporate deposits Repaid	(5,750.00)	(8,600.00)
Finance Cost	(218.69)	(199.50)
<b>Net cash flow generated/(used in) financing activities (C)</b>	<b>2,252.04</b>	<b>(44.82)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>725.36</b>	<b>(32.05)</b>
Cash and Cash Equivalents at beginning of year	168.76	200.81
Cash and Cash Equivalents at end of year	894.12	168.76
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>725.36</b>	<b>(32.05)</b>

See accompanying notes forming part of the Consolidated Financial Statements (1 - 45)

As per our attached report of even date

**For V Sankar Aiyar & Co.**

Chartered Accountants

Firm Registration Number: 109206W

By the hand of

**G. Sankar**

Partner

Membership No. 046050

Place: Mumbai

Date: April 27, 2022

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

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## 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 31st March, 2022.

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 31 March 2022 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 30th March 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' 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, 2022 are being authorized for issue in accordance with a resolution of the directors on April 27, 2022.

#### 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.





# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

Subsidiaries are consolidated from the date control commences until the date control ceases.

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

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

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 asset.

**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



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

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 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)

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

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 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



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

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 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's 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



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

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)

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.



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## 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 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 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.



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

**j) Foreign Currency Translation:**

These financial statements are presented in Indian Rupees, which is the group companies'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 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 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



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

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.

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 used for business purposes, and hence bank overdrafts

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

are not 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.

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's 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



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

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. Expenses relating to share issue has been reduced from share premium.

## 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

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

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 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's 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 lease.





# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

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's 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.

### 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

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

values of group companies'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 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, 2022

## NOTE 3 : CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Cash &amp; cash equivalents:</b>		
- Cash in hand	-	-
- Cheques in hand	-	-
<b>Balances with bank:</b>		
- in current accounts	5.31	42.78
- in client accounts	888.81	125.98
<b>Total cash &amp; cash equivalents</b>	<b>894.12</b>	<b>168.76</b>

## NOTE 4 : BANK BALANCE OTHER THAN ABOVE

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed Deposits	-	1.45
Lien marked *	11,111.29	5,072.60
<b>Total</b>	<b>11,111.29</b>	<b>5,074.05</b>

\*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, 2022	As at March 31, 2021
<b>(i) Trade receivables</b>		
- Receivables considered Good - unsecured	0.28	0.00
- Receivables which have significant increase in credit risk	-	0.00
- Receivables - credit impaired	-	0.54
<b>Total (i) Gross</b>	<b>0.28</b>	<b>0.54</b>
Less : Impairment loss allowance	-	0.54
<b>Total (i) Net</b>	<b>0.28</b>	<b>0.00</b>

@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 31st March 2022 & 31st March 2021.
- No trade receivables and other receivables are interest bearing.

## Trade Receivables Ageing Schedule as on 31 March 2022

(₹ in Millions)

Particulars	Less than 6 Months	6 Months to 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Undisputed Trade Receivables - Considered Good	0.28	-	-	-	-	0.28
Receivables which have significant increase in credit risk	-	-	-	-	-	-
Receivables - credit impaired	-	-	-	-	-	-

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## Trade Receivables Ageing Schedule as on 31 March 2021

(₹ in Millions)

Particulars	Less than 6 Months	6 Months to 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Undisputed Trade Receivables - Considered Good	0.00	-	-	-	-	0.00
Receivables which have significant increase in credit risk	0.00	-	-	-	-	0.00
Receivables - credit impaired	-	-	-	0.54	-	0.54

@Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million.

## NOTE 6 : LOANS

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Loans repayable on demand</b>		
Margin trading facility balances*	2,516.53	1,390.68
<b>Total</b>	<b>2,516.53</b>	<b>1,390.68</b>

\*Loans to customers are secured by pledge of Shares/Bonds/Mutual Funds and other allowable securities as per exchange rules.

## NOTE 7 : INVESTMENTS

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>A) At fair value through profit or loss</b>		
<b>Exchange Traded Fund</b>		
EQ - SBISENSEXETF	6.77	3.76
EQ - SETFBANK EQ	6.60	3.17
EQ - SETFBSE100	5.42	11.03
EQ - SETFNIFTYNEXT 50 EQ	6.57	3.30
EQ - SETFNIFTY EQ	6.89	6.71
EQ - UTINIFTYETF	5.89	4.82
EQ - UTISENSEXETF	8.96	6.82
EQ - UTINEXT50	6.77	7.76
EQ - SETFSN50	3.45	1.76
EQ - SBIETFQLTY	4.54	0.18
EQ - UTISXN50	2.81	2.21
EQ - SBIETFPB	3.84	-
EQ - DSPNEWETF	6.73	-
EQ - SBIETFCON	2.01	-
EQ - SBIETFIT	3.82	-
EQ - ABSLBANETF	1.47	-
EQ - ABSLNN50ET	0.88	-
EQ - BSLNIFTY	0.39	-
EQ - DSPN50ETF	15.82	-
EQ - DSPQ50ETF	7.29	-
EQ - HEALTHY	0.41	-



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Particulars	As at	
	March 31, 2022	March 31, 2021
EQ - LICNETFN50	4.42	-
EQ - LICNFNHGP	5.75	-
EQ - TECH	0.93	-
EQ - LICNETFSEN	1.80	-
EQ - BLSSENETFG	0.48	-
EQ - UTIBANKETF	0.55	-
EQ - ABSLAMC	0.84	-
<b>B) Investment in Mutual Fund shares</b>		
ICICI Prudential Liquid Fund (56,979.25 Units NAV @315.26) (PY - 110,777.238 Units NAV @304.73)	17.96	33.76
<b>Total</b>	<b>140.06</b>	<b>85.29</b>
- Investment outside India		
- Investment in India		
<b>Total</b>	<b>140.06</b>	<b>85.29</b>

\* 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, 2022	March 31, 2021
Deposit/Margin with exchanges	45.31	649.35
Clients and Exchanges receivables (net of provision)#	810.88	863.53
Security deposit with landlords and others*	12.81	15.09
Interest accrued on deposits and investments	211.80	91.87
Receivable from related parties (Refer note 33)	-	3.88
<b>Total</b>	<b>1,080.79</b>	<b>1,623.74</b>

#Includes receivable from director and key managerial personnel ₹ 0.00 million (March 31, 2021 ₹ 0.00 million)

\* Include deposit with related party of ₹ 10.8 million (March 31, 2021 ₹ 10.8 million) Refer note 33

## NOTE 9 :- DEFERRED TAX ASSETS (NET)

(₹ in Millions)

Particulars	As at March 31, 2022			
	Opening balance as at April 1, 2021	Recognised in profit or loss	Recognised in/reclassified from OCI	Closing balance
<b>Deferred tax assets:</b>				
Depreciation on property, plant and equipment	1.98	(1.05)	-	0.93
Provisions for expected credit loss	12.01	27.06	-	39.07
Compensated absences and retirement benefits	2.57	1.53	(0.43)	3.67
Tax on business Loss carry-forward	165.93	(77.50)	-	88.43
Others	2.72	2.16	-	4.88
<b>Total deferred tax assets (a)</b>	<b>185.21</b>	<b>(47.80)</b>	<b>(0.43)</b>	<b>136.98</b>

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Particulars	As at March 31, 2022			Closing balance
	Opening balance as at April 1, 2021	Recognised in profit or loss	Recognised in/reclassified from OCI	
<b>Deferred tax liabilities:</b>				
Unrealised profit on investments	(4.41)	0.60	-	(3.81)
On Lease Rentals as per tax	(0.84)	(0.48)	-	(1.32)
<b>Total deferred tax liabilities (b)</b>	<b>(5.26)</b>	<b>0.12</b>	<b>-</b>	<b>(5.13)</b>
<b>Deferred tax assets (a) + (b)</b>	<b>179.95</b>	<b>(47.68)</b>	<b>(0.43)</b>	<b>131.85</b>

(₹ in Millions)

Particulars	As at March 31, 2021			Closing balance
	Opening balance as at April 1, 2020	Recognised in profit or loss	Recognised in/reclassified from OCI	
<b>Deferred tax assets:</b>				
Depreciation on property, plant and equipment	1.62	0.36	-	1.98
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
<b>Total deferred tax assets (a)</b>	<b>233.60</b>	<b>(48.49)</b>	<b>0.10</b>	<b>185.21</b>
<b>Deferred tax liabilities:</b>				
Unrealised profit on investments	(0.19)	(4.23)	-	(4.41)
On Lease Rentals as per tax	(1.50)	0.65	-	(0.85)
<b>Total deferred tax liabilities (b)</b>	<b>(1.69)</b>	<b>(3.57)</b>	<b>-</b>	<b>(5.26)</b>
<b>Deferred tax assets (a) + (b)</b>	<b>231.91</b>	<b>(52.06)</b>	<b>0.10</b>	<b>179.95</b>

## NOTE 10 : PROPERTY, PLANT AND EQUIPMENT

### Tangible Assets:

(₹ in Millions)

Particulars	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Total
<b>As at March 31, 2020</b>	<b>25.90</b>	<b>2.96</b>	<b>2.87</b>	<b>2.82</b>	<b>34.55</b>
Additions	14.98	0.05	0.11	0.22	15.37
Disposals/Adjustments	2.41	0.13	0.02	0.48	3.05
<b>As at March 31, 2021</b>	<b>38.47</b>	<b>2.88</b>	<b>2.95</b>	<b>2.57</b>	<b>46.87</b>
Additions	67.82	0.01	7.95	2.16	77.93
Disposals/Adjustments	6.34	-	0.31	-	6.65
<b>As at March 31, 2022</b>	<b>99.95</b>	<b>2.88</b>	<b>10.59</b>	<b>4.73</b>	<b>118.15</b>
<b>Accumulated Depreciation:</b>					
<b>As at March 31, 2020</b>	<b>13.23</b>	<b>1.09</b>	<b>1.40</b>	<b>2.23</b>	<b>17.95</b>
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
<b>As at March 31, 2021</b>	<b>24.78</b>	<b>1.60</b>	<b>1.99</b>	<b>2.00</b>	<b>30.37</b>
Depreciation charge for the year	17.69	0.57	1.46	0.63	20.35
Deductions/Adjustments	2.54	-	0.31	-	2.85
<b>As at March 31, 2022</b>	<b>39.92</b>	<b>2.17</b>	<b>3.14</b>	<b>2.63</b>	<b>47.86</b>



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## Net Book Value:

(₹ in Millions)

Particulars	Computer	Electrical Equipment	Furniture & Fixture	Office Equipment	Total
As at March 31, 2021	13.69	1.28	0.96	0.58	16.51
<b>As at March 31, 2022</b>	<b>60.03</b>	<b>0.71</b>	<b>7.45</b>	<b>2.10</b>	<b>70.29</b>

## b) Other intangible assets (other than internally generated):

(₹ in Millions)

Particulars	Software	Total
<b>Cost:</b>		
<b>As at March 31, 2020</b>	<b>17.19</b>	<b>17.19</b>
Additions	3.13	-
Deductions/Adjustments	-	-
<b>As at March 31, 2021</b>	<b>42.94</b>	<b>42.94</b>
Additions	8.49	8.49
Deductions/Adjustments	-	-
<b>As at March 31, 2022</b>	<b>51.43</b>	<b>51.43</b>
<b>Accumulated Depreciation:</b>		
<b>As at March 31, 2020</b>	<b>9.42</b>	<b>9.42</b>
Depreciation charge for the year	4.22	4.22
Deductions/Adjustments	-	-
<b>As at March 31, 2021</b>	<b>20.56</b>	<b>20.56</b>
Depreciation charge for the year	12.42	12.42
Deductions/Adjustments	-	-
<b>As at March 31, 2022</b>	<b>32.98</b>	<b>32.98</b>

## Net Book Value:

(₹ in Millions)

Particulars	Software	Total
As at March 31, 2021	22.38	22.38
<b>As at March 31, 2022</b>	<b>18.45</b>	<b>18.45</b>

## c) Capital WIP

Capital WIP aging schedule as at 31 March 2022

(₹ in Millions)

Particulars	Amount for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress	2.27	-	-	2.27
Projects temporarily suspended	-	-	-	-
<b>Total</b>	<b>2.27</b>	<b>-</b>	<b>-</b>	<b>2.27</b>

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## Capital WIP aging schedule as at 31 March 2021

(₹ in Millions)

Particulars	Amount for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Projects in progress	-	-	-	-
Projects temporarily suspended	-	-	-	-
<b>Total</b>	-	-	-	-

### NOTE 11 :- RIGHT OF USE ASSETS

#### A) Following are the changes in the carrying value of right of use assets for the year ended March 31, 2022:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
<b>Balance as at April 01, 2020</b>	<b>55.97</b>	<b>1.75</b>	<b>57.72</b>
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
<b>Balance as at April 01, 2021</b>	<b>38.49</b>	<b>0.41</b>	<b>38.91</b>
Additions to right of use assets	1.57	-	1.57
Deletions to right of use assets	-	-	-
Depreciation	17.31	0.21	17.52
<b>Closing Balance as at March 31, 2022</b>	<b>22.76</b>	<b>0.21</b>	<b>22.96</b>

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, 2022:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
<b>Balance as at April 01, 2020</b>	<b>59.09</b>	<b>1.83</b>	<b>60.92</b>
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)
<b>Balance as at April 01, 2021</b>	<b>41.81</b>	<b>0.45</b>	<b>42.26</b>
Additions	1.57	-	1.57
Deletion	-	-	-
Finance cost accrued during the year	3.50	0.03	3.53
Payment of lease liabilities	(18.91)	(0.25)	(19.15)
<b>Balance as at March 31, 2022</b>	<b>27.97</b>	<b>0.24</b>	<b>28.21</b>

#### C) Following is the break up value of the Current and Non - Current Lease Liabilities for the year ended March 31, 2022:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Current lease liabilities	16.39	0.24	16.63
Non-current lease liabilities	11.59	-	11.59
<b>Total</b>	<b>27.97</b>	<b>0.24</b>	<b>28.21</b>



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## D) Table showing details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	(₹ in Millions)		
	Premises	Vehicle	Total
<b>As at March 31, 2021</b>			
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
<b>Total</b>	<b>41.81</b>	<b>0.45</b>	<b>42.26</b>
<b>As at March 31, 2022</b>			
Less than one year	16.39	0.24	16.63
One to two years	11.59	-	11.59
Two to five years	-	-	-
<b>Total</b>	<b>27.97</b>	<b>0.24</b>	<b>28.21</b>

## E) Amounts recognised in profit or loss:

Particulars	(₹ in Millions)	
		As at March 31, 2022
<b>For the year ended March 31, 2021</b>		
Interest on lease liabilities		4.51
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets		0.13
<b>Total</b>		<b>4.64</b>
<b>For the year ended March 31, 2022</b>		
Interest on lease liabilities		3.50
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets		0.03
<b>Total</b>		<b>3.53</b>

## F) Amounts recognised in the statement of cash flows :

Particulars	(₹ in Millions)	
		As at March 31, 2022
<b>For the year ended March 31, 2021</b>		
Total cash outflow for leases		25.15
<b>For the year ended March 31, 2022</b>		
Total Total cash outflow for leases		19.15

## NOTE 12 : OTHER NON-FINANCIAL ASSETS

Particulars	(₹ in Millions)	
	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	23.65	23.97
GST credit receivable	-	4.67
Other advances	32.57	29.24
<b>Total</b>	<b>56.22</b>	<b>57.88</b>



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## NOTE 13 : PAYABLES

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(I) Trade Payable</b>		
(i) total outstanding dues of micro enterprises and small enterprises	0.03	0.08
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	12.98	17.76
<b>Total (a)</b>	<b>13.01</b>	<b>17.84</b>
<b>(II) Other Payable</b>		
(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	0.96	0.08
(b) Accrued salaries & benefits	2.60	0.43
(c) Provision for expenses	524.15	175.50
<b>Total (b)</b>	<b>527.71</b>	<b>176.02</b>
<b>Total (a+b)</b>	<b>540.72</b>	<b>193.86</b>

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	As at March 31, 2022	As at March 31, 2021
(a) Principal amount remaining unpaid to any supplier at the year end	0.03	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	-	-

### Trade & other payable aging schedule as at 31 March 2022

(₹ in Millions)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME - undisputed	-	0.03	-	-	-	0.03
(ii) Others - undisputed	524.15	12.98	-	-	-	537.12
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>524.15</b>	<b>13.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>537.15</b>



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## Trade & other payable aging schedule as at 31 March 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME - undisputed	-	0.08	-	-	-	0.08
(ii) Others - undisputed	175.50	17.76	-	-	-	193.26
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>175.50</b>	<b>17.84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193.34</b>

(₹ in Millions)

## NOTE 14 : BORROWINGS (OTHER THAN DEBT SECURITIES)

Particulars	(₹ in Millions)	
	As at March 31, 2022	As at March 31, 2021
At amortised cost		
<b>(a) Loans repayable on demand (from banks) : Secured</b>		
- Working capital demand loan	-	200.00
- Bank Overdraft	2,789.76	2,139.29
<b>(b) Other loans : Unsecured</b>		
- Loan from related parties (Refer note 33)	-	-
<b>Total (c) = (a)+ (b)</b>	<b>2,789.76</b>	<b>2,339.29</b>
Borrowings in India	2,789.76	2,339.29
Borrowings outside India	-	-
<b>Total</b>	<b>2,789.76</b>	<b>2,339.29</b>

### (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 (Lending banks MCLR rate + Spread varies (1.25% to 2.85%), Interest is payable on 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%), Interest is payable on monthly basis on the last date of each month.
- (iii) For related parties interest rate will be SBI 1 year MCLR + Credit spread of 250 to 350 basis point p.a. as approved by the board.

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## NOTE 15 : OTHER FINANCIAL LIABILITIES

Particulars	(₹ in Millions)	
	As at March 31, 2022	As at March 31, 2021
Clients and Exchanges payables #	8,888.27	4,495.42
Payable to related parties (Refer note 33)	2.15	-
Lease liability	28.21	42.26
Provision for gratuity (funded)	1.67	0.82
Other payable	10.68	6.92
Interest accrued but not due	3.74	-
<b>Total</b>	<b>8,934.72</b>	<b>4,545.42</b>

# Include payable to directors & key managerial personnel of ₹ 0.25 million (March 31, 2021 ₹ 1.04 million)

## NOTE 16 : PROVISIONS

Particulars	(₹ in Millions)	
	As at March 31, 2022	As at March 31, 2021
Provision for leave encashment	11.26	9.40
<b>Total</b>	<b>11.26</b>	<b>9.40</b>

## NOTE 17 : OTHER NON-FINANCIAL LIABILITIES

Particulars	(₹ in Millions)	
	As at March 31, 2022	As at March 31, 2021
Statutory dues	49.77	12.58
Income received in advance	19.66	7.62
<b>Total</b>	<b>69.43</b>	<b>20.20</b>

## NOTE 18 : EQUITY SHARE CAPITAL

### a. The Authorised, Issued, Subscribed and Paid up Share Capital:

Particulars	(₹ in Millions)	
	As at March 31, 2022	As at March 31, 2021
<b>Authorized Share Capital</b>		
At the beginning of the year	800.00	800.00
Add: Increase in authorised share capital	-	-
<b>Closing at the end of year</b>	<b>800.00</b>	<b>800.00</b>
80,000,000 (Previous Year 80,000,000) Equity Shares of ₹ 10/- each	800.00	800.00
<b>Issued, Subscribed and Paid-up Share Capital</b>		
29,417,318 (Previous Year 25,515,918) Equity Shares of ₹ 10/- each fully paid-up	294.17	255.16

### b. Reconciliation of the shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
<b>Equity Shares</b>				
At the beginning of the year	25,515,918	255.16	25,477,668	254.78
Add: Shares issued during the year*	3,901,400	39.01	38,250	0.38
<b>Closing at the end of year</b>	<b>29,417,318</b>	<b>294.17</b>	<b>25,515,918</b>	<b>255.16</b>

\*During the year 84,000 equity shares has been issued to the employees of the Company under employee stock option scheme & 38,17,400 shares have been issue on preferential basis.(Previous year 38,250 equity shares has been issued to the employees of the Company under employee stock option scheme).



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## 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, 2022		As at March 31, 2021	
	No. of Shares	% of holding in the class	No. of Shares	% of holding in the class
<b>Equity share of ₹ 10 each fully paid up</b>				
FIH Mauritius Investments Ltd.	7,670,130	26.07	6,771,314	26.54
Nirmal Bhanwarlal Jain	5,600,088	19.04	5,600,088	21.95
HWIC Asia Fund Class A Shares	2,570,186	8.74	2,269,002	8.89
WF Asian Reconnaissance Fund Limited	2,905,906	9.88	528,506	2.07
Madhu N Jain	1,365,016	4.64	1,365,016	5.35

## e. Details of shares held by promoters at as on 31 March 2022

Promoter name	Number of shares	% of total shares	% Change during the year
Mr. Nirmal Jain	5,600,088	19.04%	-2.91%
Mr. Venkataraman Rajamani	949,594	3.23%	-0.49%
Mrs. Madhu N Jain	1,365,016	4.64%	-0.71%
Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)	720,000	2.45%	0.37%
Ardent Impex Pvt Ltd	108,000	0.36%	0.06%
Orpheus Trading Pvt. Ltd.	52,000	0.18%	0.02%
Mrs. Aditi Athavankar	16,000	0.05%	0.01%

## Details of shares held by promoters at as on 31 March 2021

Promoter name	Number of shares	% of total shares	% Change during the year
Mr. Nirmal Jain	5,600,088	21.95%	-0.03%
Mr. Venkataraman Rajamani	949,594	3.72%	-0.01%
Mrs. Madhu N Jain	1,365,016	5.35%	-0.01%
Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)	720,000	2.82%	-0.01%
Ardent Impex Pvt Ltd	108,000	0.42%	Nil
Orpheus Trading Pvt. Ltd.	52,000	0.20%	Nil
Mrs. Aditi Athavankar	16,000	0.06%	Nil

- f. 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.
- g. 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.

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## NOTE 19 : OTHER EQUITY

(₹ in Millions)

Particulars	Reserves and Surplus						Other items of Other Comprehensive Income	Total
	Share Warrants	General Reserve	Securities Premium Reserve	"Capital Reserve"	Retained Earnings	Employee Stock option Reserve		
<b>Balance as at March 31, 2020</b>	-	-	<b>1,694.22</b>	<b>47.71</b>	<b>(640.15)</b>	<b>28.47</b>	<b>(2.59)</b>	<b>1,127.66</b>
Total comprehensive income for the year		-	-	-	146.90	-	(0.29)	146.61
Additions during the year (Net of share issue expenses)		7.97	6.94	-	-	16.41	-	31.32
<b>Balance as at March 31, 2021</b>	-	<b>7.97</b>	<b>1,701.16</b>	<b>47.71</b>	<b>(493.25)</b>	<b>44.88</b>	<b>(2.88)</b>	<b>1,305.59</b>
Total comprehensive income for the year		-	-	-	137.36	-	1.28	138.64
Additions during the year (Net of share issue expenses) *	150.00		1,831.24	-	-	20.12	-	2,001.36
<b>Balance as at March 31, 2022</b>	<b>150.00</b>	<b>7.97</b>	<b>3,532.40</b>	<b>47.71</b>	<b>(355.89)</b>	<b>65.00</b>	<b>(1.60)</b>	<b>3,445.58</b>

\*Securities Premium reserve of ₹ 1,831.24 million is created during the year due to issue of shares under equity stock option scheme & preferential issue.

### Footnotes: Nature and purpose reserves

- Share Warrant : 3,00,000 Share Warrant exercisable (convertible) in one or more tranches, anytime within period of eighteen months from the date of issue of warrants i.e May 19, 2021 into equal number of equity shares of face value of ₹ 10/- each of the Company on a preferential basis for cash.
- 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.

## NOTE 20 : INTEREST INCOME

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on deposits with banks *	434.25	224.30
Interest on loan (Margin Trading Funding Facilities)	375.66	234.19
Other interest income	0.00	0.03
<b>Total</b>	<b>809.91</b>	<b>458.51</b>

\*Includes interest received on fixed deposit with bank which are pledged with exchanges for margin money requirement.



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## NOTE 21 : FEES AND COMMISSION INCOME

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Brokerage & related income	1,957.85	1,242.05
Commission & other advisory fees (including cross sell)	201.88	228.58
<b>Total</b>	<b>2,159.74</b>	<b>1,470.63</b>

## NOTE 22 : OTHER INCOME

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Income	0.14	1.40
Capital Gain	5.73	0.81
Gain on financial assets measured at fair value through profit & loss account	3.89	13.74
Dividend Income	-	0.39
Gain on derecognition of property, plant and equipment	-	0.09
Other Income	0.41	0.18
<b>Total</b>	<b>10.16</b>	<b>16.61</b>

## NOTE 23 : FINANCE COST MEASURED AT AMORTISED COST

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on borrowings	198.79	176.23
Other borrowing cost	19.90	23.27
<b>Total</b>	<b>218.69</b>	<b>199.50</b>

## NOTE 24 : EMPLOYEE BENEFIT EXPENSES

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries/wages and bonus	377.94	311.39
Contribution to provident and other funds	12.93	14.80
Share based payments	20.20	24.71
Staff welfare expenses	3.78	2.36
Gratuity (As per actuarial report)	3.20	2.61
Leave encashment (As per actuarial report)	3.88	5.20
<b>Total</b>	<b>421.93</b>	<b>361.07</b>

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

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, 2022	For the year ended March 31, 2021
<b>Defined benefit obligation as at beginning of year</b>	<b>15.89</b>	<b>8.83</b>
Interest cost	1.04	0.55
Current service cost	3.15	2.43
Service Cost		
Liability transferred In/ acquisitions	2.69	3.28
(Liability transferred out/ divestments)	(1.34)	(0.10)
(Benefit paid directly by the Employer)	-	-
(Benefit paid from the fund)	(1.88)	-
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	0.01	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(0.96)	(1.05)
Actuarial (gains)/losses on obligations - due to experience	(0.91)	1.94
<b>Defined benefit obligation at the end of the year</b>	<b>17.70</b>	<b>15.89</b>

### (ii) Reconciliation of opening and closing balances of fair value of Plan Assets

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Change in the fair value of plan assets	-	-
<b>Fair value of plan assets at the beginning of the year</b>	<b>15.07</b>	<b>6.00</b>
Interest income	0.99	0.37
Contributions by the employer	2.00	8.20
Expected return on plan assets (excluding interest)	-	-
Assets transferred in/acquisitions	-	-
(Benefit paid from the fund)	(1.88)	-
Return on plan Assets, excluding interest income	(0.15)	0.50
<b>Fair value of plan assets at the end of the year</b>	<b>16.03</b>	<b>15.07</b>

### (iii) Amount Recognized in the Balance Sheet

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>(Present Value of Benefit Obligation at the end of the year)</b>	<b>(17.70)</b>	<b>(15.89)</b>
Fair value of Plan Assets at the end of the year	16.03	15.07
Funded Status - Surplus / (Deficit)	(1.67)	(0.82)
<b>Net (liability)/Asset recognized in the balance sheet (surplus/ (deficit))</b>	<b>(1.67)</b>	<b>(0.82)</b>





# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## (iv) Expenses recognised during the year

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>In Income statement</b>		
Current service cost	3.15	2.43
Net interest cost	0.05	0.18
Past service cost	-	-
Expense recognised in the Statement of Profit and Loss under "Employee benefits expenses"	3.20	2.61
<b>In other comprehensive income</b>		
Actuarial (gains)/Losses on obligation for the period	(1.86)	0.89
Return on plan assets, excluding interest income	0.15	(0.50)
Change in asset ceiling	-	-
<b>Net (income)/expense for the year recognized in OCI</b>	<b>(1.71)</b>	<b>0.39</b>

## (v) Balance sheet reconciliation

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Opening net liability</b>	<b>0.82</b>	<b>2.83</b>
Expenses Recognized in Statement of Profit or Loss	3.20	2.61
Expenses/(Income) Recognized in OCI	(1.71)	0.39
Net Liability/(Asset) Transfer In	2.69	3.28
Net (Liability)/Asset Transfer Out	(1.34)	(0.10)
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	(2.00)	(8.20)
<b>Net liability/(asset) recognized in the balance sheet</b>	<b>1.67</b>	<b>0.82</b>

## (vi) Investment Details

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Category of assets</b>		
Insurance fund	16.03	15.07
<b>Total</b>	<b>16.03</b>	<b>15.07</b>

## (vii) Actuarial assumptions

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Expected return on plan assets	6.84%	6.57%
Rate of discounting	6.84%	6.57%
Rate of salary increase	10.00%	10.00%
Rate of employee turnover	For service 4 years and below 42.00% p.a. For service 5 years and above 1.00% p.a.	For service 4 years and below 42% p.a. & for service 5 years and above 1% p.a.
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08) Ultimate
Mortality rate after employment	N.A.	N.A.

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

- (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:

Particulars	(₹ in Millions)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Projected Benefit Obligation on Current Assumptions</b>	<b>17.51</b>	<b>15.89</b>
Delta Effect of +1% Change in Rate of Discounting	(3.07)	(2.70)
Delta Effect of -1% Change in Rate of Discounting	3.89	3.47
<b>Change in Salary Escalation Rate</b>	-	-
Delta Effect of +1% Change in Rate of Salary Increase	2.87	2.78
Delta Effect of -1% Change in Rate of Salary Increase	(2.48)	(2.28)
<b>Change in Employee Turnover Rate</b>	-	-
Delta Effect of +1% Change in Rate of Employee Turnover	(0.63)	(0.83)
Delta Effect of -1% Change in Rate of Employee Turnover	0.76	0.99

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.

**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.



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

**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, 2022	For the year ended March 31, 2021
<b>Projected benefits payable in future years from the date of reporting :</b>		
1 <sup>st</sup> Following Year	0.14	1.59
2 <sup>nd</sup> Following Year	0.17	0.10
3 <sup>rd</sup> Following Year	0.19	0.12
4 <sup>th</sup> Following Year	0.21	0.13
5 <sup>th</sup> Following Year	0.23	0.15
Sum of Years 6 To 10	1.50	1.09
Sum of Years 11 and above	78.49	67.25

## B) Defined Contributions Plans

The Company have recognised the following amounts as an expense in the Statement of Profit and Loss:

Particulars	(₹ in Millions)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Contribution to provident fund	6.85	6.03
Contribution to ESIC	0.79	1.58
Contribution to labour welfare fund	0.02	0.03
Contribution to EPS	5.27	7.12
Contribution to NPS	-	0.05
<b>Total</b>	<b>12.93</b>	<b>14.80</b>

## NOTE 25 : DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Particulars	(₹ in Millions)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on property, plant and equipment and Right of use *	37.87	34.93
Amortization of intangible assets	12.42	11.14
<b>Total</b>	<b>50.29</b>	<b>46.07</b>

\* Depreciation includes depreciation on right of use assets (Refer note 11)

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## NOTE 26 : OTHER EXPENSES

Particulars	(₹ in Millions)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Advertisement & Marketing Expenses (Including branding)	960.81	472.21
Books & Periodicals Charges	0.51	0.02
Exchange and Statutory Charges	67.55	58.78
Bank Charges	14.55	6.11
Communication Expense	56.76	55.53
Electricity Charges	10.07	8.94
Professional Charges	356.81	273.64
Office Expenses	100.30	128.88
Subscription Charges	1.44	0.58
Directors Remuneration/Sitting Fees	1.61	1.28
Postage And Courier	0.68	0.23
Printing And Stationery	1.13	1.19
Expected Credit Loss	108.33	32.13
Rent Expenses	-	(0.00)
Insurance	0.34	0.42
Rates & Taxes	1.60	2.28
Repairs & Maintenance		
- Computer	1.15	0.53
- Others	1.24	1.05
Remuneration To Auditors :		
- As Auditors - Statutory Audit	1.37	1.04
- Certification Work And Other Matters	0.42	-
- Out Of Pocket Expenses	0.38	-
Software Charges	406.30	90.37
Travelling and Conveyance	9.47	3.80
Loss On Sale Of Property,Plant And Equipment	0.15	-
Miscellaneous Expenses	0.91	1.14
<b>Total</b>	<b>2,103.86</b>	<b>1,140.16</b>

## NOTE 27 : INCOME TAX

Amount Recognised in profit or (loss)

Particulars	(₹ in Millions)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Current tax expenses</b>		
Current Year	-	-
Changes in estimates related to prior years	-	-
Deferred tax expenses		
Origination and reversal of temporary differences	47.68	52.06
<b>Total (i) + (ii)</b>	<b>47.68</b>	<b>52.06</b>



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## Reconciliation of effective tax rates:

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax	185.04	198.96
Tax using domestic tax rates	25.17%	25.17%
Tax amount	46.57	50.07
<b>Tax effect of :</b>		
Non-deductible expenses	1.11	0.25
Recognition of previously unrecognised deductible temporary differences	-	1.73
<b>Total Income Tax Expense</b>	<b>47.68</b>	<b>52.06</b>

## NOTE 28 : EARNING PER SHARE (EPS)

(₹ in Millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Face value of equity shares in ₹ fully paid up	10	10
<b>BASIC</b>		
Profit after tax as per statement of profit and loss (A)	137.36	146.90
Weighted average number of equity shares outstanding (B)	29,112,826	25,484,479
<b>Basic Earning per Share (₹) A/B</b>	<b>4.72</b>	<b>5.76</b>
<b>DILUTED</b>		
Weighted average number of equity shares for computation of basic EPS	29,112,826	25,484,479
Add: Potential equity shares on account conversion of Employees Stock Options	260,874	166,225
Weighted average number of equity shares for computation of diluted EPS (C)	29,373,701	25,650,704
<b>Diluted Earning per Share (₹) A/C</b>	<b>4.68</b>	<b>5.73</b>

## NOTE 29 : CAPITAL, OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE:

### Capital and other commitment

(₹ in Millions)

Particulars	March 31, 2022	March 31, 2021
(i) Capital Commitment	65.32	11.35
(ii) Other Commitment	-	-

### Contingent Liabilities

(₹ in Millions)

Particulars	March 31, 2022	March 31, 2021
(i) Bank Guarantees	2,000.00	1,690.00
<b>Total</b>	<b>2,000.00</b>	<b>1,690.00</b>

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## NOTE 30 : ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for borrowings are:

Particulars	(₹ in Millions)	
	As at March 31, 2022	As at March 31, 2021
<b>Financial assets</b>		
<b>First charge</b>		
Fixed Deposits - lien marked	3,185.40	903.00
Other financial assets	3,111.36	1,895.52
<b>Total assets pledged as security</b>	<b>6,296.76</b>	<b>2,798.52</b>

## 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, 2022			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	0.28	-	-	0.28
Less : Impairment loss allowance	-	-	-	-
<b>Carrying amount</b>	<b>0.28</b>	<b>-</b>	<b>-</b>	<b>0.28</b>
Other Financial Assets	994.05	185.46	56.51	1,236.03
Less : Impairment loss allowance	-	(98.73)	(56.51)	(155.24)
<b>Carrying amount</b>	<b>994.05</b>	<b>86.73</b>	<b>-</b>	<b>1,080.79</b>

Particulars	(₹ in Millions)			
	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	0.54	0.54
Less : Impairment loss allowance	-	(0.00)	(0.54)	(0.54)
<b>Carrying amount</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>
Other Financial Assets	1,606.10	47.07	17.74	1,670.91
Less : Impairment loss allowance	-	(29.43)	(17.74)	(47.17)
<b>Carrying amount</b>	<b>1,606.10</b>	<b>17.64</b>	<b>-</b>	<b>1,623.74</b>

@Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million.



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

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
<b>March 31, 2020</b>	<b>8.46</b>	<b>7.12</b>	<b>15.58</b>
Increase/(Decrease) net	20.97	11.16	32.13
<b>March 31, 2021</b>	<b>29.43</b>	<b>18.28</b>	<b>47.71</b>
Increase/(Decrease) net	(24.19)	131.72	107.53
<b>March 31, 2022</b>	<b>5.24</b>	<b>150.00</b>	<b>155.24</b>

### 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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Trade payables & other payable	540.72	193.86	-	-
Working capital demand Loan	-	200.00	-	-
Bank overdraft	2,789.76	2,139.29	-	-
Other financial liabilities	8,923.13	4,517.47	11.59	27.95
<b>Total</b>	<b>12,253.61</b>	<b>7,050.62</b>	<b>11.59</b>	<b>27.95</b>

### 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.



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## 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 based 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, 2022	As at March 31, 2021
Bank overdraft	2,789.76	2,139.29
Working capital demand loan	-	200.00
Applicable rate & 12 months weighted average rate	6.50%	9.48%
Annualised interest cost	198.79	176.23

Sensitivity analysis for impact on interest cost

Particulars	(₹ in Millions)	
	As at March 31, 2022	As at March 31, 2021
Increase in 1% change in ROI	27.90	21.39
Decrease in 1% change in ROI	(27.90)	(21.39)

## 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 derivative risks

The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.

## 31 C.5. 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	Mutual Fund	Total
Market Value as on March 31, 2022	122.10	17.96	140.06
Market Value as on March 31, 2021	51.53	33.76	85.29

The effect of upward movement of 5% in the price affects the projected net income by ₹ 6.10 million and for forward downward movement of 5% the projected net loss will be ₹ 6.10 million for FY 2022-23.



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## 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, 2022	March 31, 2021
Total debt	2,789.76	2,339.29
Cash & cash equivalent (excluding client bank balance)	(5.31)	(42.78)
<b>Net debt</b>	<b>2,784.45</b>	<b>2,296.51</b>
Total equity	3,739.75	1,560.72
<b>Net debt to equity</b>	<b>0.74</b>	<b>1.47</b>

## 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 Consolidated Financial Statements

For the year ended March 31, 2022

## 31 E.1. : Fair Value of Financial Instruments - Financial Instrument by Category

(₹ in Millions)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Fair Value through Profit or loss	Amortised Cost	Carrying Value	Fair Value through Profit or loss	Amortised Cost	Carrying Value
<b>Financial Asset</b>						
(a) Cash and cash equivalents	-	894.12	894.12	-	168.76	168.76
(b) Bank balance other than (a) above	-	11,111.29	11,111.29	-	5,074.05	5,074.05
(c) Receivables	-	-	-	-	-	-
(I) Trade receivables	-	0.28	0.28	-	0.00	0.00
(II) Other receivables	-	-	-	-	-	-
(d) Loans	-	2,516.53	2,516.53	-	1,390.68	1,390.68
(e) Investments	-	-	-	-	-	-
(i) Investment in Mutual Fund	17.96	-	17.96	33.76	-	33.76
(ii) Exchange Traded Fund	122.10	-	122.10	51.53	-	51.53
(f) Other financial assets	-	1,080.79	1,080.79	-	1,623.74	1,623.74
<b>Total</b>	<b>140.06</b>	<b>15,603.01</b>	<b>15,743.07</b>	<b>85.29</b>	<b>8,257.23</b>	<b>8,342.52</b>
<b>Financial Liabilities</b>						
(a) Trade payables	-	13.01	13.01	-	17.84	17.84
(b) Other payables	-	527.71	527.71	-	176.02	176.02
(c) Borrowings (Other than debt securities)	-	2,789.76	2,789.76	-	2,339.29	2,339.29
(d) Other financial liabilities	-	8,934.72	8,934.72	-	4,545.42	4,545.42
<b>Total</b>	<b>-</b>	<b>12,265.20</b>	<b>12,265.20</b>	<b>-</b>	<b>7,078.57</b>	<b>7,078.57</b>

@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, 2022			
	Level 1	Level 2	Level 3	Total
Exchange Traded Fund	122.10	-	-	122.10
Mutual Fund	17.96	-	-	17.96
<b>Total Assets</b>	<b>140.06</b>	<b>-</b>	<b>-</b>	<b>140.06</b>

(₹ 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
<b>Total Assets</b>	<b>85.29</b>	<b>-</b>	<b>-</b>	<b>85.29</b>

## 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.



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Particulars	As at March 31, 2022		
	Carrying Value	Fair Value	Fair Value Hierarchy
<b>Assets</b>			
Cash and cash equivalents	894.12	894.12	-
Bank balance	11,111.29	11,111.29	-
Trade and other receivable	0.28	0.28	-
Loans	2,516.53	2,516.53	-
Security deposit with Landlord	12.81	12.81	Level 3
Other financial asset	1,067.98	1,067.98	-
<b>Total Assets</b>	<b>15,603.01</b>	<b>15,603.01</b>	-
<b>Liabilities</b>			
Borrowings	2,789.76	2,789.76	-
Trade and other payables	540.72	540.72	-
Other financial liabilities	8,934.72	8,934.72	-
<b>Total Liabilities</b>	<b>12,265.19</b>	<b>12,265.19</b>	-

(₹ in Millions)

Particulars	As at March 31, 2021		
	Carrying Value	Fair Value	Fair Value Hierarchy
<b>Assets</b>			
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	1,608.65	1,608.65	-
<b>Total Assets</b>	<b>8,257.23</b>	<b>8,257.23</b>	-
<b>Liabilities</b>			
Borrowings	2,339.29	2,339.29	-
Trade and other payables	193.86	193.86	-
Other financial liabilities	4,545.42	4,545.42	-
<b>Total Liabilities</b>	<b>7,078.57</b>	<b>7,078.57</b>	-

@Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million

## 31 E.4. Movements In Level 1 Financial Instruments Measured At Fair Value:

(₹ in Millions)

Particulars	Mutual Fund	Exchange Traded Fund	Total
<b>Balances as at April 1, 2021</b>	<b>33.76</b>	<b>51.53</b>	<b>85.29</b>
Purchase	3.30	311.91	315.21
Sale/Redemption of financial instrument	(19.85)	(241.27)	(261.12)
Total gain/(losses) recognised in profit and loss	0.76	(0.07)	0.68
<b>Balances as at March 31, 2022</b>	<b>17.96</b>	<b>122.10</b>	<b>140.06</b>

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Particulars	Mutual Fund	Exchange Traded Fund	Total
<b>Balances as at April 1, 2020</b>	<b>52.48</b>	<b>35.95</b>	<b>88.43</b>
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)
<b>Balances as at March 31, 2021</b>	<b>33.76</b>	<b>51.53</b>	<b>85.29</b>

## 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
<b>Financial Assets:</b>				
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.



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## 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
<b>Directors &amp; its Relatives</b>	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
	Mrs Nirali Sanghi - Independent Director
	Mr Milin Mehta - Independent Director (w.e.f. Apr 01, 2020)
	Mr Ravindra Garikipati - Independent Director (w.e.f. Sep 03, 2020)
<b>Key Management Personnel</b>	Mrs Namita Godbole- Company Secretary
<b>Subsidiaries</b>	5Paisa P2P Limited
	5Paisa Insurance Brokers Limited
	5Paisa Trading Limited
<b>Other Related Parties</b>	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)
	Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited )*
	Livlong Protection & Wellness Services Limited (Formerly known as IIFL Corporate Services Limited)**
	IIFL Wealth Management Limited#
	IIFL Facilities Services Limited
	IIFL Wealth (UK) Limited
	IIFL Capital Inc
	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
	IIFL Samasta Finance Limited ( Formerly known as 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 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
	Shreyans Foundations LLP

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

Relationship	Name of the related party
	Giskard Datatech Private Limited****
	IIFHL Sales 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
	Sharad Gagdani
	Mrs Kalpana Gagdani (mother of Prakarsh Gagdani)
	Mrs Punam Gagdani (wife of Prakarsh Gagdani)

\*Name of the Company changed from IIFL Insurance Brokers Limited to Livlong Insurance Brokers Limited with effect from February 22, 2022

\*\*Name of the Company changed from IIFL Corporate Services Limited to Livlong Protection & Wellness Solutions Limited with effect from October 06, 2021 Further, it is ceased to be Wholly Owned Subsidiary of IIFL Securities Limited with effect from December 01, 2021

\*\*\*Amalgated with IIFL Capital Pte. Limited with effect from 27, 2021

\*\*\*\*Cease to be Associate Company of IIFL Securities Limited with effect from December 30, 2021

## (B) Significant transactions with related parties during the year

Nature of transaction	(₹ in Millions)	
	2021-22	2020-21
<b>Referral Income/Service Income/Brokerage Income/Depository Participate Income. etc.:</b>		
<b>a) Other Related Parties</b>		
IIFL Finance Limited (Formerly IIFL Holdings Limited)	-	0.68
IIFL Asset Management Limited	0.00	-
<b>b) Directors, Key Managerial Persons &amp; their relatives</b>		
Mr Prakarsh Gagdani	0.00	0.00
Mr Santosh Jayaram (up to Feb 28, 2021)	-	0.00
Mr Gourav Munjal	0.00	-
Prakarsh Sharad Gagdani - HUF	0.00	0.00
Mrs Kalpana Gagdani	0.01	0.00
Mrs Punam Gagdani	0.00	0.00
<b>Advisory Fees:</b>		
<b>a) Other Related Parties</b>		
IIFL Securities Limited	47.72	-
<b>Security Deposit:</b>		
<b>a) Other Related Parties</b>		
IIFL Facilities Services Limited	7.81	7.81
IIFL Securities Limited	3.07	3.07





# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Nature of transaction	2021-22	2020-21
<b>Remuneration:</b>		
Mr. Prakarsh Gagdani	12.81	9.78
Mr. Santosh Jayaram (upto Feb 28, 2021)	-	3.25
Mr. Gourav Munjal	4.77	4.46
Mrs. Namita Godbole	4.84	4.30
<b>Sitting Fees:</b>		
Dr. Archana Hingorani	0.45	0.42
Mrs Nirali Sanghi	0.36	0.42
Mr Milin Mehta	0.42	0.36
Mr Ravindra Garikipati	0.23	0.08
<b>Rent Expense :</b>		
<b>a) Other Related Parties</b>		
IIFL Facilities Services Limited	16.41	15.63
IIFL Securities Limited	6.14	6.14
<b>Interest Expenses Inter Corporate Deposit:</b>		
<b>a) Other Related Parties</b>		
IIFL Facilities Services Limited	-	2.99
IIFL Finance Limited (Formerly IIFL Holdings Limited)	50.73	118.20
<b>Inter Corporate Deposit Taken :</b>		
<b>a) Other Related Parties</b>		
IIFL Facilities Services Limited	-	900.00
IIFL Finance Limited (Formerly IIFL Holdings Limited)	6,000.00	7,600.00
<b>Inter Corporate Deposit Repaid :-</b>		
<b>a) Other Related Parties</b>		
IIFL Facilities Services Limited	-	900.00
IIFL Finance Limited (Formerly IIFL Holdings Limited)	6,000.00	8,600.00
<b>Allocation / Reimbursement of expenses Paid :</b>		
<b>a) Other Related Parties</b>		
IIFL Finance Limited (Formerly IIFL Holdings Limited)	8.71	4.43
IIFL Facilities Services Limited	10.37	8.68
IIFL Management Services Limited	-	0.03
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.00	0.14
IIFL Securities Limited	56.94	69.38
Livlong Protection & Wellness Solutions Limited	0.00	-
<b>Allocation / Reimbursement of expenses Received :</b>		
<b>b) Other Related Parties</b>		
IIFL Securities Limited	-	0.61
IIFL Finance Limited (Formerly IIFL Holdings Limited)	0.42	-

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Nature of transaction	2021-22	2020-21
<b>Others Paid :</b>		
<b>a) Other Related Parties</b>		
IIFL Securities Limited	2.37	2.70
IIFL Finance Limited (Formerly IIFL Holdings Limited)	1.00	0.97
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.33	0.06
Livlong Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	-	0.14
<b>Others Received :</b>		
<b>a) Other Related Parties</b>		
Livlong Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	0.11	-
IIFL Securities Limited	2.53	2.74
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.87	0.11
IIFL Finance Limited (Formerly IIFL Holdings Limited)	3.29	2.92
Livlong Protection & Wellness Solutions Limited	0.49	-

## (C) Closing Balance

(₹ in Millions)

Nature of transaction	2021-22	2020-21
<b>Sundry Payable :</b>		
<b>a) Other Related Parties</b>		
IIFL Facilities Services Limited	0.81	-
IIFL Securities Limited	3.71	-
Livlong Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)	-	0.12
Prakarsh Gagdani HUF	-	0.01
<b>b) Directors &amp; Relatives</b>		
Mr Prakarsh Gagdani	0.02	0.00
Mr Santosh Jayaram (up to Feb 28, 2021)	-	0.00
Mr Gourav Munjal	0.00	-
Mrs Kalpana Gagdani	0.09	1.04
Mr Sharad Gagdani	0.00	0.00
Mr Prakarsh Gagdani HUF	0.15	-
<b>Security Deposit</b>		
<b>a) Other Related Parties</b>		
IIFL Securities Limited	3.07	3.07
IIFL Facilities Services Limited	7.81	7.81
<b>Sundry Receivable :</b>		
<b>a) Other Related Parties</b>		
IIFL Finance Limited (Formerly IIFL Holdings Limited)	1.69	2.09
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.06	0.09
IIFL Securities Limited	-	1.82
Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited)	0.04	-
Livlong Protection & Wellness Solutions Limited	0.58	-
<b>b) Director &amp; Relatives</b>		
Mr Gourav Munjal	-	0.00
Mrs Punam Gagdani	0.00	-
Mrs Namita Godbole	0.00	0.00

@Amount is less than ₹ 0.01 million, hence shown ₹ 0.00 million.



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

**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

**b) Movement of options during the year ended March 31, 2022**

Particulars	Option Outstanding (in numbers)	Range of exercise Price (in ₹)**	Weight average exercise price (in ₹)#	Weight average remaining contractual life (in Years)
<b>Outstanding as on March 31, 2020</b>	<b>672,000</b>	<b>157.30 to 200</b>	-	<b>5.40</b>
<b>Exercisable as on March 31, 2020</b>	<b>672,000</b>	-	-	-
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	-
<b>Outstanding as on March 31, 2021</b>	<b>765,750</b>	<b>157.30 to 282</b>	-	<b>4.84</b>
<b>Exercisable as on March 31, 2021</b>	<b>765,750</b>	<b>157.30 to 282</b>	-	-
Granted during the year	197,500	398 to 530	-	-
Forfeited during the year	-	-	-	-
Expired/Lapsed during the year	112,500	-	-	-
Exercised during the year ***	84,000	157.53 to 194	162.96	-
<b>Outstanding as on March 31, 2022</b>	<b>766,750</b>	<b>157.30 to 530</b>	-	<b>5.30</b>
<b>Exercisable as on March 31, 2022</b>	<b>766,750</b>	<b>157.30 to 530</b>	-	-

\* 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 84,000 options has been exercised by the employee.

**(c) The Company has granted 197,500 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: 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.

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

**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.

**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, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>(1) Financial Assets</b>						
(a) Cash and cash equivalents	894.12	-	894.12	168.76	-	168.76
(b) Bank Balance other than (a) above	10,891.99	219.30	11,111.29	5,074.05	-	5,074.05
(c) Receivables	-	-	-	-	-	-
(I) Trade receivables	0.28	-	0.28	0.00	-	0.00
(II) Other receivables	-	-	-	-	-	-
(d) Loans	2,516.53	-	2,516.53	1,390.68	-	1,390.68
(e) Investments	66.56	73.50	140.06	85.29	-	85.29
(f) Other financial assets	1,022.67	58.12	1,080.79	1,559.31	64.44	1,623.74
<b>Sub-total</b>	<b>15,392.15</b>	<b>350.92</b>	<b>15,743.07</b>	<b>8,278.08</b>	<b>64.44</b>	<b>8,342.52</b>
<b>(2) Non-Financial Assets</b>						
(a) Current tax assets (net)	18.23	22.31	40.54	1.07	9.70	10.78
(b) Deferred tax assets (net)	-	131.85	131.85	-	179.95	179.95
(c) Property, Plant and Equipment	-	70.28	70.28	-	16.50	16.50
(d) Right to use assets	-	22.96	22.96	-	38.91	38.91
(f) Capital work-in-progress	-	2.27	2.27	-	-	-
(e) Other intangible assets	-	18.45	18.45	-	22.38	22.38
(f) Other non-financial assets	56.22	-	56.22	57.88	-	57.88
<b>Sub-total</b>	<b>74.45</b>	<b>268.11</b>	<b>342.56</b>	<b>58.96</b>	<b>267.45</b>	<b>326.40</b>
<b>Total Assets</b>	<b>15,466.60</b>	<b>619.03</b>	<b>16,085.64</b>	<b>8,337.04</b>	<b>331.88</b>	<b>8,668.92</b>
<b>LIABILITIES</b>						
<b>(1) Financial Liabilities</b>						
(a) Payables						
(I) Trade payables						
(i) Total outstanding dues of micro enterprises and small enterprises	0.03	-	0.03	0.08	-	0.08
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	12.98	-	12.98	17.76	-	17.76



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

(₹ in Millions)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(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	527.71	-	527.71	176.02	-	176.02
(b) Borrowings (Other than debt securities)	2,789.76	-	2,789.76	2,339.29	-	2,339.29
(c) Other financial liabilities	8,923.13	11.59	8,934.72	4,517.47	27.95	4,545.42
<b>Sub-total</b>	<b>12,253.61</b>	<b>11.59</b>	<b>12,265.20</b>	<b>7,050.62</b>	<b>27.95</b>	<b>7,078.57</b>
<b>(2) Non-Financial Liabilities</b>						
(a) Provisions	11.26	-	11.26	9.40	-	9.40
(b) Other non-financial liabilities	69.43	-	69.43	20.20	-	20.20
<b>Sub-total</b>	<b>80.69</b>	<b>-</b>	<b>80.69</b>	<b>29.60</b>	<b>-</b>	<b>29.60</b>
<b>Total Liabilities</b>	<b>12,334.30</b>	<b>11.59</b>	<b>12,345.89</b>	<b>7,080.22</b>	<b>27.95</b>	<b>7,108.17</b>
<b>Net</b>	<b>3,132.30</b>	<b>607.45</b>	<b>3,739.75</b>	<b>1,256.82</b>	<b>303.92</b>	<b>1,560.75</b>

## 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, 2022	March 31, 2021
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 year 19-20.

### b) Additional information, as required under schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiaries.

Name of subsidiaries	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
<b>Holding Company</b>								
5Paisa Capital Limited	101.10%	3,483.37	108.00%	148.35	107.81%	1.38	107.99%	149.73
<b>Subsidiaries</b>								
<b>Indian</b>								
1 5paisa P2P Limited	1.01%	34.85	-7.98%	(10.96)	-7.81%	(0.10)	-7.97%	(11.05)
2 5paisa Insurance Brokers Limited	0.01%	0.34	-0.01%	(0.02)	0.00%	-	-0.01%	(0.02)
3 5paisa Trading Limited	0.01%	0.49	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
Elimination	-2.13%	(73.47)	0.00%	0.00	0.00%	0.00	0.00%	0.00
<b>Total</b>	<b>100.00%</b>	<b>3,445.58</b>	<b>100.00%</b>	<b>137.36</b>	<b>100.00%</b>	<b>1.28</b>	<b>100.00%</b>	<b>138.64</b>

# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

## NOTE 37 :

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.
3. The wholly owned subsidiary of the Company namely 5paisa Trading Limited had incorporated on February 27, 2020.

## NOTE 38 :

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 39 : 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 40 : 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 41 : RATIOS

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

## NOTE 42 : ADDITIONAL REGULATORY INFORMATION AS PER DIVISION III SCHEDULE III OF COMPANIES ACT, 2013

- a) No funds have been advanced or loaned or invested by the group companies to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- b) No funds have been received by the group companies from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- c) The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.
- d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the group companies.
- e) No proceedings have been initiated or pending against the group companies for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988).
- f) The group companies has not been declared as wilful defaulter by any bank or financial Institution or other lender.



# Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2022

- g) During the year, the group companies has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- h) There are no transactions which have not been recorded in the books of accounts and which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- i) The quarterly returns / statements of current assets filed by the group companies, with banks from whom borrowings have been availed on the basis of security of current assets, are in agreement with the books of account.
- j) There are no charges or satisfaction yet to be registered with the registrar of companies beyond the statutory period.
- k) The group companies does not have layers beyond the number prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- l) The group companies has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

## NOTE 43 : RECENT PRONOUNCEMENTS

On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below:

Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its consolidated financial statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

**Note 44 :** In the matter of delayed submission of the report in respect to Segregation and Monitoring of Collateral at Client Level at NSE on account of a technical issue faced by the company, which, as per the extant penalty structure defined by exchanges is ₹ 250/- per client per day for around 1.9 million clients for a day, the company has made a representation to NSE requesting them for pardoning the delay and waiving off the penalty or capping the same to a reasonable amount. The matter was taken up by the Disciplinary Action Committee of NSE in April 2022 and confirmation is awaited from NSE with respect to the penalty leviable. The company is expecting to get the penalty amount waived, reduced substantially or capped. In this regard a reliable estimate of amount cannot be made of this obligation and hence no provision is considered.

## NOTE 45 : 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 and on behalf of Board of Directors

**For V Sankar Aiyar & Co.**

Chartered Accountants

Firm Registration Number: 109206W

By the hand of

**G. Sankar**

Partner

Membership No. 046050

Place: Mumbai

Date: April 27, 2022

**Prakarsh Gagdani**

Whole Time Director & CEO

(DIN : 07376258)

**Gourav Munjal**

Whole Time Director & CFO

(DIN : 06360031)

**Namita Godbole**

Company Secretary



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Dr. Archana Hingorani  
Chairperson & Independent Director

Ms. Nirali Sanghi  
Independent Director

Mr. Milin Mehta  
Independent Director

Mr. Ravindra Garikipati  
Independent Director

Mr. Prakarsh Gagdani  
Whole Time Director &  
Chief Executive Officer

Mr. Gourav Munjal  
Whole Time Director &  
Chief Financial Officer

## COMMITTEES 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

Mr. R Balaji  
Chief Technology Officer

Mr. Ankit Fitkariwala  
Chief Business Officer

Mr. Vikram Sahn  
Sales

Mr. Mayur Dedhia  
Partners & Alliances

Mr. Shailesh Golatkar  
Operations

Mr. Dushyant Patel  
Technology

Mr. Mehul Jain  
Product

Mr. Shoaib Qureshi  
Customer Services & KYC

Ms. Namita Godbole  
Compliance & Legal

## 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  
DCB Bank Limited  
Kotak Mahindra Bank  
AU Small Finance Bank Limited  
Bandhan Bank Limited  
RBL Bank Limited  
SBM Bank (India) Limited  
Canara Bank Limited  
Equitas Small Finance Bank Limited  
IDBI Bank Limited  
Karur Vysya Bank Limited  
Punjab and Sind Bank  
South Indian Bank  
Ujjivan Small Finance Bank  
Union Bank of India



Insurance products are offered through group Companies.



Trading in digital gold is offered through 5paise Trading Ltd.



Advisory products are offered through various partners/ vendors.

## 5paise 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.5paise.com](http://www.5paise.com)