

September 03, 2019

<p>The Manager, Listing Department, BSE Limited, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001. Tel no.: 22721233 Fax No.: 22723719/ 22723121/ 22722037/ 22722041/ 22722061 BSE Scrip Code: 540776</p>	<p>The Manager, Listing Department, The National Stock Exchange of India Ltd., Exchange Plaza, 5 Floor, Plot C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051. Tel No.: 2659 8235 Fax No.: 26598237/ 26598238 NSE Symbol: IIFL</p>
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Sub: Dispatch of notice of 12th Annual General Meeting and Annual Report for the F.Y. 2018-19

Dear Sir,

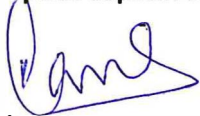
This is with reference to our intimation to the exchange(s) dated August 28, 2019. The Company has, on September 03, 2019, i.e. today, sent soft copy of the notice of 12th Annual General Meeting along with Annual Report for the F.Y. 2018-19 *via* email to those members who have registered their email address(es) with the Registrar of the Company i.e. Link Intime India Private Limited and has also commenced the dispatch of hard copies by permitted mode to those members whose email address(es) are not registered with the Registrar.

Kindly take the same on record and oblige.

Thanking You,

Yours faithfully,

For 5paise Capital Limited



**Roshan Dave
Company Secretary
Place: Mumbai**



5paise Capital Limited

Corporate Identity Number: L67190MH2007PLC289249

Regd. Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400604

E-mail: support@5paise.com • Website: www.5paise.com



Spaisa Capital Limited

CIN: L67190MH2007PLC289249

Regd. Office – IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane – 400604;

Tel: (91-22) 4103 5000; Fax: (91-22) 25806654;

E-mail: csteam@5paisa.com; Website: www.5paisa.com.

Notice

Notice is hereby given that the Twelfth Annual General Meeting of the members of 5paisa Capital Limited will be held on Monday, 30th day of September 2019, at 04.30 P.M. at Hall of Harmony, Ground Floor, Nehru Centre, Discovery of India, Dr. A. B. Road, Worli, Mumbai - 400018 to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt:
 - (a) The audited standalone financial statement(s) of the Company for the financial year ended March 31, 2019, together with the reports of the Board of Directors and Auditors thereon; and
 - (b) The audited consolidated financial statement(s) of the Company for the financial year ended March 31, 2019, together with Auditors report thereon.
2. To appoint a Director in place of Mr. Santosh Jayaram (DIN: 07955607), who retires by rotation and being eligible, offers himself for reappointment and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Santosh Jayaram (DIN: 07955607), who retires by rotation from the Board of Directors pursuant to the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, and being eligible offers himself for re-appointment, be and is hereby re-appointed as the Director of the Company.”

SPECIAL BUSINESS:

3. Appointment of Mr. Sarbeswar Lenka (DIN: 07306325) as a Director and in this regards, to consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment

thereof, for the time being in force), and pursuant to the approval of the Nomination and Remuneration Committee and the Board of Directors at their respective meetings held on April 16, 2019, Mr. Sarbeswar Lenka (DIN: 07306325), who was appointed as an Additional Director by the Board of Directors of the Company and who holds office as such up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

4. To approve increase in Authorised Share Capital and Alteration of Memorandum of Association of the Company and in this regards, to consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 13 and 61 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreements as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with the Stock Exchanges where the shares of the Company are listed, the consent of the members of the Company be and is hereby granted for increase in the Authorized Share Capital of the Company from ₹ 30,00,00,000 (Thirty Crores) divided into 3,00,00,000 (Three Crores Only) equity shares of ₹ 10 (Rupees Ten only) each to ₹ 80,00,00,000 (Rupees Eighty Crores only) divided into 8,00,00,000 (Eight Crores) equity shares of ₹ 10 (Rupees Ten only) each and that the existing Clause V(a) of the Memorandum of Association of the Company be replaced with the following new Clause V(a):

V (a). The Authorized Share Capital of the Company is ₹ 80,00,00,000 (Rupees Eighty Crores only) divided into 8,00,00,000 (Eight Crores) equity shares of ₹ 10 (Rupees Ten only) each with rights, privileges and conditions attached thereto as are provided by the Regulations of the Company

for the time being, with power to increase or reduce the Capital of the Company or to divide the shares of the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company."

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things including but not limited to filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

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

"RESOLVED THAT pursuant to the provisions of Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company and SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and other applicable regulations as may be amended and applicable from time to time, approval of the members be and is hereby accorded to the Board of Directors of the Company to offer or invite subscriptions for secured/ unsecured redeemable non-convertible debentures, in one or more series/ tranches, up to ₹ 250 crore (Rupees Two Hundred Fifty Crore only), on private placement, from such persons and on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and consider proper and more beneficial to the Company including, without limitation, as to when the said Debentures are to be issued, the consideration for the issue, mode of payment, coupon rate, redemption period, utilisation of the issue proceeds and all matters connected therewith or incidental thereto;

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

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

"RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called "the Listing Regulations"), and all applicable provisions of the Companies Act, 2013 (hereinafter called "the Act") and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 16, 2019, the consent and approval of the Company be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with IIFL Securities Limited ("formerly known as India Infoline Limited), a Related Party as defined in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Securities Limited and remaining outstanding at any one point in time shall not exceed ₹ 15 Crore (Rupees Fifteen Crore Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/renegotiation/ modification/ratification/amendments to or termination thereof, of the subsisting arrangements/transactions/ contracts or any future arrangements/transactions/ contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/

transaction/contracts, filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.”

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

“RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called “the Listing Regulations”), and all applicable provisions of the Companies Act, 2013 (hereinafter called “the Act”) and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 16, 2019, the consent and approval of the Company be and is hereby accorded to the Board of Directors (“the Board” which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with IIFL Facilities Services Limited, a Related Party as defined in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Facilities Services Limited and remaining outstanding at any one point in time shall not exceed ₹ 110 Crore (Rupees One Hundred Ten Crore Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/renegotiation/modification/ratification/amendments to or termination thereof, of the subsisting arrangements/transactions/contracts or any future arrangements/transactions/contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/

transaction/contracts, filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.”

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

“RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called “the Listing Regulations”), and all applicable provisions of the Companies Act, 2013 (hereinafter called “the Act”) and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 16, 2019, the consent and approval of the Company be and is hereby accorded to the Board of Directors (“the Board” which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with IIFL Holdings Limited, a Related Party as defined in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Holdings Limited and remaining outstanding at any one point in time shall not exceed ₹ 105 Crore (Rupees One Hundred Five Crore Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/renegotiation/modification/ratification/amendments to or termination thereof, of the subsisting arrangements/transactions/contracts or any future arrangements/transactions/contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/transaction/contracts, filing of necessary forms/documents

with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.”

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

“RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called “the Listing Regulations”), and all applicable provisions of the Companies Act, 2013 (hereinafter called “the Act”) and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 16, 2019, the consent and approval of the Company be and is hereby accorded to the Board of Directors (“the Board” which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with India Infoline Finance Limited, a Related Party as defined in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with India Infoline Finance Limited and remaining outstanding at any one point in time shall not exceed ₹ 110 Crore (Rupees One Hundred Ten Crore Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/renegotiation/modification/ratification/amendments to or termination thereof, of the subsisting arrangements/transactions/contracts or any future arrangements/transactions/contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/transaction/contracts, filing of necessary forms/documents

with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.”

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

“RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called “the Listing Regulations”) , and all applicable provisions of the Companies Act, 2013 (hereinafter called “the Act”) and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 16, 2019, the consent and approval of the Company be and is hereby accorded to the Board of Directors (“the Board” which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with IIFL Management Services Limited, a Related Party as defined in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Management Services Limited and remaining outstanding at any one point in time shall not exceed ₹ 55 Crore (Rupees Fifty Five Crore Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/renegotiation/modification/ratification/amendments to or termination thereof, of the subsisting arrangements/transactions/contracts or any future arrangements/transactions/contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/

transaction/contracts, filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.”

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

“RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called “the Listing Regulations”) , and all applicable provisions of the Companies Act, 2013 (hereinafter called “the Act”) and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 16, 2019, the consent and approval of the Company be and is hereby accorded to the Board of Directors (“the Board” which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with IIFL Home Finance Limited (Formerly known as India Infoline Housing Finance Limited), a Related Party as defined in Securities and Exchange Board of India (Listing

Obligations and Disclosure Requirements) Regulations, 2015, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Home Finance Limited and remaining outstanding at any one point in time shall not exceed ₹ 10 Crore (Rupees Ten Crore Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/renegotiation/modification/ratification/amendments to or termination thereof, of the subsisting arrangements/transactions/contracts or any future arrangements/transactions/contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/transaction/contracts, filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.”

By Order of the Board of Directors

Roshan Dave

Company Secretary
ACS - 26472

Dated: April 16, 2019

Place: Mumbai

Registered Office: IIFL House,
Sun Infotech Park, Road No. 16V,
Plot No. B-23, Thane Industrial Area,
Wagle estate, Thane-400604

CIN:L67190MH2007PLC289249

e-mail: csteam@5paisa.com

Telephone No. - 022-41035000

Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours (48 hours) before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 23.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. In terms of Section 152 of the Companies Act, 2013, Mr. Santosh Jayaram (DIN: 07955607) is liable to retire by rotation at the Meeting and being eligible, offer himself for re-appointment and the Board of Directors of the Company recommends his re-appointment. He holds Bachelors in Technology degree and a Masters in Business Administration from NMIMS University, Mumbai. He has been associated with Spaisa Capital Limited and IIFL Group since May 2011. He has experience in areas of business process re-engineering, digitisation, product development, mobile application development and user experience management. He is not related to any of the Directors of the Company. Nature of his expertise in specific functional areas is provided in Corporate Governance report. Names of companies in which he hold directorships and memberships/ chairmanships of Board Committees and shareholding as stipulated under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided under the explanatory statement.
5. The Company's Statutory Auditors, M/s. V. Sankar Aiyar & Co, Chartered Accountants (Firm Registration No. 109208W), Chartered Accountants, Mumbai, were appointed as

Statutory Auditors of the Company for a period of five consecutive years at the Annual General Meeting of the Members held on July 19, 2017 which was subject to ratification by the Members at every subsequent Annual General Meeting. However, pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute.

In view of the above, the Company in its 11th annual general meeting held on July 17, 2018 had passed the resolution for not seeking approval of the members for ratification of the appointment of Statutory Auditors from the next annual general meeting, therefore the ratification by the Members for continuance of their appointment at this 12th Annual General Meeting is not being sought.

The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

6. An explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Businesses to be transacted at the Meeting is annexed hereto.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Relevant documents referred to in the accompanying Notice and the Statement is open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays and Sundays (including Public Holidays) between 11.00 a.m. and 1.00 p.m. up to the date of passing of the above resolutions.
9. Notice is also given under section 91 of the Companies Act, 2013 read with regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that the Register of Members and the Share Transfer Book of the Company will remain closed from Tuesday, September 24th, 2019 to Monday, September 30th, 2019 (both days inclusive).
10. Members are requested :
 - i. To bring their attendance slip along with their copy of Annual Report to the Meeting.
 - ii. To quote their folio nos./ ID nos. in all correspondence.
 - iii. To note that no gifts will be distributed in the AGM.

11. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the Company, M/s. Linkintime India Private Limited ("Linkintime") at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083.
12. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/ Link Intime.
13. The Company, consequent upon the introduction of the Depository System ('DS'), entered into agreements with National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). The Members, therefore, have the option of holding and dealing in the shares of the Company in dematerialized form through NSDL or CDSL.
14. SEBI, vide its Circular No. SEBI/LAD-NRO/ GN/2018/24 dated June 08, 2018, amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to which after December 05, 2018 transfer of securities could not be processed unless the securities are held in the dematerialized form with a depository. The said deadline was extended by SEBI to March 31, 2019. Members holding shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode as per extension of the deadline announced by SEBI.
15. The DS envisages elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates, etc. Simultaneously, DS offers several advantages like exemption from stamp duty on transfer of shares, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.
16. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Link Intime.
18. As per Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2, details in respect of a director seeking appointment/re-appointment at the Annual General Meeting are separately annexed to this Notice.
19. The Company has designated an exclusive e-mail ID called csteam@5paisa.com to redress shareholders' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at csteam@5paisa.com.
20. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.
21. Electronic copy of the Annual Report is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2019 is being sent in the permitted mode. **Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.**
22. The route map of the venue of the Meeting is given in the Notice. The prominent landmark for the venue is, it is near to Nehru Planetarium, Mumbai.
23. Voting Results
Information and other instructions relating to e-voting are as under:
 - i. Pursuant to the provisions of Section 108 and other applicable provisions of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('e-voting').



Spaisa Capital Limited

CIN: L67190MH2007PLC289249

Regd. Office – IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate Thane – 400604;

Tel: (91-22) 4103 5000; Fax: (91-22) 25806654;

E-mail: csteam@5paisa.com; Website: www.5paisa.com.

Notice

Notice is hereby given that the Twelfth Annual General Meeting of the members of 5paisa Capital Limited will be held on Monday, 30th day of September 2019, at 04.30 P.M. at Hall of Harmony, Ground Floor, Nehru Centre, Discovery of India, Dr. A. B. Road, Worli, Mumbai - 400018 to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt:
 - (a) The audited standalone financial statement(s) of the Company for the financial year ended March 31, 2019, together with the reports of the Board of Directors and Auditors thereon; and
 - (b) The audited consolidated financial statement(s) of the Company for the financial year ended March 31, 2019, together with Auditors report thereon.
2. To appoint a Director in place of Mr. Santosh Jayaram (DIN: 07955607), who retires by rotation and being eligible, offers himself for reappointment and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Santosh Jayaram (DIN: 07955607), who retires by rotation from the Board of Directors pursuant to the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, and being eligible offers himself for re-appointment, be and is hereby re-appointed as the Director of the Company.”

SPECIAL BUSINESS:

3. Appointment of Mr. Sarbeswar Lenka (DIN: 07306325) as a Director and in this regards, to consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment

thereof, for the time being in force), and pursuant to the approval of the Nomination and Remuneration Committee and the Board of Directors at their respective meetings held on April 16, 2019, Mr. Sarbeswar Lenka (DIN: 07306325), who was appointed as an Additional Director by the Board of Directors of the Company and who holds office as such up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

4. To approve increase in Authorised Share Capital and Alteration of Memorandum of Association of the Company and in this regards, to consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 13 and 61 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreements as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with the Stock Exchanges where the shares of the Company are listed, the consent of the members of the Company be and is hereby granted for increase in the Authorized Share Capital of the Company from ₹ 30,00,00,000 (Thirty Crores) divided into 3,00,00,000 (Three Crores Only) equity shares of ₹ 10 (Rupees Ten only) each to ₹ 80,00,00,000 (Rupees Eighty Crores only) divided into 8,00,00,000 (Eight Crores) equity shares of ₹ 10 (Rupees Ten only) each and that the existing Clause V(a) of the Memorandum of Association of the Company be replaced with the following new Clause V(a):

V (a). The Authorized Share Capital of the Company is ₹ 80,00,00,000 (Rupees Eighty Crores only) divided into 8,00,00,000 (Eight Crores) equity shares of ₹ 10 (Rupees Ten only) each with rights, privileges and conditions attached thereto as are provided by the Regulations of the Company

for the time being, with power to increase or reduce the Capital of the Company or to divide the shares of the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company."

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things including but not limited to filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

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

"RESOLVED THAT pursuant to the provisions of Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company and SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and other applicable regulations as may be amended and applicable from time to time, approval of the members be and is hereby accorded to the Board of Directors of the Company to offer or invite subscriptions for secured/ unsecured redeemable non-convertible debentures, in one or more series/ tranches, up to ₹ 250 crore (Rupees Two Hundred Fifty Crore only), on private placement, from such persons and on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and consider proper and more beneficial to the Company including, without limitation, as to when the said Debentures are to be issued, the consideration for the issue, mode of payment, coupon rate, redemption period, utilisation of the issue proceeds and all matters connected therewith or incidental thereto;

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

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

"RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called "the Listing Regulations"), and all applicable provisions of the Companies Act, 2013 (hereinafter called "the Act") and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 16, 2019, the consent and approval of the Company be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with IIFL Securities Limited ("formerly known as India Infoline Limited), a Related Party as defined in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Securities Limited and remaining outstanding at any one point in time shall not exceed ₹ 15 Crore (Rupees Fifteen Crore Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/renegotiation/ modification/ratification/amendments to or termination thereof, of the subsisting arrangements/transactions/ contracts or any future arrangements/transactions/ contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/

transaction/contracts, filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.”

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

“RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called “the Listing Regulations”), and all applicable provisions of the Companies Act, 2013 (hereinafter called “the Act”) and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 16, 2019, the consent and approval of the Company be and is hereby accorded to the Board of Directors (“the Board” which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with IIFL Facilities Services Limited, a Related Party as defined in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Facilities Services Limited and remaining outstanding at any one point in time shall not exceed ₹ 110 Crore (Rupees One Hundred Ten Crore Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/renegotiation/modification/ratification/amendments to or termination thereof, of the subsisting arrangements/transactions/contracts or any future arrangements/transactions/contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/

transaction/contracts, filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.”

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

“RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called “the Listing Regulations”), and all applicable provisions of the Companies Act, 2013 (hereinafter called “the Act”) and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 16, 2019, the consent and approval of the Company be and is hereby accorded to the Board of Directors (“the Board” which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with IIFL Holdings Limited, a Related Party as defined in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Holdings Limited and remaining outstanding at any one point in time shall not exceed ₹ 105 Crore (Rupees One Hundred Five Crore Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/renegotiation/modification/ratification/amendments to or termination thereof, of the subsisting arrangements/transactions/contracts or any future arrangements/transactions/contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/transaction/contracts, filing of necessary forms/documents

with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

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

"RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called "the Listing Regulations"), and all applicable provisions of the Companies Act, 2013 (hereinafter called "the Act") and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 16, 2019, the consent and approval of the Company be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with India Infoline Finance Limited, a Related Party as defined in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with India Infoline Finance Limited and remaining outstanding at any one point in time shall not exceed ₹ 110 Crore (Rupees One Hundred Ten Crore Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/renegotiation/modification/ratification/amendments to or termination thereof, of the subsisting arrangements/transactions/contracts or any future arrangements/transactions/contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/transaction/contracts, filing of necessary forms/documents

with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

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

"RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called "the Listing Regulations") , and all applicable provisions of the Companies Act, 2013 (hereinafter called "the Act") and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 16, 2019, the consent and approval of the Company be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with IIFL Management Services Limited, a Related Party as defined in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Management Services Limited and remaining outstanding at any one point in time shall not exceed ₹ 55 Crore (Rupees Fifty Five Crore Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/renegotiation/modification/ratification/amendments to or termination thereof, of the subsisting arrangements/transactions/contracts or any future arrangements/transactions/contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/

transaction/contracts, filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.”

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

“RESOLVED THAT pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after called “the Listing Regulations”) , and all applicable provisions of the Companies Act, 2013 (hereinafter called “the Act”) and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on April 16, 2019, the consent and approval of the Company be and is hereby accorded to the Board of Directors (“the Board” which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with IIFL Home Finance Limited (Formerly known as India Infoline Housing Finance Limited), a Related Party as defined in Securities and Exchange Board of India (Listing

Obligations and Disclosure Requirements) Regulations, 2015, relating to transactions as detailed in the explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such arrangements/transactions/contracts that may be entered into by the Company with IIFL Home Finance Limited and remaining outstanding at any one point in time shall not exceed ₹ 10 Crore (Rupees Ten Crore Only) during any one financial year;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/renegotiation/modification/ratification/amendments to or termination thereof, of the subsisting arrangements/transactions/contracts or any future arrangements/transactions/contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/transaction/contracts, filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.”

By Order of the Board of Directors

Roshan Dave

Company Secretary
ACS - 26472

Dated: April 16, 2019

Place: Mumbai

Registered Office: IIFL House,
Sun Infotech Park, Road No. 16V,
Plot No. B-23, Thane Industrial Area,
Wagle estate, Thane-400604

CIN:L67190MH2007PLC289249

e-mail: csteam@5paisa.com

Telephone No. - 022-41035000

Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours (48 hours) before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 23.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. In terms of Section 152 of the Companies Act, 2013, Mr. Santosh Jayaram (DIN: 07955607) is liable to retire by rotation at the Meeting and being eligible, offer himself for re-appointment and the Board of Directors of the Company recommends his re-appointment. He holds Bachelors in Technology degree and a Masters in Business Administration from NMIMS University, Mumbai. He has been associated with Spaisa Capital Limited and IIFL Group since May 2011. He has experience in areas of business process re-engineering, digitisation, product development, mobile application development and user experience management. He is not related to any of the Directors of the Company. Nature of his expertise in specific functional areas is provided in Corporate Governance report. Names of companies in which he hold directorships and memberships/ chairmanships of Board Committees and shareholding as stipulated under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided under the explanatory statement.
5. The Company's Statutory Auditors, M/s. V. Sankar Aiyar & Co, Chartered Accountants (Firm Registration No. 109208W), Chartered Accountants, Mumbai, were appointed as

Statutory Auditors of the Company for a period of five consecutive years at the Annual General Meeting of the Members held on July 19, 2017 which was subject to ratification by the Members at every subsequent Annual General Meeting. However, pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute.

In view of the above, the Company in its 11th annual general meeting held on July 17, 2018 had passed the resolution for not seeking approval of the members for ratification of the appointment of Statutory Auditors from the next annual general meeting, therefore the ratification by the Members for continuance of their appointment at this 12th Annual General Meeting is not being sought.

The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

6. An explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Businesses to be transacted at the Meeting is annexed hereto.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Relevant documents referred to in the accompanying Notice and the Statement is open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays and Sundays (including Public Holidays) between 11.00 a.m. and 1.00 p.m. up to the date of passing of the above resolutions.
9. Notice is also given under section 91 of the Companies Act, 2013 read with regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that the Register of Members and the Share Transfer Book of the Company will remain closed from Tuesday, September 24th, 2019 to Monday, September 30th, 2019 (both days inclusive).
10. Members are requested :
 - i. To bring their attendance slip along with their copy of Annual Report to the Meeting.
 - ii. To quote their folio nos./ ID nos. in all correspondence.
 - iii. To note that no gifts will be distributed in the AGM.

11. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrars and Share Transfer Agents of the Company, M/s. Linkintime India Private Limited ("Linkintime") at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083.
12. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/ Link Intime.
13. The Company, consequent upon the introduction of the Depository System ('DS'), entered into agreements with National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). The Members, therefore, have the option of holding and dealing in the shares of the Company in dematerialized form through NSDL or CDSL.
14. SEBI, vide its Circular No. SEBI/LAD-NRO/ GN/2018/24 dated June 08, 2018, amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to which after December 05, 2018 transfer of securities could not be processed unless the securities are held in the dematerialized form with a depository. The said deadline was extended by SEBI to March 31, 2019. Members holding shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode as per extension of the deadline announced by SEBI.
15. The DS envisages elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, mutilation of share certificates, etc. Simultaneously, DS offers several advantages like exemption from stamp duty on transfer of shares, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.
16. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Link Intime.
18. As per Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2, details in respect of a director seeking appointment/re-appointment at the Annual General Meeting are separately annexed to this Notice.
19. The Company has designated an exclusive e-mail ID called csteam@5paisa.com to redress shareholders' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at csteam@5paisa.com.
20. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.
21. Electronic copy of the Annual Report is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2019 is being sent in the permitted mode. **Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.**
22. The route map of the venue of the Meeting is given in the Notice. The prominent landmark for the venue is, it is near to Nehru Planetarium, Mumbai.
23. Voting Results
Information and other instructions relating to e-voting are as under:
 - i. Pursuant to the provisions of Section 108 and other applicable provisions of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('e-voting').

II. The facility for voting through Poll shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by e-voting shall be able to vote at the Meeting through 'Poll'.

III. The members who have cast their vote by e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

IV. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide e-voting facility.

V. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/beneficial owner (in case of electronic shareholding) as on the cut-off date, i.e., Monday, September 23rd, 2019. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

VI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Monday, September 23rd, 2019, only shall be entitled to avail the facility of e-voting/ Poll on Demand.

VII. The Board of Directors of the Company has appointed CS Nilesh Shah or failing him CS Mahesh Darji or failing him CS Hetal Shah of Nilesh Shah and Associates, a Practicing Company Secretary firm, Mumbai as Scrutinizer to scrutinise the Poll on Demand and e-voting process in a fair and transparent manner.

VIII. The Scrutinizer, after scrutinizing the votes cast at the Meeting through Poll on Demand and through e-voting, will, not later than forty eight hours from the conclusion of the Meeting; make a consolidated scrutinizer's report which shall be placed on the website of the Company www.5paisa.com and on the

website of CDSL. The results shall simultaneously be communicated to the Stock Exchanges.

IX. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e., Monday, September 30th, 2019.

X. Information and other instructions relating to e-voting are as under:

(i) The voting period begins on 09:00 a.m. (IST) on Wednesday, September 25th, 2019 and ends on 05:00 p.m. (IST) on Sunday, September 29th, 2019. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Monday, September 23rd, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on the tab Shareholders/ Members.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next, enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the Electronic Voting Sequence Number (EVSN) of 5paisa Capital Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding Remote E-voting, you may contact Mr. Rakesh Dalvi, Manager, CDSL, or Helpdesk: 1800225533 or refer the Frequently Asked Questions (FAQs) and Remote E-voting manual available at www.evotingindia.com, under help section or write an email at helpdesk.evoting@cdslindia.com

REGISTRATION / UPDATING OF EMAIL IDS

Members are requested to support the "Green Initiative" by registering their email address with the Company, if not already done. Those members who have changed their email address are requested to register their new email address with the Company in case the shares are held in physical form and with the Depository Participant where shares are held in Demat mode.



STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("THE ACT")

The following Statement sets out all material facts relating to the Businesses mentioned under Item nos. of the accompanying Notice:

Item No. 3

Mr. Sarbeswar Lenka (DIN 07306325) was appointed as an Additional Director of the Company with effect from July 18, 2018 by the Board of Directors at their meeting held on July 17, 2018 under Section 161 of the Act and Article 146 of the Articles of Association of the Company. In terms of Section 161(1) of the Act, Mr. Sarbeswar Lenka (DIN 07306325) holds office only upto the date of the forthcoming Annual General Meeting but is eligible for appointment as a Director. A notice under Section 160(1) of the Act has been received from a Member signifying his intention to propose Mr. Sarbeswar Lenka (DIN 07306325) appointment as a Director.

Mr. Sarbeswar Lenka (DIN 07306325) is a seasoned banker with 34+ years of Banking & Financial service experience with strong domain knowledge of Forex, Money and Capital Market with the largest Public Sector Bank in India, State Bank of India. He was associated with SBI Cap Securities Limited as the Managing Director and Whole Time Director from September 2015 to June 2018 and prior to that, he was associated with Chhattisgarh Rajya Gramin Bank - Raipur as the Chairman of the Bank from July 2012 to August 2015.

He held various leadership positions over the years across multiple domains which has given him exposure in setting up and running large format as well as new businesses. He possesses sound commercial acumen with a global mind-set & strong quantitative and conceptual abilities. He has managed large teams, developed strategies, process planning and improvements including change management. He has specialized in handling Domestic as well as International operations.

The other detail of Mr. Sarbeswar Lenka in terms of Regulation 36(3) of the Listing Regulation and Secretarial Standard 2 is annexed to this Notice. Mr. Sarbeswar Lenka is not related to any Director of the Company.

The Directors are of the view that the appointment of Mr. Sarbeswar Lenka as a Director in the capacity of Non-Executive Non Independent Director will be beneficial to the Company.

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

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

The Board recommends the Ordinary Resolution set out at item no. 3 of the Notice for approval by the members.

Item No. 4

Considering, the overall business growth and operational needs of the Company, the Company may require further capital and accordingly it is proposed to increase the authorised Share Capital of the Company from ₹ 30,00,00,000 (Rupees Thirty Crores only) comprising of 3,00,00,000 (Three Crore) Equity Shares of ₹10 (Rupees Ten) each to ₹ 80,00,00,000 (Rupees Eighty Crores only) divided into 8,00,00,000 (Eight Crores) equity shares of ₹ 10 (Rupees Ten only) each. Consequently, the existing Clause V(a) of the Memorandum of Association needs to be altered accordingly. Therefore, the consent of the Members of the Company is being sought under the applicable provisions of the Companies Act, 2013.

A draft of altered Memorandum with the aforesaid alterations shall be available for inspection by the Members of the Company on any working days, except Saturdays and Sundays (including Public Holidays) between 11.00 a.m. and 1.00 p.m. up to the date of passing of the above resolutions.

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

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

Item No. 5

As per Section 42 of the Act, read with the Rules framed there under, a company offering or making an invitation to subscribe to Non-Convertible Debentures (NCDs) on a private placement basis is required to obtain the prior approval of the Members by way of a Special Resolution. Such an approval can be obtained once a year for all the offers and invitations made for such NCDs during the year.

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

The approval of the Members is being sought by way of a Special Resolution under Sections 42 and 71 of the Act read with the Rules made there under, to enable the Company to offer or invite subscriptions of NCDs on a private placement basis, in one or more tranches, during the period of one year from the date of passing of the Resolution at Item No. 5, within the overall borrowing limits of the Company, as approved by the Members from time to time.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the Members.

Item No. 6, 7, 8, 9, 10 and 11

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

“Material Related Party Transaction” under the Listing Regulations means any transaction(s) entered into individually or taken together with previous transactions during a financial year exceeding 10% of the annual consolidated turnover of a company as per its last audited financial statements. The annual consolidated turnover of the Company for the financial year 2018-19 is ₹ 62.64 Crores. Accordingly, any transaction(s) by the Company with its related party exceeding ₹ 6.26 Crores (10% of the Company's annual consolidated turnover) shall be considered as material transaction and hence, the approval of the Members will be required for the same. It is therefore proposed to obtain the members' approval for the following arrangements/transactions/ contracts which may be entered into by the Company with its related parties from time to time:

Pursuant to the Composite Scheme of Arrangement amongst IIFL Holdings Limited, IIFL Distribution Services Limited, IIFL Wealth

Management Limited, IIFL Securities Limited, India Infoline Finance Limited, India Infoline Media and Research Services Limited and their respective Shareholders (“Scheme”), India Infoline Finance Limited will merge with IIFL Holdings Limited. Upon the said merger becomes effective, the aforesaid Limits for material related party transaction(s) with India Infoline Finance Limited will be added with the limits of IIFL Holdings Limited.

The aforesaid related party transactions do not fall under the purview of Section 188 of the Companies Act, 2013 being in the ordinary course of business and at arms' length. However, the same are covered under the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and accordingly the approval of the shareholders is sought by way of Ordinary Resolution.

The Audit Committee and Board have approved the aforesaid related party transactions at their respective meetings held on April 16, 2019 in terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and noted that these transactions are in the Ordinary Course of Business and are at arm's length basis.

None of the Directors, Key Managerial Personnel and their Relatives is, in any way, concerned or interested, financially or otherwise in the Ordinary Resolutions set out at item Nos. 06 to 11 except Mr. Prakarsh Gagdani- Whole Time Director & Chief Executive Officer and Mr. Roshan Dave - Company Secretary and their relatives are interested to the extent of their shareholding in IIFL Holdings Limited.

The Board recommends the Ordinary Resolutions set out at Item Nos. 06 to 11 of the Notice for approval by the members.

Name of the Related Party	Nature of Relationship	Nature of Transactions	Amount (₹ in Crore)*
IIFL Securities Limited	Related party as per Accounting Standard and Listing Regulations	Loans/Inter-Corporate Deposits/Guarantees/ availing or rendering of services/ lease/ leave and licence etc.	15
IIFL Facilities Services Limited	Related party as per Accounting Standards and Listing Regulations	Loans/Inter-Corporate Deposits/Guarantees/ availing or rendering of services/ lease/ leave and licence etc.	110
IIFL Holdings Limited	Related party as per Accounting Standards and Listing Regulations	Loans/Inter-Corporate Deposits/Guarantees/ availing or rendering of services/ lease/ leave and licence etc.	105
India Infoline Finance Limited	Related party as per Accounting Standards and Listing Regulations	Loans/Inter-Corporate Deposits/Guarantees/ availing or rendering of services/ lease/ leave and licence etc.	110
IIFL Management Services Limited	Related party as per Accounting Standards and Listing Regulations	Loans/Inter-Corporate Deposits/Guarantees/ availing or rendering of services / lease/ leave and licence etc.	55
IIFL Home Finance Limited	Related party as per Accounting Standards and Listing Regulations	Loans/Inter-Corporate Deposits/Guarantees/ availing or rendering of services / lease/ leave and licence etc.	10

* The ceiling on the amounts of transactions specified as above would mean the transactions entered into and remaining outstanding at any point in time.

Details of Director Seeking Appointment at the Annual General Meeting

Particulars	Mr. Sarbeswar Lenka	Mr. Santosh Jayaram
Date of Birth	June 17, 1958	January 04, 1988
Nationality	Indian	Indian
Date of Appointment on the Board	July 18, 2018	January 11, 2018
Qualifications	He holds a degree in master of science from Utkal University, Bhubaneswar and he is also an associate member of The Indian Institute of Bankers	B.Tech degree and a Master's degree in business management from NMIMS University, Mumbai
Expertise in specific functional areas	Banking & Financial services experience with a strong domain knowledge of Forex, Money and Capital Market	Business process re-engineering, digitisation, product development, mobile application development and user experience management.
Number of shares held in the Company	Nil	Nil
Directorships held in other companies (excluding foreign companies)	Nil	<ul style="list-style-type: none"> • 5paisa P2P Limited • 5paisa Insurance Brokers Limited
Attendance in number of Board Meetings eligible during the financial year 2018-19	Three of Three	Five of Five
Memberships/ Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil	Nil
Relationships between Directors inter-se	None	None
Remuneration details (Including Sitting Fees & Commission)	₹ 210,000	₹ 2,362,100

By Order of the Board of Directors
Roshan Dave

Company Secretary
ACS - 26472

Dated: April 16, 2019

Place: Mumbai

Registered Office: IIFL House,
Sun Infotech Park, Road No. 16V,
Plot No. B-23, Thane Industrial Area,
Wagle estate, Thane-400604

CIN:L67190MH2007PLC289249

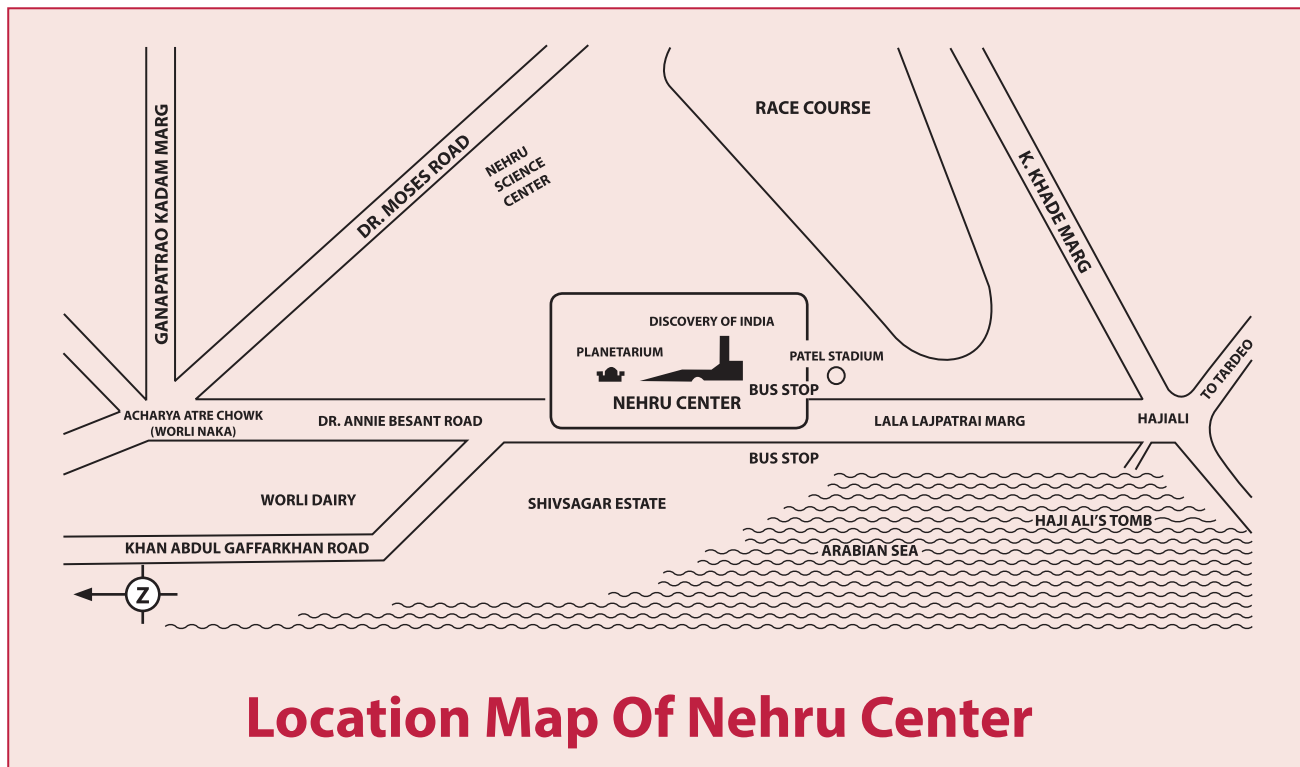
e-mail: csteam@5paisa.com

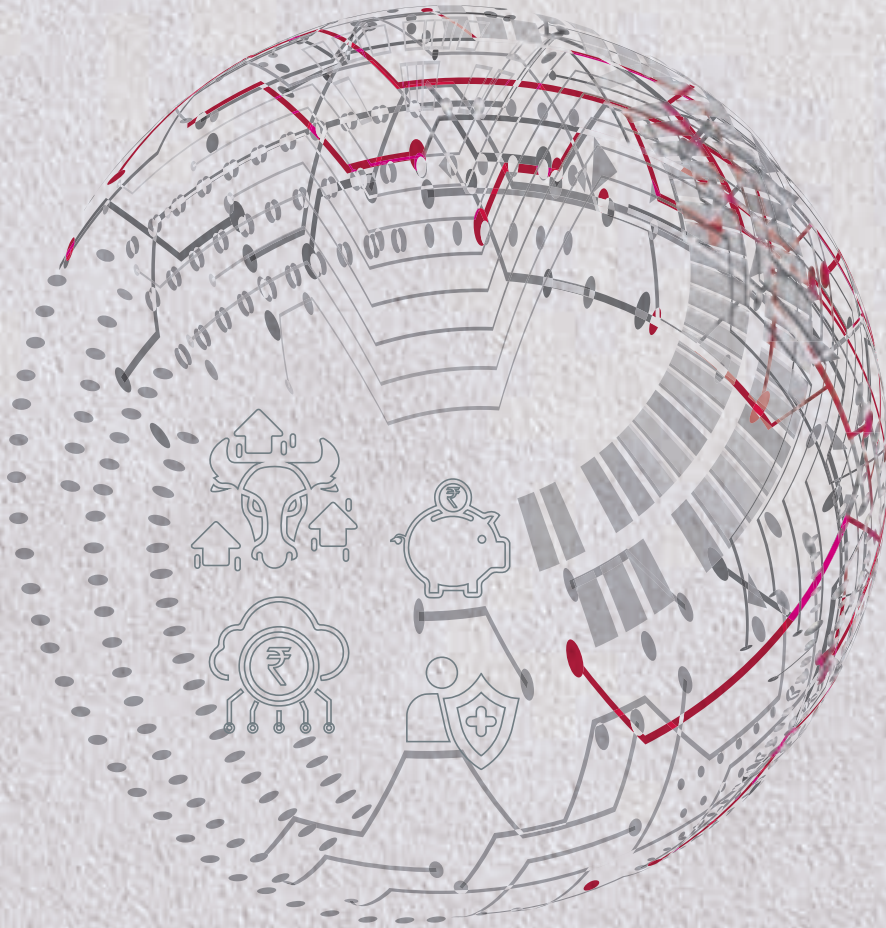
Telephone No. - 022-41035000

VENUE MAP OF THE TWELFTH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON

Monday, September 30, 2019 at 04.30 PM.

Venue address: Hall of Harmony, Ground Floor, Nehru Centre, Discovery of India, Dr. A. B. Road, Worli, Mumbai-400018





0%

BROKERAGE

100%

TECHNOLOGY



5paisa Capital Limited is the fastest growing full-service discount brokerage company in the fintech space. It offers one-stop solutions to fulfil the evolving financial needs of customers through a cutting-edge digital platform.

The cover design highlights the theme '0% Brokerage, 100% Technology'. The digital globe substituting the zero depicts the Company's entirely digitised offerings which has the capability to connect and serve a vast audience, and the caption emphasises the Company's lowest-in-industry flat fee of ₹ 10 per executed order. It emphasises adoption of the latest digital technologies by the Company along with 0% brokerage in the discount broking landscape.

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Investor information

Please find our online version at

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

Or simply scan to download:



Market Capitalisation
as at March 29, 2019:

₹ 3,033.16 Mn



BSE Code:

540776



NSE Symbol:

5PAISA

Disclaimer: This document contains statements about expected future events and financials 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's Discussion and Analysis of this Annual Report.



The rapid penetration of internet services and parallel increase in adoption of smart devices has revolutionised the financial services industry. The potential for growth in fintech is limitless.

Over the last few decades, the **fintech landscape** has seen an unprecedented **transformation**. Newer generation of customers constantly demand greater convenience and speed which makes it imperative for businesses to be dynamic and come out smarter, faster and more agile.

For us, technology is an essential value creator that helps deliver enriched customer experiences. 5paisa Capital has redefined the entire trading experience by leveraging on digital technologies and offering tailored financial solutions. An end-to-end DIY (Do-it-Yourself) online trading platform is the backbone of our success. At the same time, we bring comprehensive information and sharp market insights to customers through our intelligent Robo-advisory platform, enabling the best investment decisions.

We have grown swiftly by providing a comprehensive product suite, cost-effective services and ease of access to our customers. With a strong innovative culture at the core, we are focused on providing a state-of-the-art digital platform for a unique and satisfying customer experience.

Exciting summary of our progress during the year



Customer acquisition

Crossed 2,00,000+ customers, a growth of 185% over the previous year



Product basket

Expanded product offerings by launching commodities trading in MCX, direct mutual funds and intraday in currency contracts



Strategic tie-up

Partnered with Smallcase Technologies to offer handpicked, thematic basket of diversified stocks to customers



3X Revenue growth

Registered a 3 times increase in revenues with focused growth strategies



Market share

Achieved a 2.4% average daily cash market share and a 2% average daily total market share within a short span of 2 years



Digital initiatives

31,00,000+ mobile app downloads with a sustained 4-Star rating on Playstore





5paise Capital Limited

A DIGITALLY-DRIVEN ORGANISATION



5paise Capital Limited (5paise) is amongst the country's fastest growing and technology-led financial services companies. Originally incorporated in 2007, the Company commenced operations in the year 2016. 5paise offers an array of financial products and services via a digital platform and mobile application. With its diverse services and products encompassing online discounted stock broking, depository services, research and distribution of mutual funds and other financial products, the Company successfully meets and fulfils its customers' diverse needs.

The Company focuses on catering to retail investors and high-volume traders. It provides cost-efficient and DIY (Do-it-yourself) services through a dynamic trading platform. An intuitive and user-friendly technology interface enables customers to complete the entire transaction procedure effortlessly. The Company has a unique innovative Robo-advisory platform in place which allows customers to manage their investments effectively across equity, mutual funds, insurance and currencies. 5paise aspires to continuously enhance its technological architecture. The Company intends to actively accelerate growth and deliver enhanced customer experience.



219%

Revenue growth over the previous year



185%

Customer growth over the previous year



31,00,000+

Mobile app downloads



Accelerating growth momentum

INSIGHTFUL BUSINESS APPROACH

A business must constantly evolve and adapt to changing norms and customer requirements to realise its full potential.

At 5paisa, we believe that there are always new and better ways of doing things that help accelerate growth and enhance customer experience. The Company leverages its deep sectoral understanding and advanced digital platforms to cater to the diverse requirements of its customers with a gamut of financial products and services.



What differentiates us?

- ▲ One-stop investment platform for all type of investors
- ▲ Digital trading platform with cost-effective DIY (Do-it-Yourself) services
- ▲ Discounted flat fee of ₹ 10 per transaction
- ▲ Interactive user-interface with minimal human intervention
- ▲ Paperless procedures for speedy and enhanced customer experience

Customer at the core

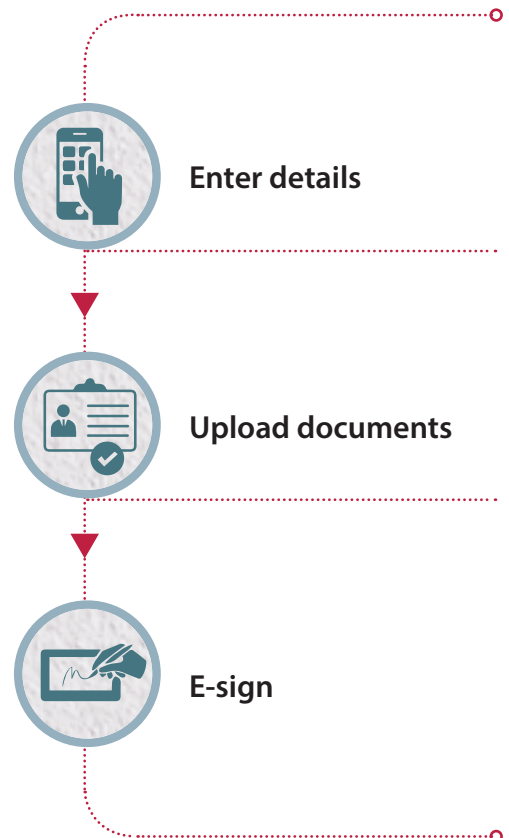
5paisa has become the fastest growing discount brokerage company in India within a short span of two years of operations. This achievement reflects our customer’s acceptance and satisfaction with our service.

During the year, we launched commodities trading in MCX, direct mutual funds and intraday in currency contracts, to expand choice of investments for our customers.

We also introduced new research products and investment avenues to broaden customers’ investment choices.

- ▲ Smallcase to build a diversified, low-cost and long-term portfolio
- ▲ Swing Trader for short-term traders
- ▲ Smart Investor for active investors

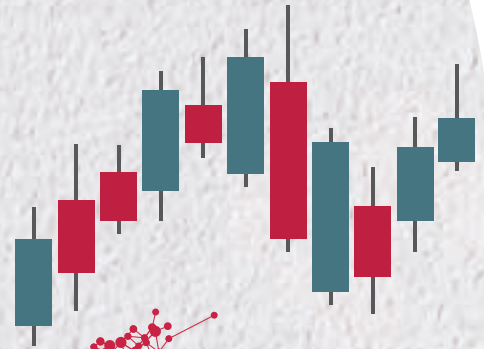
Faster and simpler 3-Steps instant account opening process



2,00,000+

Customer base in 2019





Decoding digital aspirations

SCALE WITH SMART TECHNOLOGY

Digital technology has radically transformed the world by connecting more people and making them equally informed and empowered.

At 5paisa, our endeavour has always been to be at the forefront of the fintech space. We continuously direct our efforts towards enhancing our digital capabilities. We consciously focus towards bringing a perfect blend of convenience, cost-effectiveness and security in our customers' trading experience. Our online platform and mobile application help bring the transactions procedure at our customers' fingertips - making it seamless, quicker and easier.

Distinguished online platform to simplify the investment journey

- ▲ A simplified interface with DIY trading services in equity, futures & options (F&O) and currency segments
- ▲ Paperless and instant e-KYC account opening process
- ▲ Integrated and faster services from onboarding to execution of trades
- ▲ Multi-asset live watch list synced across devices
- ▲ Powerful data analytics tools to assist customers in taking informed decisions by tracking realtime opportunities

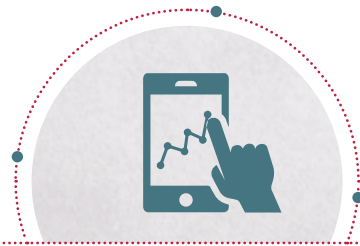
The new-age Robo-Advisory platform: The expert advice

- ▲ Offers automated advisory services in mutual fund and insurance products
- ▲ Analyses client's portfolio on several parameters through multi-algorithm-based investment planner
- ▲ Identifies financial goals and timeframe to attain the same
- ▲ Assesses customer profile and risk appetite
- ▲ Helps pick the right funds by planning the portfolio aligned with investment goals



187%

Growth in mobile trades through app



70%

Customers trade through the mobile app



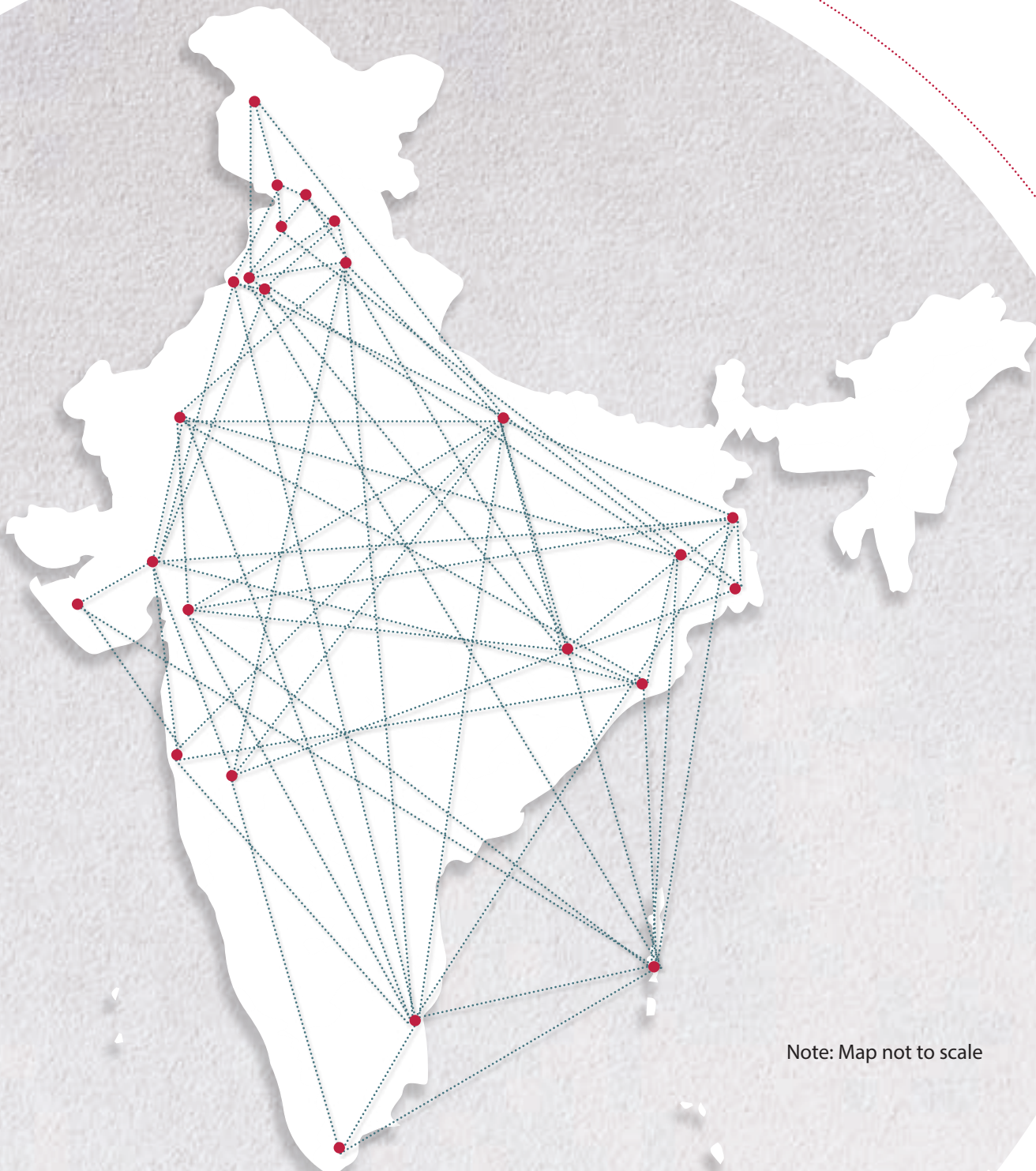
53%

Customers trade through the web browser



Expanding reach

WITH CUSTOMERS AT HEART



Note: Map not to scale

Expanding possibilities with technology

The mass-market penetration of smartphones and quicker access to the internet in the tier-II and tier-III cities are major contributors to the evolution of fintech landscape. With the immense opportunities that have been created, it is now easier to reach and engage customers through seamless and digital omnichannels. Further, we believe that our growing presence on social media will help us witness strong user adoption in the future.



69%

Customers from tier III cities and beyond

Passion to empower customers: Knowledge for all

5paisa believes in empowering its customers with the knowledge of various financial products. This helps in making the right investment decisions. We have designed a set of educational series through the 5P school to enhance proficiency in the financial space. The series, guided by our experts, delivers an insight into the basics of financial markets, short-term trading and stock analysis. Additionally, we have also created short videos on YouTube to inform, educate and guide first-time investors.



90%

Customers below 45 years of age

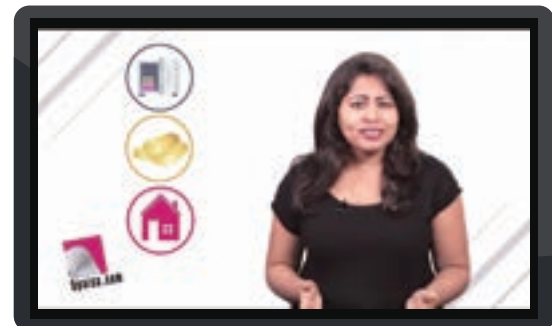
LEARNATHON



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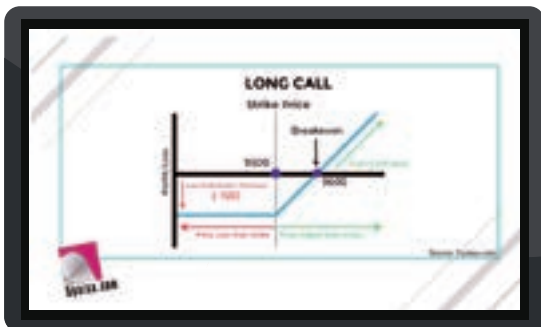
Stock Market for beginners – how to start investing in share market



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How to trade in Derivatives – a simple and easy explanation



Scan to download



Basics of technical analysis in Stock Markets – for New Traders



Scan to download





Chairman's Message

Dear Shareholders,

I am delighted to inform you that despite uncertainties across both, Indian and global markets, the Company continued to make its mark in the fintech landscape. I thank all the stakeholders for their continued support in making our vision a reality. It has sharpened our strategies and allowed us to embrace opportunities for value creation in the long-term.

During 2018-19, India continued to be one of the world's fastest growing economies, despite headwinds. The first half of the year was impressive with steady investments and robust private consumption. Important structural reforms like the Insolvency & Bankruptcy Code (IBC) and Goods & Services Tax (GST) are expected to make a long term positive impact on the Indian economy. However, the growth momentum in India moderated in the second half of the fiscal, owing to global slowdown on the back of the US-China trade war, higher interest rates, volatile oil prices, Rupee

“

Technology has always been a key enabler for us at 5paisa. We have grown by leveraging our intelligent digital DIY (Do-it-Yourself) trading platform and automated Robo-advisory service. Our diversified range of financial products and services fulfil the changing needs of our retail as well as high volume traders.

”

depreciation, slowing consumption patterns and the liquidity crisis in the financial sector.

Nonetheless, developments on the digital front, have been impressive. The Government has pushed ahead on the 'Digital India' initiative to transform the country into a digitally empowered society and a knowledge economy. A faster digital reach has increased the number of internet users in India to 566 million, an increase of 18% over the previous year. Driven by rapid internet growth in rural areas, evolving customer demand and millennial population with rising digital aspirations, the number of internet users is estimated to reach 627 million by the end of 2019.

The traditionally cash-driven Indian economy has responded well to the transformations led by the fintech opportunity, primarily triggered by a surge in e-commerce, internet and smartphone penetration. Digital payments have boomed in recent years, with the Government aiming to reduce paperwork, especially in terms of financial transactions. The amounts transacted through the Unified Payment Interface (UPI) platform witnessed a growth of more than 10 times, with the number of transactions increasing eight times in 2018 over the previous year. Ensuring a secure, convenient and affordable e-payment system, the Reserve Bank of India expects the number of digital transactions to increase more than four times to ₹ 8,707 crore by December 2021.

Today, technology is playing a pivotal role across various spheres

of life and the finance sector is at the forefront of this revolution. The Indian fintech market is forecast to touch US\$ 2.4 billion by 2020 from a current US\$ 1.2 billion, as per NASSCOM. The domestic capital market is expected to remain range bound over the near term with a prolonged period of volatility given the weakening of investor sentiment and challenging domestic and global cues. Discount broking firms are now gaining pace with adoption of breakthrough technologies. With the largest millennial population and digital evolution, India offers a huge platform for the discount broking industry.

Technology has always been a key enabler for us at 5paisa. We have grown by leveraging our intelligent digital DIY (Do-it-Yourself) trading platform and automated Robo-advisory service. Our diversified range of financial products and services fulfil the changing needs of our retail as well as high volume traders. During the year, we actively expanded our product basket by introducing commodity trading, direct mutual funds, intraday in currency contracts and personal loans. We collaborated with Smallcase to offer thematic investments for our customers. We also added UPI capability to the platform and it has been very well received by customers. Our robust tech-based business model with the lowest cost services led to a growth of 185% in our customer base over the previous year. With over 31,00,000 downloads, 5paisa mobile app is the most preferred choice for trading amongst customers.

We have always been unique in combining business with deep industry expertise. Being a customer-centric Company, we believe in educating our customers and enabling them to take an informed investment decision. Through our 5p School, we have created online investor education series and videos which have helped grow financial literacy among customers.

During the year, we also initiated the Company's maiden Rights Issue proposal of ₹101.91 crore with an eye on future growth. We aim to deploy the capital primarily for business expansion and expect the Issue to provide a strong boost to our growth momentum.

We abide by a robust governance framework with proper internal control and effective shareholders engagement. We ensure conducting our business with strict regulations, integrity and transparency. Going forward, we will continue to strengthen our operations, expand our outreach, leverage our existing strengths and focus on providing quality tech-solutions to our customers. On behalf of the Board and the entire leadership team, I thank all our stakeholders for reposing their trust and confidence in the Company.

Yours sincerely,

Dr. Archana Hingorani
Chairman



CEO's Communique

Dear Shareholders,

The year gone by has yielded fruits of labour for your Company, with demonstrated growth in all aspects of business and steadily diminishing losses. The Company made significant strides in consolidating its position in the fintech industry with enhanced customer service, stronger product propositions and advanced digitisation.

India's growth factor

I believe that India is the most exciting economy in the world as of today. The country has successfully navigated through global uncertainties and emerged as a preferred destination for investment. India's economic prospects for FY 2019-20 appear optimistic with policymakers creating enablers for strong and sustainable growth in the medium to long-term.

Despite numerous headwinds, the capital markets in India outperformed several major global markets with double-digit returns in the fiscal ended March 2019. With a significant pace of digital adoption, the financial sector in India is undergoing a rapid expansion. Newer players like payment banks, digital wallets and fintech companies are constantly introducing

“

We continue to evolve as a strong fintech player with firmly embedded digital ethos and customer-centric business approach. Our differentiated vision, state-of-the-art technology and innovative trading platform have helped us build comprehensive financial solutions tailored to the unique needs of our customers.

”

innovative models for customer acquisition and service.

As digital aspirations increasingly influence business approach, it has become critical for organisations to embed agility and innovation into their workplace culture

The fintech opportunity

Financial technology is transforming the lives of millions of people and is a step forward to the creation of a 'Digital India'. Digital revolution has reached even remote, previously unconnected areas of the country especially with increased availability of affordable data. Increased social media usage is also helping organisations to acquire more customers and build a long-run, wholesome relationship with them. Superior technology trends in the financial services sector presents a huge potential for technology-based services to grow in the future.

The discount broking industry has benefited tremendously with the expansion of digital penetration. More and more people are migrating to discount brokers for the convenience of digital solutions and the cost-effectiveness of a flat brokerage. This is reflected in the growth in market share of discount brokers which has risen rapidly to 15.97% as of May 2019 as against 9.36% in March 2018.

Our performance

FY 2018-19 was a significant year for 5paisa and we continued to evolve as a strong fintech player with firmly embedded digital ethos and customer-centric business approach. Our differentiated vision, state-of-the-art technology and innovative trading platform have helped us build comprehensive financial solutions tailored to the unique needs of our customers. I take pride in announcing that within a short span of two years, 5paisa has become the fastest growing discount broker in India.

Our excellent product portfolio, lowest cost services, expanding footprint and an ability to provide a differentiated experience to our customers has reinforced our position in the industry.

During 2018-19, our total income stood at ₹ 62.6 crores, a 219% y-o-y growth with a 3-times leap over the previous year and our continued efforts at promoting growth along with cost efficiency helped tone our losses down by 35% over the previous year.

We expanded our offerings to include commodities trading in MCX, direct mutual funds, intraday in currency contracts, new research products and thematic investments with Smallcase. Our market share grew to an all-time high of 2.4% in the cash segment and 1.9% overall.

Customer at the core

At 5paisa, everything starts with a customer-first approach. We maintained our swift pace of client acquisitions, crossing 2,00,000 customers in FY19 which reflects a growth of 185% over the previous year. Over 70% of our clients are from tier II and tier III cities and close to 75% trade through our mobile app.

We empower our customers to make the right investment choices by providing them with effective, clear and comprehensible financial information. Our online investor education video series namely 5P School enables first-time investors to learn the basics of equity trading and personal investment management. The education series has been designed by expert professionals in the financial sector. Our endeavour to improve financial literacy equips customers to shop around for the best product for their needs and thereby benefit from various investment opportunities.

Enhanced digital experience

Customers today have elevated service expectations. An interactive user interface, ease of use and automated services appeal the most to young customers today. We have deployed various automation techniques across processes to provide an enhanced digital experience to all.

5paisa remains one step ahead by providing a personalised Robo Advisory platform and an integrated digital platform for stocks, mutual funds, insurance, research, advisory and more to our customers. The 5paisa mobile app delivers quick solutions with convenience and speed and has become one of the fastest growing mobile applications in the country with over 31,00,000 downloads till date and a sustained 4 Star rating on Playstore.

We have an instant and paperless account opening process with minimum human intervention. In addition, our advanced data analytics tools track real-time opportunities to aid customers with the right investment options. We have also built an innovative product proposition through our open APIs, which enable traders to build their own trading interface for multiple financial products in no time.

Looking ahead

We remain optimistic on the growth prospects for the Company and are fully equipped to leverage our strengths and scale up without losing focus on cost efficiency.

I express my gratitude to all our stakeholders for their valuable support as we move forward in our exciting journey.

Yours sincerely,

Prakarsh Gagdani

Whole-Time Director and CEO



Board of Directors

The real transformation happens when individual efforts help contribute to the bigger dream, aspired together.

1 Dr. Archana Niranjani Hingorani

Independent Director

Dr. Archana Niranjani Hingorani is the Chairperson and an Independent Director of the Company. She holds a Bachelor's degree in Arts from the University of Mumbai, a Master's degree in Business Administration from the Graduate School of Business, University of Pittsburgh, USA and a Doctorate degree in Philosophy from the Joseph M. Katz Graduate School of Business, University of Pittsburgh, USA. She has 23 years of experience in financial services and private equity fund investment. Prior to joining the Company, she was associated with the IL&FS Group until 2017, in various capacities, including being the CEO of IL&FS Investment Managers Limited. She has been the recipient of various awards such as 'Ten most influential women in private real estate investing' by PERE in 2010, 'Most Powerful Women' in 2014, 2015, 2016 and 2017 by Fortune India, 'Most Powerful Women' in 2011, 2012 and 2013 by Business Today, '25 Most Influential Women in Asia Asset Management' by Asian Investor in May, 2014, and 'Distinguished International Alumnus' in the year 2016 by the Katz Graduate School of Business, University of Pittsburgh, USA.

2 Mr. Prakarsh Gagdani

Whole Time Director & Chief Executive Officer

Mr. Prakarsh Gagdani is the Chief Executive Officer and Whole Time Director of the Company. He holds a Post Graduate Diploma Degree in Business Management from Pondicherry University and has done his Bachelors in Business Management from Mulund College of Commerce, Mumbai University. He has about Seventeen (17) years of cross functional experience in sales, advisory, product development and business development. He has gained expertise in retail equity broking domain and is a keen strategist with expertise in managing the entire business and ensuring optimal utilisation of resources. In the past, he was associated with Angel Broking Limited for about twelve (12) years.

3 Ms. Nirali Sanghi

Independent Director

Ms. Nirali Sanghi is an Independent Director of our Company. She founded India Parenting Private Limited in 1999 and serves as its Chief Executive Officer and President. Prior to that, she served at Erstwhile Baring Brothers (New York), Citibank (New York and Mumbai) and The Boston Consulting Group (Mumbai). Ms.Sanghi spent nine (9) years in the United States where she received her Bachelors 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).

4 Mr. Sarbeswar Lenka

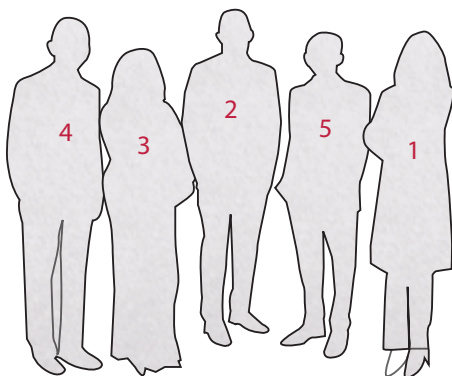
Non Executive Director

Mr. Sarbeswar Lenka is an Additional (Non-Executive) Director in our Company. He holds a degree of Master of Science from Utkal University, Bhubaneswar and is also an associate member of The Indian Institute of Bankers. He has around 34 years of banking & financial services experience and has been associated with the State Bank of India and SBICAP Securities Limited. He was associated with Chhattisgarh Rajya Gramin Bank – Raipur as its Chairman from July 2012 to August 2015.

5 Mr. Santosh Jayaram

Whole Time Director

Mr. Santosh Jayaram is a Whole Time Director of the Company. He holds a Bachelors in Technology degree and a Masters in Business Administration from NMIMS University, Mumbai. He has been associated with 5paisa Capital Limited and IIFL Group since May 2011. He has experience in areas of business process re-engineering, digitisation, product development, mobile application development and user experience management.



Accolades & Recognition



- 1 Received the Brand Excellence Award in the BFSI Sector by ABP
- 2 Awarded for Marketing Excellence in Brand Award Banking, Financial Service and Insurance Sector at the Global Marketing Excellence Awards
- 3 Received Mobby's Award for the Best Overall Mobile application
- 4 Won Mobby's Award for the Best Use of Social Media in Marketing
- 5 Received Mobby's Award for the Best Mobile Marketing Campaign
- 6 Won the Best use of Mobile Technology in Financial services at the ET Now Awards
- 7 Awarded the Fintech Leader of the year (Prakarsh Gagdani) at the ET Now Awards
- 8 Recognised as Premier Depository Participant in Gold category by CDSL



Growing social media presence

Social media has the power to build connect, trust and credibility. It empowers customers with information and awareness and is a major avenue for business growth

In today's era, Social Media is no passing trend. Social platforms help connect businesses to customers (existing and potential). It is an excellent tool for creating brand awareness while promoting growth.

Our growing social media presence proves itself to be an effective platform for communicating and engaging productively with our customers.



<https://www.youtube.com/5paisa>

Subscribers: 50,576

Views: 7,802,241



<https://www.facebook.com/5paisa>

Followers: 301,446

Likes: 3,00,141



<https://www.linkedin.com/company/5paisa>

Followers: 1,129



<https://twitter.com/5paisa>

Followers: 35,034

Tweets: 1,507



<https://www.quora.com/profile/5paisa-Capital-Limited-1>

Followers: 86

Total answers views: 1,400



<https://www.instagram.com/5paisacapital/>

Followers: 199



Enriching employee engagement

At 5paisa, we have adopted strategies to strengthen employee engagement. During the year 2018-19, our people engaged in various cultural and functional activities which empowered them to learn from each other, leading to an enhanced personal growth.



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DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the Twelfth Annual Report of 5paisa Capital Limited ('your Company') together with the Audited Financial Statements for the financial year ended March 31, 2019.

1. FINANCIAL RESULTS

A summary of the consolidated and Standalone financial performance of your Company, for the financial year ended March 31, 2019, is as under:

(₹ in Millions)

Particulars	Consolidated Financial Results		Standalone Financial Results	
	2018-2019	2017-2018	2018-2019	2017-2018
Gross total income	627.57	196.52	626.40	196.52
Profit/(Loss) before interest, depreciation and taxation	(142.47)	(317.48)	(142.14)	(317.48)
Interest and financial charges	68.27	7.95	68.27	7.95
Depreciation	14.43	6.67	14.43	6.67
Profit/(Loss) before tax	(225.17)	(332.10)	(224.84)	(332.10)
Taxation - Current	Nil	Nil	NIL	Nil
- Deferred	(59.14)	(79.12)	(59.14)	(79.12)
- Short or excess provision for income tax	Nil	Nil	NIL	Nil
Net profit/ (Loss) for the year	(166.02)	(252.99)	(165.70)	(252.99)
Less: Appropriations	Nil	Nil	Nil	Nil
Add: Balance brought forward from the previous year	(369.07)	(116.08)	(369.07)	(116.08)
Balance to be carried forward	(535.09)	(369.07)	(534.77)	(369.07)

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

At 5paisa.com, we have built a sustainable foundation to accelerate our growth. Our customer-centric products; transparency in operations; relentless focus on customer convenience; and investment in technology has helped us build a family of 2 lakh+ happy customers in just two full years of our operations.

Your Company performed well during FY 2019, by leveraging on the market opportunities bought by the growing trend of financialisation of savings and delivering quality service to attract new customers. With an unwavering resolve to provide best-in-class investment platform at the lowest cost, we delivered strong growth across parameters over the previous year.

Our customer base grew 6x in the last fiscal and our broking revenues recorded 310.87% growth and continues to be on rise. During the year, the total income of your Company was up from ₹ 196.52 million to ₹ 626.40 million. Your Company

reported an average annual daily turnover of ₹ 14,025 crore and its market share further improved.

During the year, we focused on harnessing technology to fortify our business processes, ensure deeper market coverage and deliver a superior customer experience. As a result, your Company emerged as a strong player in the discount broking space offering superior products and services. Your Company also climbed to the No. 2 position in the discount broking segment, surpassing several established players.

Our growth was also fuelled by the growing penetration of internet and smartphone in our country. Positive demographics have helped bring millions to explore digital investment services in financial space. Your Company successfully capitalized on the opportunity by offering an integrated investment platform. Today, your Company's mobile application/web platform can help an individual trade across equity, F&O, commodity, currency; invest in mutual fund and insurance; or avail algorithm based robo advisory services.

Looking forward, there is an enormous opportunity for growth as capital market participation still remains abysmally low in India when compared to the other developed

Director's Report (Contd.)

nations. Owing to the huge growth prospects, your Company envisages a robust growth in its customer base in the years to come. Moreover, by offering seamless trading at the lowest cost, we are confident of widening reach across the country. Our robust internal risk-management systems and processes, supported by technology, will also fuel our growth journey.

3. MACRO-ECONOMIC OVERVIEW

Fears about next recession became evident during the year as both, developed and emerging market economies, underperformed compared to the last year. A long-running US-China trade war, liquidity tightening in US, rising crude oil prices, political issues in Euro zone and Brexit uncertainty led to deterioration of global trade. Factory activity in US and Europe contracted in the last quarter while industrial output growth fell to 17-year low in China. In its latest world economic outlook edition of October 2018, global growth is estimated at 3.7%. In January 2019, IMF downgraded world GDP growth at 3.5% in 2019 and 3.6% in 2020, below October 2018's projections.

India was the fastest growing economy in the world in FY19 and will remain in FY20 too. India's real gross domestic product (GDP) growth is projected at 7% for FY19. Capacity utilization has picked up in last couple of quarters of FY19 along with increase in real gross fixed capital formation (GFCF). This is positive for PAT growth for companies in the next year. Cement production increased from 5.6% YoY in FY18 to 13% YoY up to February 2019 owing to increase in construction activity. Price levels remained in line within RBI's target and headline inflation was largely at the same levels as in last year. But food prices experienced deflation in the second half of the year.

Key macroeconomic risks hovering Indian economy were global slowdown, increase in commodity prices, fiscal slippage and monetary over-stimulus. Domestic activity decelerated due to slowdown in consumption. Manufacturing growth has slowed down (from 16.7% YoY in Q1FY19 to 11% YoY in Q3FY19) while there has been deceleration in agricultural output (from 6.8% YoY in Q1FY19 to 2% YoY in Q3FY19). Services sector growth has remained stagnant ~13% throughout FY19. High frequency indicators signalled deceleration in many activities. Air traffic has slowed down sharply (from 24.1% 3mma YoY in March 2018 to 9.2% 3mma YoY in February 2019) while passenger vehicle sales decelerated (from 7.9% YoY growth in FY18 to 2.7% YoY in FY19). Rising commodity prices, especially of crude, could widen current account deficit. Fiscal stimulus in election year could possibly breach the fiscal deficit target of 3.4% in FY19. The uncertainty around election outcomes could make investors jittery in the short run.

4. INDUSTRY OVERVIEW

Average daily cash trading volumes went up ~4% YoY to ₹ 351 billion/day in FY19 from ₹ 338 billion /day in FY18. Also, the share of institutions (FII + DII) edged up to 33.2% in FY19 from 31.9% in the previous year. Bond markets saw a volatile year due multiple factors. Some of them are i) potential fiscal slippage due to revenue shortfall, ii) risks from rising crude oil prices can increase import bill, iii) a declining currency and iv) liquidity crunch.

5. PROPOSED RIGHTS ISSUE

The Board at its Meeting held on July 17, 2018 and September 12, 2018 approved the proposal of issue of equity shares by way of a Rights Issue ("Issue") to the existing shareholders of the Company in the ratio of 1 equity share of ₹ 10 each for every 1 equity share of ₹ 10 each held in the Company at a premium of ₹ 70 per share i.e. issue price of ₹ 80 each aggregating to ₹ 101.91 Cr. in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended. The Company has filed the Draft Letter of Offer with SEBI, NSE and BSE on September 17, 2018. The Company has received the in-principle approval from NSE, BSE and is awaiting the observation letter from SEBI. The record date for determining the entitlement will be announced in due course subject to receipt of relevant approvals from regulatory authorities, as may be required.

6. 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 is given herein below:

- Recognized as Premier Depository Participant in Gold category by CDSL.
- Emerging brand excellence in the BFSI Sector by ABP.
- Marketing Excellence in brand award banking, financial service, and insurance sector by Global marketing excellence Awards.
- Best Overall Mobile App by Mobbys Awards at World marketing Congress.
- Best use of Social Media in Marketing by Mobbys Awards at World marketing Congress.
- Best Mobile Marketing Campaign by Mobbys Awards at World marketing Congress.
- Best use of Mobile Technology in Financial services by ET Now.
- Fintech Leader of the year (Mr. Prakarsh Gagdani – CEO) by ET Now.

Director's Report (Contd.)

7. DIVIDEND

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

8. SHARE CAPITAL

The paid up equity share capital of the company as on March 31, 2019 was ₹ 127,390,220/- (12,739,022 equity shares of ₹ 10/- each).

9. EMPLOYEES STOCK OPTION SCHEMES (ESOS)

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

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

During the financial year, no options were approved for grant under 5PCL ESOS 2017 and 5PCL ESOTS 2017. During the year, 20,000 options under 5PCL ESOS 2017 lapsed and the same have been added back to the pool, which are available for further grant.

There is no material change in Employees' Stock Option Scheme during the year under review and the Scheme is in line with the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations"). The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SBEB Regulations and the resolution passed by the members. The disclosures relating to ESOPs required to be made under the provisions of the Companies Act, 2013 and the rules made thereunder and the SEBI (Share Based Employee Benefits) Regulations, 2014 are provided on the website at <https://www.5paisa.com/investor-relations> and the same is available for inspection by the members at the Registered Office of the Company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, Guarantees and Investments covered under the provisions of the Section 186 of the Companies Act, 2013 forms part of the notes to the financial statements provided in this Annual Report.

11. SUBSIDIARIES

• 5paisa P2P Limited

During the year under review the Company has received the in-principle approval from RBI for registration as NBFC Peer-to-Peer Lending Platform (NBFC-P2P) from Reserve Bank of India (RBI). In terms of the said approval, 5paisa P2P Limited is required to set up the systems and processes and to comply with the other terms and conditions within a period of 12 months for obtaining final approval from RBI and commencement of NBFC- P2P activities. The Company is in process of setting up necessary system and process. On receipt of registration from RBI, 5paisa P2P Limited will commence the operations.

• 5paisa Insurance Brokers Limited

During the year under review, the Company incorporated, a wholly owned subsidiary namely 5paisa Insurance Brokers Limited on October 27, 2018. The Company is in process of making an application for registration as Insurance Brokers with Insurance Regulatory and Development Authority. On receipt of the approval, 5paisa Insurance Brokers Limited will commence the activities.

12. CONSOLIDATED FINANCIAL STATEMENTS

As per the provisions of section 134 and 136 of the Companies Act, 2013 read with applicable Rules, Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Accounting Standards, the Board of Directors had at their meeting held on April 16, 2019 approved the consolidated financials 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 2018-19. The Company will make these documents/details available upon request by any member of the Company. 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 copy would be sent. 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

Director's Report (Contd.)

included in this Annual Report incorporate the accounts of its subsidiaries. A report on the performance and financial position of the subsidiaries is provided in the prescribed form AOC-1 as "**Annexure I**", which forms part of this Report.

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

13. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Directors:

The Board comprises of Mr. Prakarsh Gagdani (DIN: 07376258) and Mr. Santosh Jayaram (DIN: 07955607) as the Whole Time Directors, Dr. Archana Niranjana Hingorani (DIN: 00028037) and Ms. Nirali Sanghi (DIN: 00319389) as the Non – Executive Independent Directors of the Company and Mr. Sarbeswar Lenka (DIN: 07306325) as the Non - Executive Non - Independent Director of the Company.

Appointment

Mr. Sarbeswar Lenka was appointed as Additional Director designated as Non - Executive Director. The Company has received notices under Section 160 of the Act, from a Member proposing the appointment of Mr. Sarbeswar Lenka as the Non - Executive Director of the Company. Approval of members by ordinary resolution for appointing Mr. Sarbeswar Lenka as Non - Executive Director has been sought in the Notice convening the Annual General Meeting of the Company. (Please refer to item No. 3 of the Notice)

Confirmation

- I. Mr. Santosh Jayaram was confirmed as the Whole Time Director by the Shareholders of the Company in the 11th Annual General Meeting held on July 17, 2018 for a period of three years w.e.f. January 11, 2018.
- II. Ms. Nirali Sanghi was appointed as the Independent director by the Shareholders of the Company in the 11th Annual General Meeting held on July 17, 2018 for a period of Five years w.e.f. January 11, 2018.

- III. Mr. Prakarsh Gagdani was reappointed as the Whole Time Director by the Shareholders of the Company in the 11th Annual General Meeting held on July 17, 2018 for a period of three years w.e.f. December 22, 2018.

Declaration by 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 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/confirmations were placed before the Board and duly noted.

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. Santosh Jayaram is liable to retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment. The Board recommends the same for shareholders' approval.

b. Key Managerial Personnel:

As on March 31, 2019, Mr. Prakarsh Gagdani - Whole Time Director & Chief Executive Director, Mr. Santosh Jayaram - Whole Time Director, Mr. Roshan Dave – Company Secretary & Compliance Officer and Mr. Gourav Munjal - Chief Financial Officer are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 and rules made thereunder.

During the year under review, Mr. Mahesh Shetty was appointed as a Chief Financial officer in place of Ms. Ankita Lakhota w.e.f. July 18, 2018. Mr. Mahesh Shetty - Chief Financial officer resigned w.e.f. January 16, 2019 and in his place Mr. Gourav Munjal was appointed as the Chief Financial Officer of the Company w.e.f. January 16, 2019. These changes in the Key Managerial Personnel were due to internal re-structuring.

The Remuneration and other details of the Key Managerial Person 2019 are mentioned in the Extract to the Annual Return in Form MGT-9 which is attached as "**Annexure II**" and forms a part of this report of the Directors.

Director's Report (Contd.)

15. MEETING OF DIRECTORS & COMMITTEE/BOARD EFFECTIVENESS

➤ Meetings of the Board of Directors

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

➤ Committees of the Board

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

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee

• **Audit Committee:**

During the year, the Audit Committee met Five (5) times in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013, during the year under review, the Company has re-constituted the Audit Committee and details thereof have been provided in Corporate Governance Report. At present the Committee comprises of Dr. Archana Niranjana Hingorani as the Chairman, Ms. Nirali Sanghi and Mr. Sarbeswar Lenka 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee met during the year under review and discussed on various matters including Rights Issue, financials and audit reports. During the period under review, the Board of Directors of the Company accepted all the recommendations of the Audit Committee.

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

• **Nomination and Remuneration Committee**

During the year, the Nomination and Remuneration Committee met Four (4) times.

The Company re-constituted the Nomination and Remuneration Committee and details thereof have been provided in Corporate Governance Report. At present, the Committee comprises of Ms. Nirali Sanghi as the Chairman and Dr. Archana Niranjana Hingorani and Mr. Sarbeswar Lenka 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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, KMP, senior management personnel of the company. The said policy is stated in the Corporate Governance Report of the Company and also it is available on the website at <https://www.5paisa.com/investor-relations>. The details of Committee meeting are provided in the Corporate Governance Report.

• **Stakeholders Relationship Committee**

During the year, the Stakeholders Relationship Committee met One (1) time in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013. The Committee comprises of Ms. Nirali Sanghi as the Chairman, Dr. Archana Niranjana 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same has been provided in the Corporate Governance Report.

During the year under review, the Company has received six (6) complaints on the scores portal and the same has been resolved. The details of the Meeting are given in the Corporate Governance Report.

Director's Report (Contd.)

➤ Board Effectiveness

• Familiarisation Program for the Independent Directors

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

• Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular no SEBI/CFD/CMD/CIR/P/2017/004 dated January 05, 2017, the Board of Directors has carried out an annual performance evaluation of its own performance its Committees, the Directors individually including Independent Directors based out of the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by Nomination and Remuneration Committee ("NRC"). The evaluation process, manner and performance criteria for independent directors in which the evaluation has been carried out by is explained in the Corporate Governance Report.

The Board considered and discussed the inputs received from the Directors. Also, the Independent Directors at their meeting held on March 18, 2019 reviewed the following:

- Performance of Non-Independent Directors and the Board 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.

16. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had 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 and loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the Directors had 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) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

17. 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.

Director's Report (Contd.)

18. 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/Shareholders, reporting and disclosure requirements in compliance with Companies Act, 2013 and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All transactions with Related Parties are placed before the Audit Committee as 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 considered as material in accordance with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same was also approved by the shareholders in the annual general meeting held on July 17, 2018. 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. 27 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.

19. ANNUAL RETURN

The details forming part of the extract of the Annual Return of the Company in form MGT – 9 is annexed herewith

as "Annexure - II". The extract of Annual Return of the Company has been placed and can be accessed at website at <https://www.5paisa.com/investor-relations>.

20. 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.

21. SECRETARIAL AUDIT

The Board had appointed M/s. Nilesh Shah & Associates, Company Secretary in practice to conduct Secretarial Audit of the Company for the financial year 2018-19. The Auditor had conducted the audit and their report thereon was placed before the Board. The Auditor in their report stated that Company has appointed one Non-Executive Director w.e.f. July 18, 2018. The said noting is self-explanatory. The report of the Secretarial Auditor is annexed herewith as "Annexure - III".

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

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

23. RISK MANAGEMENT

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 organisation 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 specialised internal audits on Broking and Depository Participant business as per the SEBI / Exchanges/ Depositories norms. The findings on Audit

Director's Report (Contd.)

Reports are reviewed by the Audit Committee / Board at their periodical meetings and the reports are submitted to the Exchanges / Depositories.

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

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

24. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

In compliance of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for Directors, Employees and Stakeholders to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Company has disclosed the policy at the website at <https://www.5paisa.com/investor-relations>.

During the financial year 2018-19, no cases under this mechanism were reported to the Company and/or to any of its subsidiaries.

25. PREVENTION OF SEXUAL HARASSMENT

Your Company recognises its responsibility and continues to provide a safe working environment for women, free from sexual harassment and discrimination. In Compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the 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.

Your Directors further state that during the fiscal year 2018-19, 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.

26. PARTICULARS OF EMPLOYEES

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

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits as set out in the Rules 5(2) and 5(3) of the aforesaid Rules, forms part of this report. 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 at its registered office and at the registered offices of the subsidiary during the business hours on working days 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 copy would be sent.

27. STATUTORY AUDITORS AND AUDITORS REPORT

M/s. V Sankar Aiyar & Co, Chartered Accountants, Mumbai (Firm Registration Number: 109208W) were appointed as Statutory Auditor of the Company at the 10th Annual General Meeting held on July 19, 2017 to hold office from the conclusion of the said Meeting till the conclusion of the 15th Annual General Meeting to be held in the year 2022 subject to ratification of their appointment by the Members at every intervening Annual General Meeting held thereafter. However the requirement of seeking ratification of the members for continuance of their appointment has been withdrawn consequent upon the changes made in the provisions of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 with effect from May 07, 2018. Hence the resolution seeking ratification of the members for their appointment is not being placed at the ensuing Annual General Meeting.

Director's Report (Contd.)

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.

28. COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (SS1 and SS2) respectively relating to Meetings of the Board and its Committees which have mandatory application.

29. 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.

30. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

31. GENERAL

Your Directors state that during the financial year 2018-19:

1. The Company did not accept/renew any deposits within the meaning of Section 73 of the Companies Act, 2013 and the rules made there under and as such,

no amount of principal or interest was outstanding as on the balance-sheet date.

2. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.
3. The Company has not issued any sweat equity shares during the year.
4. There are no significant and material orders passed against the Company by the Regulators or Courts or Tribunals, which would impact the going concern status of the Company and its future operations.

32. 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 shareholders is also greatly valued. Your Directors look forward to your continuing support.

For and on behalf of the Board

Prakarsh Gagdani

Whole Time Director & CEO
(DIN: 07376258)

Place: Mumbai

Date: April 16, 2019

Santosh Jayaram

Whole Time Director
(DIN: 07955607)

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	
1.	Name of the subsidiary	5paisa P2P Limited	5paisa Insurance Brokers Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 01, 2018 to March 31, 2019	October 27, 2018 to March 31, 2019
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR
4.	Share capital	20.50	0.50
5.	Reserves & surplus	(0.29)	(0.03)
6.	Total Assets	20.44	0.48
7.	Total Liabilities	0.23	0.01
8.	Investments	Nil	Nil
9.	Turnover	1.18	Nil
10.	Profit before taxation	(0.29)	(0.03)
11.	Provision for taxation	Nil	Nil
12.	Profit after taxation	(0.29)	(0.03)
13.	Proposed Dividend	Nil	Nil
14.	% of shareholding	100	100

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

- Names of subsidiaries which are yet to commence operations – **5paisa P2P Limited and 5paisa Insurance Brokers Limited**
- Names of subsidiaries which have been liquidated or sold during the year. - **Not Applicable**



Annexure – I to Directors' Report (Contd.)

PART "B": ASSOCIATES AND JOINT VENTURES

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

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

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

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

For and on behalf of the Board

Prakarsh Gagdani

Whole Time Director & CEO
DIN: 07376258

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
DIN: 07955607

Roshan Dave

Company Secretary

Place: Mumbai

Date: April 16, 2019

ANNEXURE – II TO DIRECTORS' REPORT

FORM NO. MGT-9

Extract of Annual Return

as on the financial year ended on March 31, 2019

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN:	L67190MH2007PLC289249
ii) Registration Date	July 10, 2007
iii) Name of the Company	Spaisa Capital Limited
iv) Category / Sub-Category of the Company	Listed Public Company Limited by shares
v) Address of the Registered office and contact details	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane-400604 Tel No.: 022-62727000 Fax No.: 022- 26847077
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400083. Tel: +91 22 49186000 Fax: +91 22 2594 6969 E-mail : mumbai@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
Stock Broking	66120	86.52
Fund based Activities and distribution of financial products	66190	13.48

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

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

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held*	Applicable section
1	Spaisa P2P Limited	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604.	U67120MH2017PLC302564	Wholly Owned Subsidiary	100	2(87)
2	Spaisa Insurance Brokers Limited	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604.	U66020MH2018PLC316449	Wholly Owned Subsidiary	100	2(87)

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

Annexure – II to Directors’ Report (Contd.)
IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)
i) Category-wise Share Holding

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (As on April 01, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% Change during the year*
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	3,662,977	Nil	3,662,977	28.7540	3,712,977	Nil	3,712,977	29.1465	0.3925
(b)	Central Government / State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corp.	160,000	Nil	160,000	1.2560	160,000	Nil	160,000	1.2560	Nil
(d)	Financial Institutions / Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub Total (A)(1)	3,822,977	Nil	3,822,977	30.0100	3,872,977	Nil	3,872,977	30.4025	0.3925
[2]	Foreign									
(a)	NRI – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Other-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Banks/ FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub Total (A)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(A)	Total Shareholding of Promoter and Promoter Group(A)= (A)(1)+(A)(2)	3,822,977	Nil	3,822,977	30.0100	3,872,977	Nil	3,872,977	30.4025	0.3925
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	51,344	Nil	51,344	0.4030	Nil	Nil	Nil	0.0000	(0.4030)
(b)	Financial Institutions / Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(g)	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i)	Foreign Portfolio Investor	2,525,616	Nil	2,525,616	19.8258	2,437,417	Nil	2,437,417	19.1335	(0.6923)
(j)	Any Other (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-total (B)(1):-	2,576,960	Nil	2,576,960	20.2289	2,437,417	Nil	2,437,417	19.1335	(1.0954)

Annexure – II to Directors' Report (Contd.)

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (As on April 01, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% Change during the year*
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2	Non-Institutions									
a	Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i)	Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii)	Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b)	Individuals									
	(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.	839,704	3,213	842,917	6.6168	837,034	2309	839,343	6.5888	(0.0280)
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	908,563	Nil	908,563	7.1321	1,282,876	Nil	1,282,876	10.0704	2.9383
c)	NBFCs registered with RBI	Nil	Nil	Nil	Nil	200	Nil	200	0.0016	0.0016
d)	Any Others									
	Trusts	248	Nil	248	0.0019	90	Nil	90	0.0007	(0.0012)
	Hindu Undivided Family	60,093	Nil	60,093	0.4717	64,359	Nil	64,359	0.5052	0.0335
	NRI (Repatriable)	695,499	9000	704,499	5.5302	450,098	9000	459,098	3.6039	(1.9263)
	NRI(Non Repatriable)	266,082	Nil	266,082	2.0887	280,543	Nil	280,543	2.2022	0.1135
	Foreign Nationals	9,871	Nil	9,871	0.0775	5,000	Nil	5,000	0.0392	(0.0383)
	Clearing Member	15,825	Nil	15,825	0.1242	26,411	Nil	26,411	0.2073	0.0831
	Foreign Companies	3,385,657	Nil	3,385,657	26.5771	3,385,657	Nil	3,385,657	26.5771	0.0000
	Bodies Corporate	142,330	Nil	142,330	1.1173	82051	Nil	82,051	0.6441	(0.4732)
	Foreign Portfolio Investor (Individual)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub Total (B)(2)	6,323,872	12,213	6,336,085	49.7376	6,414,319	11,309	6,425,628	50.4405	0.7029
	Total Public Shareholding(B)= (B)(1)+(B)(2)	8,900,832	12,213	8,913,045	69.9665	8,851,736	11,309	8,863,045	69.5740	(0.3925)
(C)	Shares held by the Custodian for GDRs & ADRs									
[1]	Custodian/DR Holder	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	3,000	0	3,000	0.0235	3,000	Nil	3,000	0.0235	Nil
	Sub Total (C)	3,000	0	3,000	0.0235	3,000	Nil	3,000	0.0235	Nil
	Total (A)+(B)+(C)	12,726,809	12213	12,739,022	100.0000	12,727,713	11,309	12,739,022	100.0000	

Annexure – II to Directors’ Report (Contd.)

ii) Shareholding of Promoters:-

Shareholder's Name	Shareholding at the beginning of the year (As on April 01, 2018)			Shareholding at the end of the year (As on March 31, 2019)			% change in share holding during the year*
	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
Nirmal Jain	2,178,600	17.10	Nil	2,228,600	17.49	Nil	0.39
Venkataraman Rajamani	436,377	3.42	Nil	436,377	3.42	Nil	Nil
Madhu N Jain	680,000	5.34	Nil	680,000	5.34	Nil	Nil
Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)	360,000	2.83	Nil	360,000	2.83	Nil	Nil
Ardent Impex Pvt Ltd	108,000	0.85	Nil	108,000	0.85	Nil	Nil
Orpheus Trading Pvt. Ltd.	52,000	0.41	Nil	52,000	0.41	Nil	Nil
Aditi Athavankar	8,000	0.06	Nil	8,000	0.06	Nil	Nil
Total	3,822,977	30.01	Nil	3,872,977	30.40	Nil	0.39

iii) Change in Promoters Shareholding

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
At the beginning of the year (April 01, 2018)	38,22,977	30.01	38,22,977	30.01
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
Increase in Promoters Shareholding during the year i.e. Mr. Nirmal Jain acquired equity shares through secondary market on December 26, 2018	50,000	0.39	38,72,977	30.40
At the end of the year (March 31, 2019)	38,72,977	30.40	38,72,977	30.40

Annexure – II to Directors' Report (Contd.)

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

Sr. No.	Name of shareholders	Shareholdings at the beginning of the year (As on April 01, 2018)		Change in Shareholdings (No. of shares)		Shareholdings at the end of the year (As on March 31, 2019)	
		No. of shares	% of total shares of the Company	Increase	Decrease	No. of shares	% of total shares of the Company*
1	FIH Mauritius Investments Ltd	33,85,657	26.58	Nil	Nil	33,85,657	26.58
2	HWIC Asia Fund Class A Shares	11,34,501	8.90	Nil	Nil	11,34,501	8.90
3	Bank Muscat India Fund	5,03,928	3.95	Nil	Nil	5,03,928	3.95
4	Bharat H Parajia	6,15,471	4.83	Nil	Nil	6,15,471	4.83
5	WF Asian Reconnaissance Fund Limited	2,64,253	2.07	Nil	Nil	2,64,253	2.07
6	Lobco Limited	2,16,722	1.70	Nil	Nil	2,16,722	1.70
7	Girish Nilkanth Kulkarni	1,39,201	1.09	Nil	Nil	1,39,201	1.09
8	Habrok India Master LP	1,27,543	1.00	8,459	Nil	1,36,002	1.07
9	Aniruddha Dange	84,905	0.67	50,000	Nil	1,34,905	1.06
10	Vasudev Jagannath Nuggehally	81,160	0.64	50,000	Nil	1,31,160	1.03

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

Sr. No.	Name of Directors and KMP	Shareholding at the beginning of the year (As on April 01, 2018)		Change in Shareholding (No. of Shares)		Shareholding at the end of the year (As on March 31, 2019)	
		No. of shares	% of total shares of the Company	Increase	Decrease	No. of shares	% of total shares of the Company#
1.	Dr. Archana Niranjan Hingorani	Nil	Nil	Nil	Nil	Nil	Nil
2.	Ms. Nirali Sanghi	Nil	Nil	Nil	Nil	Nil	Nil
3.	Mr. Prakarsh Sharad Gagdani	2490	0.02	6500	0.05	8990	0.07
4.	Mr. Santosh Jayaram	Nil	Nil	Nil	Nil	Nil	Nil
5.	Mr. Sarbeswar Lenka	Nil	Nil	Nil	Nil	Nil	Nil
6.	Mr. Roshan Bhanuprakash Dave – Company Secretary	1	Nil	Nil	Nil	1	0
7.	Ms. Ankita Lakhota*	Nil	Nil	Nil	Nil	Nil	Nil
8.	Mr. Mahesh Shetty#	N.A.	N.A.	Nil	Nil	Nil	Nil
9	Mr. Gourav Munjal®- Chief Financial Officer	N.A	N.A.	Nil	Nil	Nil	Nil

Note:-

@ Mr. Gourav Munjal was appointed as Chief Financial Officer w.e.f. January 16, 2019.

Mr. Mahesh Shetty was appointed on July 18, 2018 and he resigned as a Chief Financial Officer w.e.f. January 16, 2019.

* Ms. Ankita Lakhota resigned as a Chief Financial Officer w.e.f. July 17, 2018.

Annexure – II to Directors’ Report (Contd.)

V. INDEBTEDNESS

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

(Amount in ₹)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of year as on April 01, 2018				
(i) Principal amount	16,14,69,666	Nil	Nil	16,14,69,666
(ii) Int. due but not paid	Nil	Nil	Nil	Nil
(iii) Int. accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Changes in Indebtedness during the year				
Addition	69,36,46,228	2,78,35,79,000	Nil	3,47,72,25,228
Reduction	22,50,00,000	2,49,35,79,000	Nil	2,71,85,79,000
Net Change	46,86,46,228	29,00,00,000	Nil	75,86,46,228
Indebtedness at the end of the financial year March 31, 2019				
(i) Principal amount	63,00,22,401	29,00,00,000	Nil	92,00,22,401
(ii) Int. due but not paid	93,493	Nil	Nil	93,493
(iii) Int. accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	63,01,15,894	29,00,00,000	Nil	92,01,15,894

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Particulars of Remuneration	Name of MD/WTD/ Manager		Total
Name of MD/WTD/Manager	Mr. Prakarsh Sharad Gagdani	Mr. Santosh Jayaram	
Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	76,26,800	23,62,100	99,88,900
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	Nil	39,600
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
Stock Option (in quantity)*	1,25,000	20,000	Nil
Sweat Equity	Nil	Nil	Nil
Commission			
- as % of profit	Nil	Nil	Nil
-others, specify	Nil	Nil	Nil
Others [Provident Fund, Pension Fund and NPS]	Nil	Nil	Nil
Total (A)	76,66,400	23,62,100	1,00,28,500
Ceiling as per the Act**	1,68,00,000	1,68,00,000	3,36,00,000

*Stock options were issued on January 29, 2018 under Spaisa Capital Limited Employee Stock Option Scheme 2017.

** In view of loss, the ceiling is applicable as per Schedule V and other applicable provisions of the Companies Act, 2013 with related Rules thereto.

Annexure – II to Directors' Report (Contd.)

B. Remuneration to other directors:

(Amount in ₹)

Particulars of Remuneration	Name of Directors			Total
	Mr. Sarbeswar Lenka (Non-Executive Director)	Dr. Archana Niranjana Hingorani (Independent Directors)	Ms. Nirali Sanghi (Independent Directors)	
Independent Directors				
- Fees for attending board/ committee meetings	NA	4,05,000	4,05,000	8,10,000
- Commission	NA	Nil	Nil	Nil
- Other	NA	Nil	Nil	Nil
Total (1)	NA	4,05,000	4,05,000	8,10,000
Other Non-Executive Directors				
- Fees for attending board/ committee meetings	2,10,000	Nil	Nil	2,10,000
- Commission	Nil	Nil	Nil	Nil
- Others	Nil	Nil	Nil	Nil
Total (2)	Nil	Nil	Nil	Nil
Total (B)=(1+2)	2,10,000	4,05,000	4,05,000	10,20,000
(A+B)	Total Managerial Remuneration			1,10,48,500
Overall Ceiling as per the Act	Overall Ceiling as per the Companies Act, 2013 for sitting fees is upto ₹ 1.00 Lac to be paid to directors for attending the each Board or Committee meetings.			

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

(Amount in ₹)

Particulars of Remuneration	Name of the Key Managerial Personnel				Total
	**Mr. Gourav Munjal (Chief Financial Officer)	Mr. Roshan Dave (Company Secretary)	^Mr. Mahesh Shetty (Chief Financial Officer)	#Ms. Ankita Lakhota (Chief Financial Officer)	
Gross Salary					
a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	6,32,500	15,20,304	10,32,951	5,87,102	37,72,857
b. Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil
c. Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	Nil	Nil	Nil	Nil	Nil
Stock Option (in quantity) *	Nil	5,000	Nil	Nil	Nil
Sweat Equity	Nil	Nil	Nil	Nil	Nil
Commission - as % of profit	Nil	Nil	Nil	Nil	Nil
Others, please specify [Provident Fund, Pension Fund and NPS]	Nil	60924	Nil	24405	85,329
Total	6,32,500	15,81,228	10,32,951	6,11,507	38,58,186

*Stock options were issued on January 29, 2018 under Spaisa Capital Limited Employee Stock Option Scheme 2017.

** Mr. Gourav Munjal was appointed as Chief Financial Officer w.e.f. January 16, 2019.

^ Mr. Mahesh Shetty was appointed on July 18, 2018 and he resigned as a Chief Financial Officer w.e.f. January 16, 2019.

Ms. Ankita Lakhota resigned as a Chief Financial Officer w.e.f. July 17, 2018.



Annexure – II to Directors' Report (Contd.)

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

For and on behalf of the Board

Prakarsh Gagdani

Whole Time Director & CEO

DIN: 07376258

Santosh Jayaram

Whole Time Director

DIN: 07955607

Place: Mumbai

Date: April 16, 2019

ANNEXURE – III TO DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[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 **March 31, 2019**, 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 March 31, 2019 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009 (to the extent applicable) up to September 10, 2018 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 w.e.f. September 11, 2018;
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (f) 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 and Participant) Regulations, 1996;
 - (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;

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

Annexure – III to Directors' Report (Contd.)

We have also examined compliance with the applicable clauses of:

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

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

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

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Company has appointed one Non-Executive Director w.e.f. July 18, 2018 and other changes in the composition of the Board of Directors that took place during the period under review were carried out, in compliance with the provisions of the Act.

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

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

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

We further report that during the audit period under review, there were no events / actions having major bearing on the Company's affairs save and except as mentioned below:

- The Board at its Meetings held on July 17, 2018 and September 12, 2018 approved the proposal of issue of equity shares by way of a Rights Issue to the existing shareholders of the Company in the ratio of 1 equity share of ₹ 10 each for every 1 equity share of ₹ 10 each held in the Company at a premium of ₹ 70 per equity share i.e. issue price of ₹ 80 each aggregating to ₹ 101.91 Cr. in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, subject to receipt of relevant approvals from regulatory authorities, as may be required. Further, the Company has filed the Draft Letter of Offer with SEBI, NSE and BSE on September 17, 2018. The Company has received the in-principle approval from both stock exchanges and is awaiting the observation letter from SEBI on the proposed Rights Issue.

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

Date:- April 16, 2019

Place:- Mumbai

Signature:-

Name: Nilesh Shah

For Nilesh Shah & Associates

Company Secretaries

FCS : 4554

C.P. : 2631

'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. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date:- April 16, 2019
Place:- Mumbai

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

ANNEXURE – IV TO DIRECTORS' REPORT

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

CONSERVATION OF ENERGY

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

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

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

Technology

Technology is the backbone of 5paisa. Our focus has always been to leverage technology to deliver a better, faster, and secure trading and investment experience. While this has helped to add several new internal products and enhance features of our existing trading platforms, this year's focus has also been on opening up our technology ecosystem to external tech-focused solution providers in the trading and investments space. This has enabled us to widen our bouquet of offerings even further. There has been a lot of focus on enabling better decision making using technology for our traders and investors. Below mentioned are the key achievements of FY2019.

Technology in research

During the year, the Company concentrated on introducing research driven products to its customers. The product suite combines expert research with proven methodologies to measurably help investors and traders participate in financial markets.

3rd Party Integrations: The Company launched three new research integrations in association with external parties including well established institutional quality research providers as well as new-age start-ups with very unique offerings.

- Swing Trader, in partnership with Marketsmith India - a research company owned by Legendary US investor and author William O'Neil, is an equity research tool suitable for short-term traders.
- Smallcase offers investors a chance to buy an entire portfolio of stocks, built around a curated theme or idea, in one single click.
- Sensibull is options trading platform, offering everything from simplified options trading for new investors to powerful trading tools for the pros, making options trading safe, accessible, and profitable for all.

Open eco-system: One of the key focus areas for this year was to open up access to our APIs for various processes like registrations, account opening and trading. In view of the rising number of start-ups that are providing unique ways for customers to discover market opportunities, we have created an open eco-system by providing our APIs to enable these platforms to directly integrate with 5paisa and allow their own customers to login and place orders directly from the convenience of their platforms. This allows them the flexibility to customize the user experience based on the kind of research products being offered by them.

Technology in trading

The Company's focus on technology has helped in streamlining trading with constant addition of new features and tech upgrades on its platform.

Features and enhancements: The Company introduced bracket and cover order to help customers take maximum exposure; and started offering trade in MCX for all its customers. It also introduced auto square off to mitigate naked risk both for the customer as well as the organisation;

Payment integration: In order to make monetary transactions smooth and effortless, the Company integrated with Yes Bank and HDFC Bank for real-time payment credits through NEFT, IMPS and UPI modes of transfer. Additionally, UPI payments helped in instant transfer money to ledger account without the need to enter any bank account information or net banking credentials every time. The Company also integrated with Google Pay to offer a wider payment options to its customers.

Technology to enhance customer experience

Giving customers a seamless experience has been the Company's priority, and in this direction 5paisa's emphasis on technology has remained vital in making it possible.

Stable Platform: The Company from its onset focused on building a flexible, reliable and scalable infrastructure model

Annexure – IV to Directors' Report (Contd.)

with an aim of zero downtime. To keep pace with the ballooning volumes of trade, the Company recently updated its system links with NSE to a higher bandwidth. Moreover, while the Company's infrastructure is regularly upgraded to meet the growing customer demand, looking ahead it has already planned for 40% additional capacity for servers to connectivity.

User experience: The Company had made significant enhancements to improve user experience of its Trade Station - web platform, mobile application and e-account opening process, among others to enhance ease of access and usability.

Forum: The Company created platform for its customers to help them learn, share and connect with like-minded investors; and get timely updates on enhancements, product features and processes in the form of announcements.

Data analytics: Another key area of focus was data analytics to understand customers better and provide them right offers at the right time. Through this practice, the Company was successful in

cross-selling products and offering customised loan products as per customer requirements.

FOREIGN EXCHANGE EARNINGS/OUTGO OF THE STANDALONE COMPANY

- a) The foreign exchange earnings: NIL
- b) The foreign exchange expenditure: ₹ 16,124,466/-

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, 2019	March 31, 2018
Capital	Nil	Nil
Revenue	Nil	Nil

For and on behalf of the Board**Prakarsh Gagdani**

Whole Time Director & CEO
DIN: 07376258

Place: Mumbai

Date: April 16, 2019

Santosh Jayaram

Whole Time Director
DIN: 07955607

ANNEXURE – V TO DIRECTORS' REPORT

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

Sr. No.	Requirement	Disclosure
I	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year	Prakarsh Gagdani – WTD & CEO
		33.92X
		Santosh Jayaram – WTD
		10.45X
		Non-Executive Director@
	Dr. Archana Niranjn Hingorani	
	NA	
	Mr. Sarbeswar Lenka	
	NA	
	Mr. Nirali Sanghi	
	NA	
II	The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year	Executive Directors
		Prakarsh Gagdani – WTD & CEO
		20%
		Santosh Jayaram – WTD
		15%
		Non-Executive Director@
		Dr. Archana Niranjn Hingorani
		NA
		Mr. Sarbeswar Lenka
		NA
		Mr. Nirali Sanghi
NA		
	CFO, CEO and CS	
	Prakarsh Gagdani – WTD & CEO	
	20%	
	Chief Financial Officer (CFO) *	
	NA	
	Company Secretary (Roshan Dave)	
	17%	
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 648 employees on the rolls as on March 31, 2019.
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 2018-19, there is an average increase of 10% in the remuneration other than managerial personnel as compared to increase of 19% in the remuneration of managerial personnel.
VI	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes it is confirmed

Note:

- *Mr. Mahesh Shetty was appointed as Chief Financial Officer of the Company w.e.f. July 18, 2018 in place of Ms. Ankita Lakhotia, who resigned on July 17, 2018. Mr. Gourav Munjal was appointed as Chief Financial Officer of the Company w.e.f. January 16, 2019 in place of Mr. Mahesh Shetty, who resigned on January 16, 2019.
- @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 & CEO

DIN: 07376258

Place: Mumbai

Date: April 16, 2019

Santosh Jayaram

Whole Time Director

DIN: 07955607

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report relating to the year ended on March 31, 2019 has been issued in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendment thereof and forms a part of the Report of the Directors to the Members of the Company.

1. OUR COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Spaisa Capital Limited ('the Company') follows the highest standards of governance and disclosure. The company firmly believes that adherence to business ethics and sincere commitment to corporate governance will help the Company achieve its vision of being the most respected Fintech Company in the financial services space in India. Since inception, the promoters have demonstrated exemplary track record of governance and utmost integrity. The Company is in compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.

Our Board has Independent Directors, highly respected for their professional integrity as well as rich financial experience and expertise.

2. BOARD OF DIRECTORS

(a) Composition of the Board of Directors as on March 31, 2019:

The Board of Directors ("Board") of the Company has an optimum combination of executive and non-executive directors (including two women directors). The Board provides leadership, strategic guidance and discharges its fiduciary duties of safeguarding the interest of the Company and its stakeholders. None of the Directors of the Company are related to each other.

The composition of the Board is as follows:

Category	Name of the Directors
Executive Directors	Mr. Prakarsh Gagdani (Whole Time Director & Chief Executive Officer)
	Mr. Santosh Jayaram (Whole Time Director)
Non-Executive Non Independent Director	Mr. Sarbeswar Lenka
Independent Non – Executive Directors	Dr. Archana Niranjana Hingorani
	Ms. Nirali Sanghi

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

- DR. ARCHANA NIRANJAN HINGORANI** – Chairman and Independent Director

Dr. Archana Niranjana Hingorani is a Chairperson and Independent Director of the Company.

She holds a Bachelor's degree in Arts from the University of Mumbai, a Master's degree in Business Administration from the Graduate School of Business, University of Pittsburgh, USA and a doctorate degree in philosophy from the Joseph M. Katz Graduate School of Business, University of Pittsburgh, USA. She has 23 years of experience in financial services and private equity fund investment. Prior to joining the Company, she was associated with the IL&FS Group until 2017, in various capacities, including being the CEO of IL&FS Investment Managers Limited. She has been the recipient of various awards such as 'Ten most influential women in private real estate investing' by PERE in 2010, 'Most Powerful Women' in 2014, 2015, 2016 and 2017 by Fortune India, 'Most Powerful Women' in 2011, 2012 and 2013 by Business Today, '25 Most Influential Women in Asia Asset Management' by Asian Investor in May, 2014, and 'Distinguished International Alumnus' in the year 2016 by the Katz Graduate School of Business, University of Pittsburgh, USA.

She is a member of the Audit Committee, the Nomination and Remuneration Committee and Stakeholders the Relationship Committee of the Board. She is Chairman of the Audit Committee of the Board.

Expertise in specific functional areas	Business Management and Finance	
List of Directorship held in other Companies	Name of the Company	Category of Directorship
	Edmobile Labs Private Limited	Non-Executive Independent Director
	Alembic Pharmaceuticals Limited	Non-Executive Independent Director
	DEN Networks Limited	Non-Executive Independent Director
	PNB Metlife India Insurance Company Limited	Non-Executive Independent Director
	SIDBI Venture Capital Limited	Non-Executive Independent Director
No of shares held in the Company	Nil	

Corporate Governance Report (Contd.)

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

Mr. Prakarsh Gagdani is the Whole Time Director and Chief Executive Officer of the Company. He holds a post graduate diploma degree in business management and has done his bachelors in Business Management from Mulund College of Commerce, Mumbai University. He has about seventeen (17) years of cross functional experience in sales, advisory, product development and business development. He has gained expertise in retail equity broking domain and is a keen strategist with expertise in managing the entire business and ensuring optimal utilisation of resources. In the past, he was associated with Angel Broking Limited for about twelve (12) years.

He is a Member of the Stakeholders Relationship Committee of the Board.

Expertise in Specific Functional Areas	Business Management, Corporate Strategy and Retail Equity Broking	
List of Directorship held in other Companies	Name of the Company	Category of Directorship
	Spaisa P2P Limited	Non-Executive Director
	Spaisa Insurance Brokers Limited	Non-Executive Director
No. of shares held in the Company	8,990	

- **MR. SARBESWAR LENKA** - Non-Executive Director

Mr. Sarbeswar Lenka is an Additional Director of the Company designated as Non-Executive Non-Independent Director. He is master in physics and also an associate member of The Indian Institute of Bankers. He has around 34 years of banking & financial services experience and has been associated with the State Bank of India and SBICAP Securities Limited. He was associated with Chhattisgarh Rajya Gramin Bank – Raipur as its Chairman from July 2012 to August 2015.

He is a Member of the Audit Committee and the Nomination & Remuneration Committee of the Board.

Expertise in Specific Functional Areas	Banking & Financial services experience with a strong domain knowledge of Forex, Money and Capital Market
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List of Directorship held in other Companies	Nil
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No of shares held in the Company	Nil
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- **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 years in the United States where she received her Bachelors in Economics and Computer Science from Barnard College, Columbia University (New York, USA) and M.B.A in Finance and Marketing from Columbia Business School (New York, USA).

She is a member of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee of the Board. She is the Chairman of the Nomination & Remuneration Committee and Stakeholders Relationship Committee of the Board.

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

No of shares held in the Company	Nil
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- **MR. SANTOSH JAYARAM** - Whole Time Director

Mr. Santosh Jayaram is Whole Time Director of the Company. He holds a B. Tech degree and a Master's degree in business management from NMIMS University, Mumbai. He has been associated with Spaisa Capital Limited and IIFL Group since May 2011. He has an experience in area of business process re-engineering,

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digitisation, product development, mobile application development and user experience management.

Expertise in Specific Functional Areas Operations and Business Development

List of Directorship held in other Companies	Name of the Company	Category of Directorship
	Spaisa P2P Limited	Non-Executive Director
Spaisa Insurance Brokers Limited	Non-Executive 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. It 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, Board of Directors have identified the following Core Skills/ Practical Experience/ Special Knowledge/ Competencies as required in the context of its business(es) and sector(s) for it to function effectively:

- 1) Knowledge of Sector
- 2) Accounting and Finance

- 3) Corporate Governance & Compliances
- 4) Marketing Experience
- 5) Strategy development and Implementation
- 6) Information Technology
- 7) Stakeholders Relationship
- 8) Risk Management System
- 9) CEO/Senior Management Experience Leadership

The Board of the Company has the necessary Skills/ Expertise/ Competence in all the above mentioned areas.

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

During the F.Y. 2018-2019, Five (5) Board Meetings were held on the following dates: April 17, 2018, July 17, 2018, September 12, 2018, October 17, 2018 and January 16, 2019.

As mandated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendment thereof none of the Directors on the Board of the Company is Member of more than ten (10) specified Committees and none is a Chairman of more than Five (5) specified Committees across all the Indian Public Limited companies in which they are Directors. The Company has received necessary disclosures from all the Directors regarding Committee positions held by them in other Companies. The table below gives the details of the names of the members of the Board, their status, their attendance at the Board Meetings and the last AGM, their Directorships, Committee Memberships and Chairmanships in Indian Companies as on March 31, 2019. 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 Spaisa Capital Limited)	Membership of Committees (including of Spaisa Capital Limited)^	
						Member	Chairman@
Dr. Archana Niranjani Hingorani (DIN: 00028037)	07/06/2017	Independent Director	05	Yes	05	04	02

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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 Spaisa Capital Limited)	Membership of Committees (including of Spaisa Capital Limited)^	
						Member	Chairman@
#Mr. Prakarsh Gagdani (DIN: 07376258)	22/12/2018	Whole Time Director and Chief Executive Officer	05	Yes	03	01	Nil
Ms. Nirali Sanghi (DIN:00319389)	11/01/2018	Independent Director	05	Yes	01	01	01
*Mr. Sarbeswar Lenka (DIN: 07306325)	18/07/2018	Additional Non – Executive Director	03	N.A.	01	01	Nil
Mr. Santosh Jayaram (DIN: 07955607)	11/01/2018	Whole Time Director	05	Yes	03	Nil	Nil

Note:

1. *Mr. Sarbeswar Lenka was appointed as an Additional Non-Executive Director of the Company w.e.f. July 18, 2018. The Board has confirmed the directorship of Mr. Sarbeswar Lenka as a Non-Executive Director subject to approval of the shareholders at the ensuing Annual General Meeting.
2. ^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.
3. @This is in addition to the number of committees in which the director is designated as a committee member.
4. #Mr. Prakarsh Gagdani was reappointed by the shareholder at the 11th Annual General Meeting held on July 17, 2018 as Whole Time Director for the three year w.e.f. December 22, 2018.

(e) Board Level Performance Evaluation:

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

The criteria for performance evaluation are as under:

For Chairman:

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

For Executive Directors:

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

For Non-Executive Directors (including Independent Directors):

The criteria for evaluation of Non-Executive Directors, *inter alia*, includes attendance at the meetings, study

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of agenda and active participation, contribution to discussions on strategy, participate constructively and actively in committees of the Board, exercise of skills and diligence with due and reasonable care and to bring independent judgment to the Board, ability to bring in best practices from his / her experience, adherence to the code of conduct.

For Board as a whole:

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

(f) Separate meetings of the Independent Directors:

In compliance with the provisions of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Company was held on March 18, 2019, *inter alia*, to discuss the following:

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

Upon the conclusion of the meeting, the Independent Directors expressed their satisfaction over the performance of the other directors and the Board 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.

(g) Familiarisation 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 familiarisation programmes of the Company may be accessed on the Company's website at the link <https://www.5paisa.com/investor-relations>.

(h) 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,

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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.

(i) Information Supplied to the Board / Committees:

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

- (a) Annual operating plans of the businesses and budgets and any update thereof.
- (b) Capital budgets and any updates thereof.
- (c) Quarterly and half yearly results of the Company as per the format prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (d) Minutes of the Meetings of the Board and all other Committees of the Board.
- (e) The information on recruitment and remuneration of senior officers just below the Board level, including the appointment or removal, if any, of Chief Financial Officer and Company Secretary.
- (f) Status of important/material litigations etc.
- (g) Show cause, demand, prosecution notices and penalty notices, which are materially important.
- (h) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- (i) Any material default in financial obligations to and by the Company
- (j) 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.

- (k) Details of any joint venture or collaboration agreement.
- (l) Transactions that involve substantial payment towards royalty, goodwill, brand equity or intellectual property.
- (m) Any significant development in human resources / industrial relations front, as and when it occurs.
- (n) Sale of material nature of investments, assets which are not in the normal course of business.
- (o) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- (p) 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.

(j) 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.

(k) Post meeting follow-up mechanism: The Company has an effective post meeting follow-up review and reporting process for the decisions taken by the Board and Committee(s) thereof. The important decisions taken at the Board / Committee(s) Meetings which calls for actions to be taken are promptly initiated and wherever required, communicated to the concerned departments/ divisions. The action taken report is placed at the immediately succeeding Meeting of the Board / Committee(s) for information and review by the Board/ Committee(s).

3. AUDIT COMMITTEE

- (i) The present Audit Committee of your Company comprises of two Independent Directors (Dr. Archana Niranjana Hingorani and Ms. Nirali Sanghi) and one Non-Executive Director (Mr. Sarbeswar Lenka). Dr. Archana Niranjana Hingorani, an Independent Director, is the Chairman of the Committee. All the members of the Audit Committee are financially

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literate and possess thorough knowledge of the financial services industry.

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

- a) Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of our Company;
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - i) Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - iii) Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv) Significant adjustments made in the financial statements arising out of audit findings;
 - v) Compliance with listing and other legal requirements relating to financial statements;
 - vi) Disclosure of any related party transactions; and
 - vii) Qualifications/ modified opinions in the draft audit report.
- e) Reviewing, the quarterly financial statements with the management before submission to the Board for approval;
- f) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of our Company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of our Company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Monitoring the end use of funds raised through public offers and related matters, if any;
- m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- o) Discussion with internal auditors of any significant findings and follow up there on;
- p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- q) Discussion with statutory auditors before the commencement of the audit, about the

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- nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- r) The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company;
- s) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- t) To establish and review the functioning of the whistle blower mechanism;
- u) Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- v) Related Party Transactions:
- i) all related party transactions shall require prior approval of the Audit Committee.
 - ii) the Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions, namely:
 - 1 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;
 - 2 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;
 - 3 such omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- iii) the omnibus approval shall specify:
- 1 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;
 - 2 the extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - 3 the indicative base price or current contracted price and the formula for variation in the price if any;
 - 4 such other conditions as the Audit Committee may deem fit.
- Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction;
- iv) the Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
- v) such omnibus approvals shall be valid for a period not exceeding one (1) financial year and shall require fresh approvals after the expiry of such financial year;
- vi) however such prior and omnibus approval shall not be required in case of the transactions entered into between the company and its wholly owned subsidiary/ subsidiaries whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.
- w) Review of:
- i) management discussion and analysis of financial condition and results of operations;
 - ii) statement of significant related party transactions (as defined by the audit committee), submitted by management;

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- 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;
- x) The Audit Committee shall have authority to investigate into any matter in relation to the items specified above and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company;
- y) Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority.

During the period under review, the Audit Committee of the Company met Five (5) times on April 17, 2018, July 17, 2018, September 12, 2018, October 17, 2018 and January 16, 2019. The necessary quorum was present at the meetings. The gap between two Audit Committee Meetings was not more than 120 days.

The Audit Committee was constituted on March 31, 2017 and the same was last reconstituted on July 18, 2018. The attendance of each member of the committee at the Meeting of Committee as on March 31, 2019 is given below:

Name of the members	Designation	Non-Executive/ Executive / Independent	No. of committee meetings held	Committee meeting attended
Dr. Archana Niranjana Hingorani	Chairman	Independent	05	05
Ms. Nirali Sanghi	Member	Independent	05	05
*Mr. Prakarsh Gagdani	Member	Executive	05	02
#Mr. Sarbeswar Lenka	Member	Non-Executive	05	03

Note:

- (a) *Mr. Prakarsh Gagdani resigned as a member of the Committee w.e.f. July 18, 2018 and he was eligible to attend for two meetings during the year.
- (b) #Mr. Sarbeswar Lenka was appointed as a member of the Committee w.e.f. July 18, 2018 and he was eligible to attend for three meetings during the year;

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 was present at the last Annual General Meeting of the Company held on July 17, 2018.

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4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of your Company comprises of two Independent Directors (Dr. Archana Niranjana Hingorani and Ms. Nirali Sanghi) and one Non-Executive Director (Mr. Sarbeswar Lenka). Ms. Nirali Sanghi, an Independent Director, is the Chairman of the Committee.

The scope of activities of the Nomination and Remuneration Committee is as set out in Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended, read with Section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee are broadly as follows:

- (a) Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (b) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and while formulating this policy ensure that:
 - (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;

(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.

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

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

During the year under review, the Nomination and Remuneration Committee of the Company met Four (4) times during the last financial year on April 17, 2018, July 17, 2018, September 12, 2018 and January 16, 2019. The necessary quorum was present at the meetings.

The Nomination and Remuneration Committee was constituted on March 31, 2017 and the same was last reconstituted on July 18, 2018.

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	Chairman	Independent	04	04
Dr. Archana Niranjana Hingorani	Member	Independent	04	04
*Mr. Prakarsh Gagdani	Member	Executive	04	02
#Mr. Sarbeswar Lenka	Member	Non-Executive	04	02

Note:

1. *Mr. Prakarsh Gagdani resigned as a member of the Committee w.e.f. July 18, 2018 and he was eligible to attend two meeting during the year.
2. #Mr. Sarbeswar Lenka was appointed as a member of the Committee w.e.f. July 18, 2018 and he was eligible to attend for two meetings during the year;

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

The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company held on July 17, 2018.

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

(a) Nomination and Remuneration Policy:

I. OBJECTIVE:

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been approved by the Nomination and Remuneration Committee (the Committee) and Board of Directors.

II. DEFINITIONS:

1. "Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
2. "Board" means Board of Directors of the Company.
3. "Key Managerial Personnel" (KMP) means:
 - Managing Director, or Chief Executive Officer or Manager;
 - Whole-time Director;
 - Chief Financial Officer;
 - Company Secretary; and such other officer as may be prescribed.
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" means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 / Listing agreement (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;
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.

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IV. APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:

1. Appointment Criteria and Qualifications:

a) A person being appointed as director, KMP or in senior management should possess adequate qualification, expertise and experience for the position he/she is considered for appointment.

b) Independent Director:

(i) Qualifications of Independent Director:

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

(ii) Positive attributes of Independent Directors:

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

2. Removal:

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

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

3. Retirement:

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

V. REMUNERATION:

A. Directors:

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

(i) At the time of appointment or re-appointment, the Executive Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) within the overall limits prescribed under the Companies Act, 2013.

(ii) The remuneration shall be subject to the approval of the Members of the Company in General Meeting as per the requirement of the Companies Act, 2013.

(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

Corporate Governance Report (Contd.)

performance bonus), the Committee shall consider the following:

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

2. Non-Executive Director:

- (i) The Non-Executive Independent Director may receive fees for attending meeting of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- (ii) A Non-Executive Director may be paid commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee.
- (iii) The Committee may recommend to the Board, the payment of commission, to reinforce the principles of collective responsibility of the Board.
- (iv) In determining the quantum of commission payable to the

Directors, the Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.

- (v) The total commission payable to the Directors shall not exceed prescribed limits as specified under Companies Act, 2013.
- (vi) The commission shall be payable on prorata basis to those Directors who occupy office for part of the year.

B. KMP & Senior Managerial Personnel:

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

1. Maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
2. Compensation should be reasonable and sufficient to attract, retain and motivate KMP and senior management;
3. Remuneration payable should comprise of a fixed component and a performance linked variable based on the extent of achievement of individual performance *vis-a-vis* overall performance of the company;
4. Remuneration shall be also considered in the form of long-term incentive plans for key employees, based on their contribution, position, and length of service, in the nature of ESOPS/ESPS.

C. Research Analysts:

- (i) The compensation of all individuals employed as Research Analyst shall be reviewed, documented and approved at least annually by the Committee,

Corporate Governance Report (Contd.)

- (ii) 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.

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 2018-19 and details of number of shares and convertible instruments held by Directors as on March 31, 2019 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	7,666,400	Nil	Nil	Nil	125,000	8,990
Mr. Santosh Jayaram	Whole-Time Director (Executive Director)	2,362,100	Nil	Nil	Nil	20,000	Nil
^Mr. Sarbeswar Lenka	Non-Executive Director	Nil	Nil	210,000	Nil	Nil	Nil
Dr. Archana Niranjani Hingorani	Independent Director	Nil	Nil	405,000	Nil	Nil	Nil
Ms. Nirali Sanghi	Independent Director	Nil	Nil	405,000	Nil	Nil	Nil

Note:

- ^Mr. Sarbeswar Lenka was appointed as an additional Non-Executive Director with effective from July 18, 2018 and he shall be confirmed as Non-Executive Director subject to approval of shareholders at the ensuing Annual General Meeting.
- The Shareholders at the 11th Annual General Meeting held on July 17, 2018 have approved, the re-appointment of Mr. Prakarsh Gagdani as the Whole Time Director for three years and as per terms and conditions, his term will conclude on December 21, 2021 and appointment of Mr. Santosh Jayaram as the Whole Time Director for three years and as per terms and conditions, his term will conclude on January 10, 2021. Their employment shall be deemed to be terminated on the occurrence of death, on expiration of tenure, permanent disability or on resignation.
- 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.

Corporate Governance Report (Contd.)

(c) Remuneration to Non-Executive/ Independent Directors:

During the year under review, the Independent Directors and Non-Executive Director were paid ₹ 30,000/- (Rupees Thirty Thousand only) towards sitting fees for attending each of the Board Meeting, Audit Committee Meeting and Independent Director's Meeting and also were paid ₹ 15,000/- (Rupees Fifteen Thousand only) towards attending each of the other committee meetings plus the reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them. The Company has not granted any Employee Stock Options to the Independent Directors and Non-Executive Director. There are no pecuniary relationships or transaction of the Non-Executive directors with the Company.

The Company has obtained a Directors and Officers Liabilities Insurance policy covering all Directors and Officers of the Company in respect of any legal action that might be initiated against any Director or Officer of the Company.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

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 Chairman and Dr. Archana Niranjan Hingorani, Independent Director and Mr. Prakarsh Gagdani, Executive Director as the Members. The broad terms of reference of the committee are as under:

- To consider and resolve stakeholders and investors grievances;
- 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;
- 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;
- 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;
- 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;

- 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;
- To monitor and expedite the status and process of dematerialisation and dematerialisation of shares, debentures and securities of the Company;
- 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;
- To review the status of unpaid dividend, interest and undelivered share certificates and measures taken by the Company to resolve or reduce them;
- To ensure compliance of transfer of unpaid dividend and shares to IEPF on or before due date;
- 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;
- To review the results of any investigation or audit conducted by any statutory authority.
- Review the effectiveness of the system for monitoring compliance with laws and regulations.
- Review the mechanism of handling investor's complaints and the status of any pending complaints which remain unresolved or unattended.
- Any significant or important matters affecting the interest of the Company.

During the year 2018-19, the Company received six (6) complaints from investors including complaints received through SEBI's scores portal. Complaints were redressed to the satisfaction of the shareholders. The details of the Complaints are given below.

Sr. No.	Particulars	No. of Complaints
1	Investor complaints pending at the beginning of the year	Nil
2	Investor Complaints received during the year	06
3	Investor complaints disposed of during the year	06
4	Investor complaints remaining unresolved at the end of the year	Nil

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The chairman of the Committee was present at the last Annual General Meeting of the Company held on July 17, 2018.

No pledge has been created over the equity shares held by the Promoters as on March 31, 2019.

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 20, 2019 is given below:

Name of the members	Designation	Non-Executive/ Independent / Executive	No. of committee meetings held	Committee meeting attended
Ms. Nirali Sanghi	Chairman	Independent Director	01	01
Dr. Archana Niranjani 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:	Mr. Roshan Dave, Company Secretary & Compliance Officer
Corporate Office Address:	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, Thane Industrial Estate, Wagle Estate, Thane – 400604
Contacts:	Tel: +91 22 6272 7000 E-mail: csteam@5paise.com

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

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
July, 17, 2018	Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018	4.00 p.m.	Yes. Five (5) Special Resolution were passed.
July 19, 2017	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B -23, Thane Industrial Estate, Wagle Estate, Thane – 400604	04.30 pm	Yes. One (1) Special Resolution was passed.
July 21, 2016	143, MGR Road, Perungudi, Chennai – 600096	12.00 noon	Yes. Six (6) Special Resolution were passed.

No business was required to be transacted through Postal Ballot at the above meetings and none is required to be transacted through Postal Ballot at the ensuing Annual General Meeting.

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8. DISCLOSURES**(i) Disclosure on materially significant related party transactions that may have potential conflict with the interest of company at large:**

The Company has put in place a policy for Related Party Transactions (RPT Policy) which has been approved by the Board of Directors. The Policy provides for identification of RPTs, necessary approvals by the Audit Committee/Board/Shareholders, reporting and disclosure requirements in compliance with Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 are considered material in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 at the Annual General Meeting of the Company held on July 17, 2018. 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 link <https://www.5paisa.com/investor-relations>. You may refer to Note no. 27 to the financial statement which contains related party disclosures. No materially significant related party transactions have been entered into during FY 2018-19 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 2018-19.

(iii) Whistle Blower Policy/ Vigil Mechanism

In Compliance of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for employees to report

genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Policy also provides for adequate safeguard against victimisation of Whistle Blower who avails of such mechanism and provides for the access to the Chairman of Audit Committee. None of the Whistle Blowers has been denied access to the Audit Committee.

(iv) Disclosure of accounting treatment

There was no deviation in following the treatments prescribed in any of Accounting Standards (AS) in the preparation of the financial statements of your Company.

(v) The Board has accepted all the recommendations of the committees of the Board.**(vi) Disclosure in relation to sexual harassment of Women at Work place (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

(vii) 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.

During the year under review, the Company and its subsidiaries paid total fees of ₹ 9,74,602/- to the statutory auditor on a consolidated basis.

(viii) 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://www.5paisa.com/investor-relations>.

(ix) 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

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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 (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.

(x) Compliance with Mandatory and Non-Mandatory Provision

Your Company has adhered to all the mandatory requirements of Corporate Governance norms as prescribed by Regulations 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable to the Company.

The status on the Compliance with the Non - mandatory recommendation in the SEBI Regulations is as under

- Submission of Internal Audit Report to the Audit Committee.
- The Company follows a robust process of communicating with the shareholders which has been explained earlier in the report under "Means of Communication"

(xi) Disclosure from Board of Directors

The Board does hereby confirm that in their opinion, the Independent Directors fulfil the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 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 Holdings 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 Holdings 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 Holdings Limited, on October 20, 2017. Accordingly, 9,405 unclaimed shares in IIFL Holdings Limited were also allotted 376 equity shares of the Company.

(xiii) Details of unclaimed fractional shares entitlements

Pursuant to Scheme of Arrangement with respect to demerger of 5paisa digital Undertaking of IIFL Holdings Limited into 5paisa Capital Limited. The Company allotted fresh 1,27,39,022 equity share of ₹ 10 each to the shareholders of IIFL Holdings 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 Holdings Limited. Consequent to allotment of fresh equity shares, 12,707 equity shares arose as fractional entitlements to the fractional shareholders. Pursuant to the Scheme, the shares were deposited into the account of Mr. Prakarsh Gagdani- Whole Time Director & Chief Executive Officer and the same were sold in the market on December 29, 2017. The amount realised thereunder was transferred to separate Bank account and were distributed to the fractional shareholder as the fractional entitlements. As on the March 31, 2019, ₹ 177,764.94/- is lying as the unclaimed fractional entitlements in the said bank account.

9. MEANS OF COMMUNICATION TO THE STAKEHOLDERS

The primary source of information to the shareholders, customers, analysts and other stakeholders of your Company and to public at large is through the website of your Company www.5paisa.com. The Annual Report, quarterly results, shareholding pattern, material events, corporate actions, copies of press releases, schedule of analysts/investor meets, among others, are regularly sent to Stock Exchanges and uploaded on the Company's website. Quarterly/annual financial results are regularly submitted to the Stock Exchanges in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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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, Chief Financial Officer and the Company Secretary of the Company are empowered to decide on the materiality of the information for the purpose of making disclosure to the Stock Exchanges.

All the disclosures made to the stock exchanges are also available on the Company's website at the link <https://www.5paisa.com/investor-relations>.

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.

10. GENERAL SHAREHOLDERS' INFORMATION

1.	Annual General Meeting	Monday, September 30, 2019 at Hall of Harmony, Ground Floor, Nehru Centre, Discovery of India, Dr. A. B. Road, Worli, Mumbai-400018 at 4.30 P.M.
2.	Financial calendar (2019-20)	April 1, 2019 to March 31, 2020 Results for the quarter ended June 30, 2019 – within 45 days from the end of the quarter Results for the quarter ended September 30, 2019 – within 45 days from the end of the quarter Results for the quarter ended December 31, 2019 – within 45 days from the end of the quarter Results for the quarter and year ended March 31, 2020 – within 60 days from the end of the quarter
3.	Book closure date	September 24, 2019 to September 30, 2019 (both day inclusive)
4.	Dividend	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.	Listing of equity shares on stock exchanges at	<p>1. National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai-400 051</p> <p>2. BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001</p> <p>The Listing Fees for the FY 2018-2019 shall be paid timely to the aforesaid Stock Exchanges.</p>
6.	Stock code	National Stock Exchange of India Limited – 5PAISA BSE Limited – 540776
7.	Stock market data	Table below gives the monthly high and low quotations of shares traded at BSE Limited and the National Stock Exchange of India Limited for the financial year 2018-2019. 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, 2019.

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April, 2018	406.80	317.55	23,392	404.65	327.00	170,885
May, 2018	507.40	361.20	95,767	509.85	355.80	382,339
June, 2018	419.55	306.20	14,369	414.95	314.00	111,344
July, 2018	353.10	271.85	28,166	356.10	272.25	192,426
August, 2018	420.90	300.00	16,269	415.00	295.00	124,895
September, 2018	319.00	223.00	13,049	320.00	220.00	173,551
October, 2018	240.00	171.25	19,944	239.50	170.05	202,683
November, 2018	214.00	171.30	7,483	208.00	178.00	78,775
December, 2018	245.50	185.70	264,698	245.65	180.00	100,549
January, 2019	328.85	238.30	37,458	329.00	239.00	312,372
February, 2019	249.95	210.25	4,521	248.00	202.10	79,397
March, 2019	250.00	209.80	12,219	247.05	209.60	133,774

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8.	Demat ISIN numbers in NSDL and CDSL for equity shares	INE618L01018
9.	Registrar & Transfer Agent	Link Intime India Private Limited C-101, 247, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai -400083. Tel: 022-49186000 Email: rnt.helpdesk@linkintime.co.in
10.	Share transfer system	Your Company's shares are compulsorily traded in dematerialized form. In the case of transfers in physical form, which are lodged at the Registrar and Transfer Agent's Office, these are processed within a period of 30 days from the date of receipt. All share transfers and other share related issues are approved in the Stakeholders Relationship Committee Meeting, which is normally convened as and when required.
11.	Dematerialisation of shares	As on March 31, 2019, 99.91% of the paid-up share capital of the Company was in dematerialized form. Trading in equity shares of the Company is permitted only in dematerialized form through CDSL and NSDL as per notifications issued by the Securities and Exchange Board of India.
13.	Correspondence for dematerialisation, transfer of shares, non-receipt of dividend on shares and any other query relating to the shares of the Company	Link Intime Private Limited C-101, 247, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai- 400083. Contact Person: Ms. Sharmila Amin Tel: 022-49186000
14.	Any query on Annual Report contact at corporate office	Mr. Roshan Dave, Company Secretary and Compliance Officer IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, Thane Industrial Estate, Wagle Estate, Thane - 400604 Email: csteam@5paisa.com
15.	Outstanding GDRs/ ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity	The Company does not have any outstanding GDRs/ADRs/Warrants as on date. The Company has outstanding unexercised ESOPs of 2,00,000 stock options as on March 31, 2019 under its ESOP plans which may be exercised by the grantees as per the vesting period. Each option granted is convertible into one equity share of the Company. Upon exercise of options by grantees, the paid-up share capital of the Company will accordingly increase.

11. SHAREHOLDING PATTERN

Categories of Equity Shareholders as on March 31, 2019:

Category	Number of equity shares held	Percentage of holding
Promoters & Promoters Group	3,872,977	30.40
Indian Public & others	2,216,079	17.41
Bodies Corporates	82,051	0.64
Foreign Institutional Investors	2,437,417	19.13
Foreign Company	3,385,657	26.58
Non Resident Indian's	459,098	3.60
Non Resident Indian's (Non-Repatriable)	280,543	2.20
Foreign Nationals	5,000	0.04
NBFCs registered with RBI	200	0.00
Grand Total	12,739,022	100

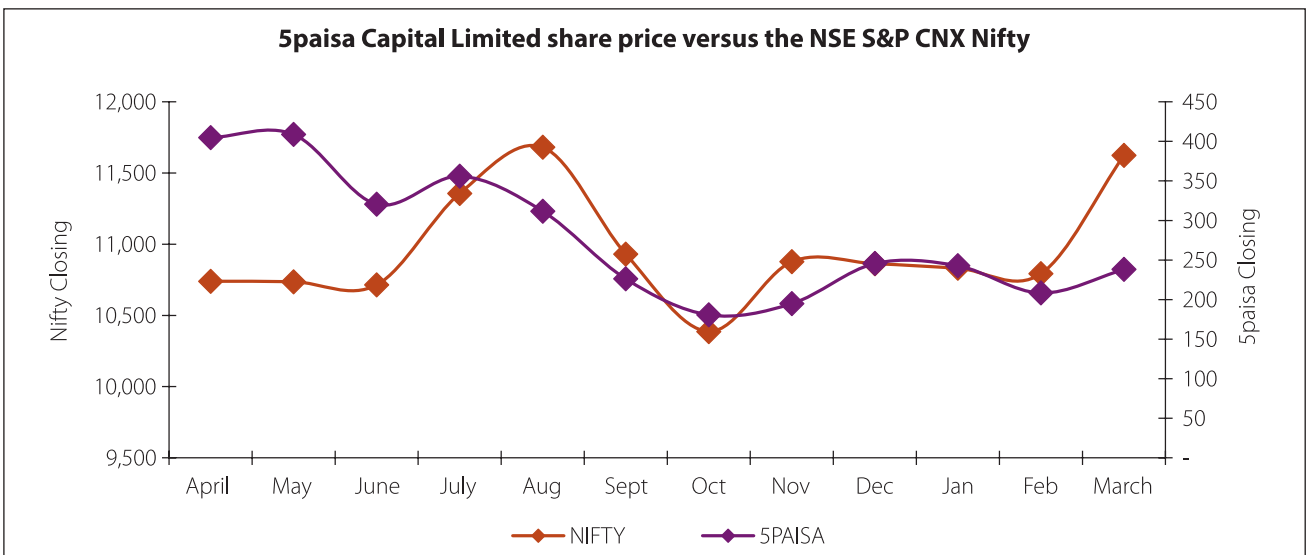
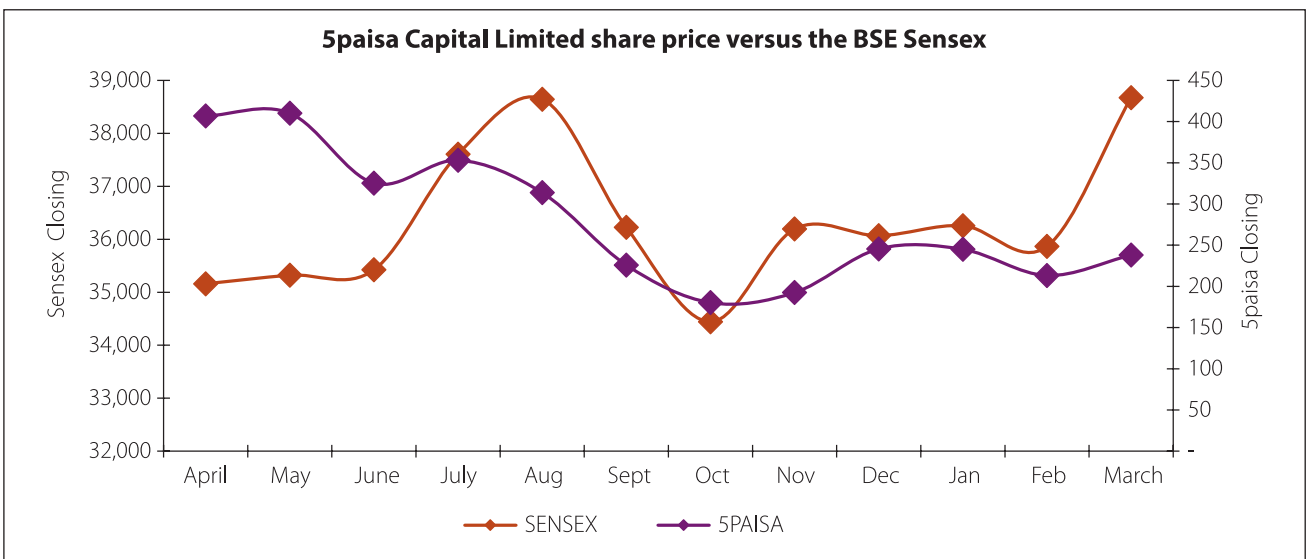
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12. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2019

The distribution of shareholders as on March 31, 2019 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	23,565	98.4377	354,370	2.7818
2	501 to 1000	121	0.5055	91,839	0.7209
3	1001 to 2000	92	0.3843	137,056	1.0759
4	2001 to 3000	38	0.1587	92,208	0.7238
5	3001 to 4000	16	0.0668	56,161	0.4409
6	4001 to 5000	15	0.0627	68,749	0.5397
7	5001 to 10000	41	0.1713	320,166	2.5133
8	10001 and more	51	0.2130	11,618,473	91.2038
Total		23,939	100.0000	12,739,022	100.0000

13. PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES SUCH AS BSE SENSEX AND NSE S&P CNX NIFY



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14. PROCEEDS FROM PUBLIC ISSUES, RIGHT ISSUES AND PREFERENTIAL ISSUE, AMONG OTHERS

The Board at its Meeting held on July 17, 2018 and September 12, 2018 approved the proposal of issue of equity shares by way of a Rights Issue ("Issue") to the existing shareholders of the Company in the ratio of 1 equity share of ₹ 10 each for every 1 equity share of ₹ 10 each held in the Company at a premium of ₹ 70 per share i.e. issue price of ₹ 80 each aggregating to ₹ 101.91 Cr. in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended. The Company has filed the Draft Letter of Offer with SEBI, NSE and BSE on September 17, 2018. The Company has received the in-principle approval from NSE, BSE and is awaiting the observation letter from SEBI.

During the year under review, the Company did not raise money through any public issue, right issue or preferential issue during the F.Y. 2018-19.

15. SUBSIDIARY COMPANIES

During the year under review the Company had Two (2) wholly owned subsidiaries namely 5paisa Insurance Brokers Limited and 5paisa P2P Limited.

1. 5paisa Insurance Brokers Limited

The Company incorporated 5paisa Insurance Brokers Limited on October 27, 2018. The Company is in process of filing an application for registration as Insurance Broker with Insurance Regulatory and Development Authority. On receipt of the approval, 5paisa Insurance Brokers Limited will commence the operations.

2. 5paisa P2P Limited

5paisa P2P Limited has received the in-principle approval from RBI or registration as NBFC Peer-to-Peer Lending Platform (NBFC-P2P) from Reserve Bank of India (RBI). In terms of the said approval, 5paisa P2P

is required to set up the systems and processes and to comply with the other terms and conditions within a period of 12 months for obtaining final approval from RBI and commencement of P2P activities. The Company is in process of setting up necessary system and process. On receipt of registration from RBI, 5paisa P2P Limited will commence the operations.

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.

16. CEO/CFO CERTIFICATE

The Certificate required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly signed by the CEO and CFO was submitted to the Board and the same is annexed to this Report.

17. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

The Company has obtained the certificate from M/s. Nilesh Shah & Associates, Company Secretary in practice as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming that none of the Directors on Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The certificate would be placed at the Annual General Meeting for inspection by members.

18. CODE OF CONDUCT

The confirmation from the Chief Executive Officer regarding compliance with the code by all the Board Members and Senior Management forms part of the Report. The Code of Conduct is displayed on the website of the Company at www.5paisa.com

For and on behalf of the Board

Prakarsh Gagdani

Whole Time Director & CEO
DIN: 07376258

Place: Mumbai

Date: April 16, 2019

Santosh Jayaram

Whole Time Director
DIN: 07955607

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
5paise Capital Limited

We Certify that;

- (a) We have reviewed the financial statements and the cash flow statement of 5paise Capital Limited for the year ended March 31, 2019 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.
- (b) 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.
- (c) 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.
- (d) 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 Director
DIN: 07376258

Place: Mumbai

Date: April 16, 2019

Gourav Munjal
Chief Financial Officer



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, 2019, 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 Spaisa Capital Limited

Prakarsh Gagdani

Whole Time Director &

Chief Executive Officer

DIN: 07376258

Place: Mumbai

Date: April 16, 2019

Corporate Governance Report (Contd.)**INDEPENDENT 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 31st March 2019, 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.

The Company has appointed a Non-Executive Director to the Board and nominated him as the member of Nomination & Remuneration Committee with effect from July 18, 2018.

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 Directors and the Management, 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
 Firm's Registration No. 109208W

G Sankar
 Partner
 Membership No. 046050

Place: Mumbai
 Date: April 16, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMY OVERVIEW

Indian Economy has emerged as one of the fastest growing major economy around the world. Businesses have adjusted to the new regime after the impact of introduction of GST and demonetisation has settled down and benefits have started to reap. According to Asian Development Bank, Indian economy grew at 7.2% in FY19 on revived rural consumption and continued growth in private investment. This is mainly in response to improved bank and corporate balance sheets and moderate growth in net exports.

The inflation rate in India was at 2.57% in February 2019 as compared to 4.28% in March 2018 previous year and 1.97% in January 2019 (Source: CSO). Retail inflation has dropped below 3% from more than 10% in 2013. However, for the same six-year period, average bank borrowing costs for manufacturers and retailers have declined only marginally by about 1% from over 13%.

In urban areas, consumption demand is expected to get a boost by interest rate cuts, continued low prices of food and declining fuel prices. In rural areas, steps to reduce agricultural distress such as income support to farmers and strong hikes to procurement prices of food grains are expected to raise demands. Growth is expected to remain at 7.3% in FY20 due to moderation in global demand and likely shortfall in domestic revenue. However, reforms to improve business conditions, plans for capitalising banks, and reducing agricultural distress are expected to aid in higher growth.

In March 2019, credit rating agency Fitch reaffirmed India's 'Long-Term Foreign-Currency Issuer Default Rating' (IDR) at 'BBB-' with a stable outlook. India's rating shows a strong medium-term growth outlook and an improved capacity to recover with the help of strong foreign reserve buffers.

FINANCIAL SERVICES INDUSTRY

The Indian financial services industry is vast and diverse consisting of banks, NBFCs, capital markets, insurance sector and the new payment banks. According to a report by KPMG-CII, India's banking sector is on the way to becoming the fifth largest in the world by 2020. The opportunity in India is very high especially in the rural areas. As per the 2011 census, 833 million people stay in rural areas and a significant part of that population has little awareness of new-age banking services such as payment banks even if they have accounts. The country's life insurance sector is the biggest in the world, and the market size is expected to touch about US\$400 billion by 2020. The asset management industry in India is among the fastest growing in the world. In December 2018, corporate investors AUM stood at US\$ 127.65 billion, while HNWI and retail investors reached US\$ 99.05 billion and US\$ 82.03 billion, respectively. In the Asia-Pacific, India is among the top five countries in terms of HNWI.

The financial service industry in India is in the midst of a digital transformation. The traditional financial services industry is

inherently offline, time-consuming, manual, inaccessible and cost heavy. This is primarily because of the dependency on human capital for every process. Governmental has been effective in its efforts towards promoting digitization of financial systems and reducing cash transactions in the economy. It has helped in shifting consumer focus towards digital alternatives for financial transactions and services. In rural areas, access to financial services has considerably improved due to initiatives such as Jan Dhan Yojana enabling bank accounts for everyone. Aadhaar and the emergence of UPI provides a good foundation for fintech companies to function effectively and boost financial inclusion across the country. Fintech is essentially a combination and application of technology in the financial services industry. There are various categories of fintech firms such as financial lending firms consisting of P2P lending, marketplace for loans, investment platforms consisting of trading and mutual fund platforms, crowdfunding, wealth and asset management platforms, online financial advisors etc and payments firms such as mobile wallets, merchant payments, PoS and payment gateway services.

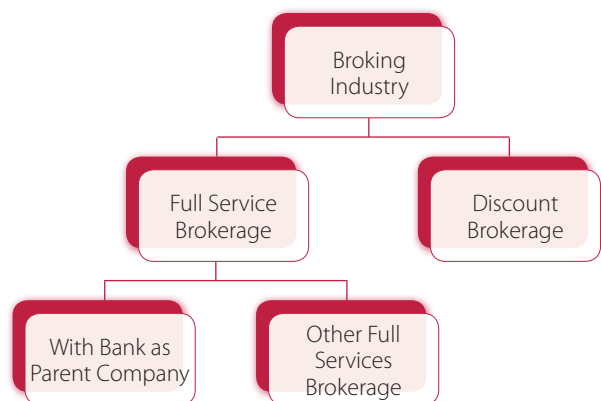
The outlook for the sector continues to be positive with growing inclination towards financial inclusion, positive investor sentiment and active government support.

OVERVIEW OF CAPITAL MARKETS

A positive investment scenario supported by robust macroeconomic performance, easing inflationary pressures, stable FDI inflows, regulatory and structural reforms by the government has improved the business confidence and attracted investors to the Indian capital market. Indian stock market scaled new peaks on the back of positive domestic and global sentiments despite the fact that a pick up in the GDP growth was restricted in FY19.

STOCK BROKING SECTOR

The Indian brokerage sector can be classified in terms of type of brokerage service, nature of parent company and business diversification. The following chart describes the market structure:

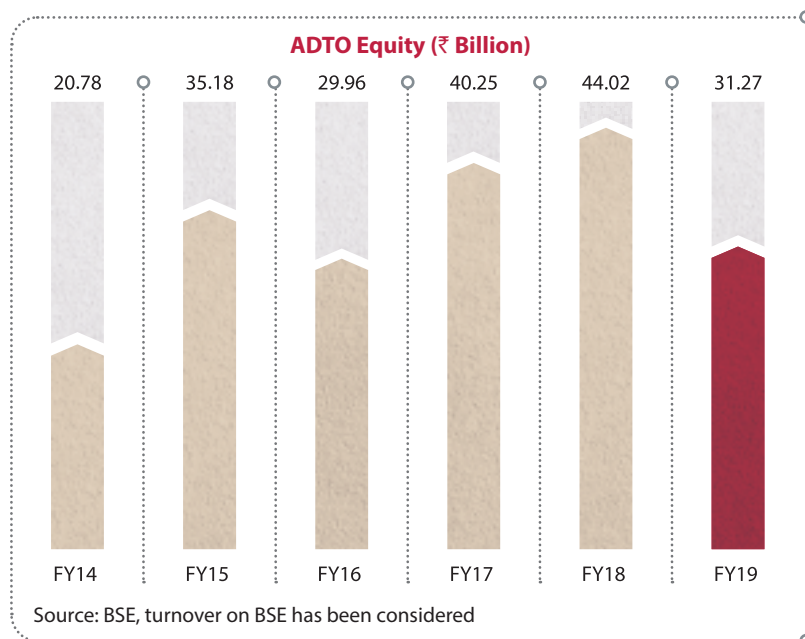
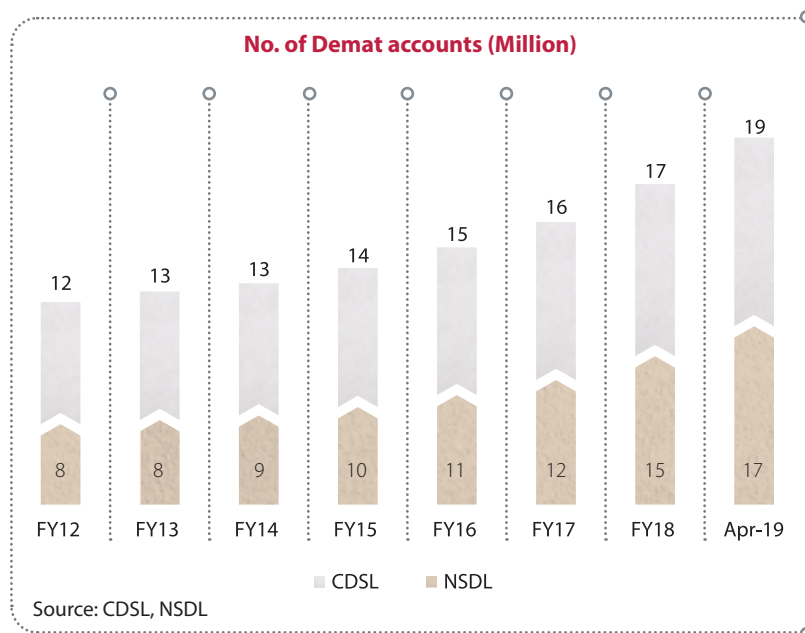


Management Discussion and Analysis (Contd.)

There are primarily two types of brokers in India:

- Full-service brokers: These brokers offer a wide range of services like offline and online trading, Demat accounts, investment advisory and other customized services. Further, full service broker provides research reports, relationship managers for personalised services, portfolio management services, Insurance, etc.
- Discount brokers: These brokers offer services at low and fixed brokerage fees, irrespective of size of order and provide such services via an online platform.

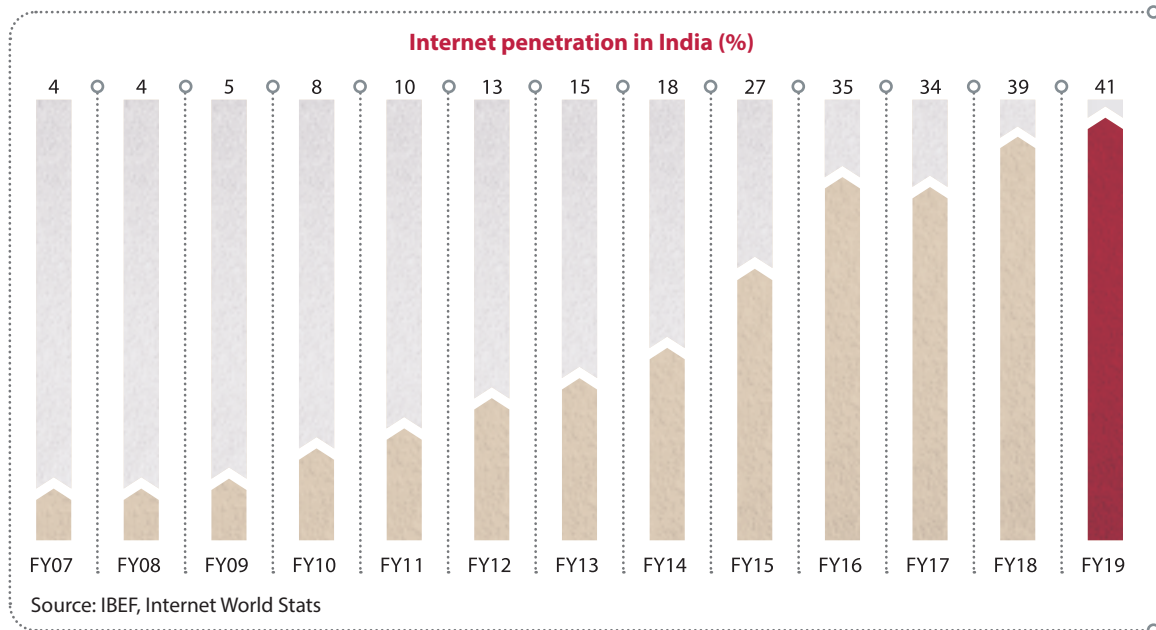
Business of brokers grows in direct proportion to the growth in capital markets. The past 4-5 years have witnessed a steady structural shift of savings from physical assets such as real estate and gold into financial assets. As a result, the number of Demat accounts in India has grown to 36.2 million by April, 2019 from 20 million in FY12. The rising equity participation can also be witnessed by higher Average Daily Turnover (“ADTO”) on BSE. The equity ADTO on BSE increased from ₹ 20.78 billion in FY14 to approximately ₹ 31.27 billion in FY19.



Management Discussion and Analysis (Contd.)

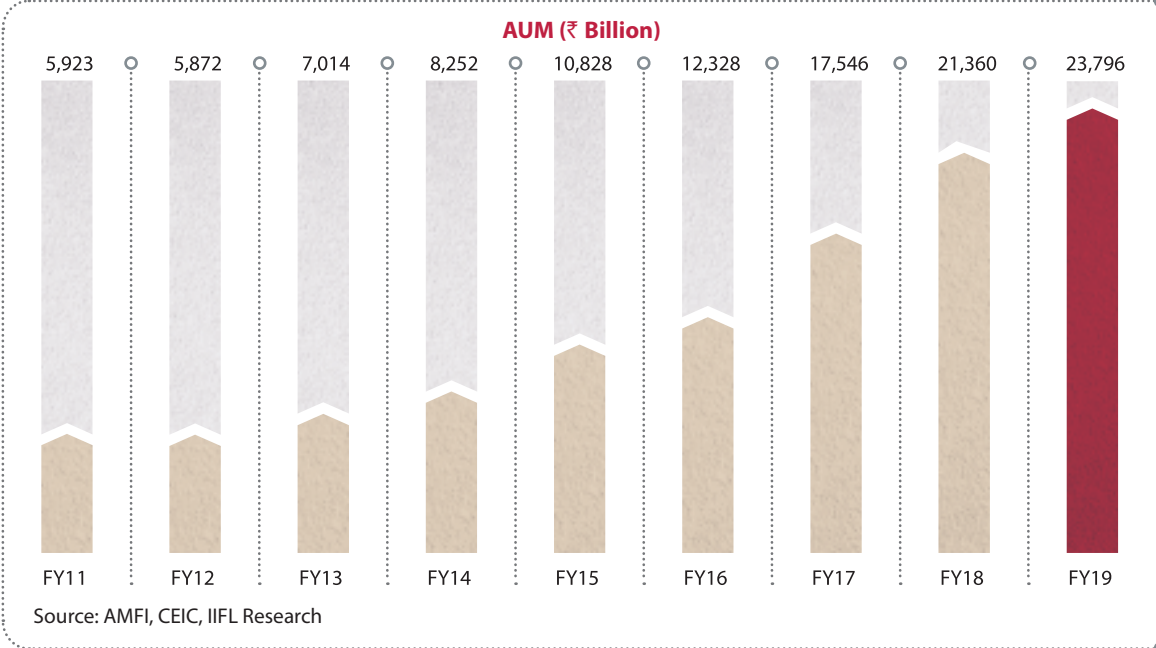
Mobile trading, aiding in increasing the participation from the investors

Due to the introduction of mobile trading, day to day investing can be done from any remote location as well. All the brokers have their own mobile trading platforms. This is aided by higher internet penetration in India. Internet penetration in India has increased from 4% in 2007 to 41% by March, 2019. Rising internet penetration is expected to drive the growth of the financial sector going forward.



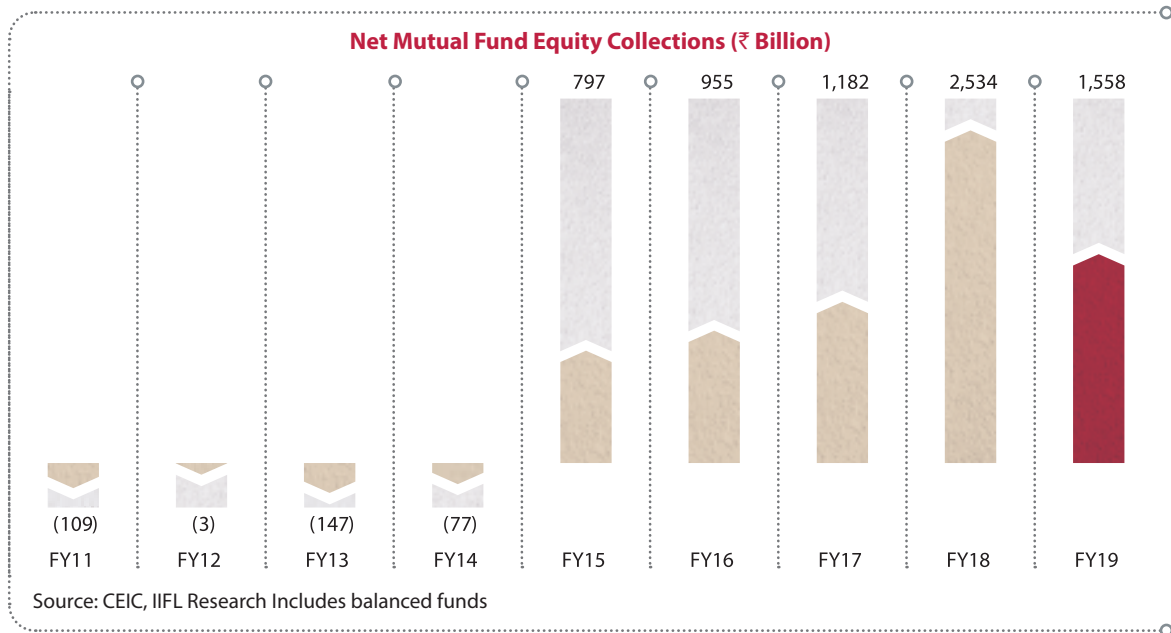
MUTUAL FUND INDUSTRY

From the year 2017, the Mutual Fund (MF) industry in India has seen rapid growth in total Assets Under Management (AUM). However, the total AUM of the industry increased marginally by 11% y-o-y to hit a record ₹ 23,796 billion at the end of March 2019. According to AMFI, investments in equity-oriented mutual fund schemes in FY19 were at ₹ 1.11 trillion, a decline of 35% compared to ₹ 1.71 trillion inflows in FY18. But despite that the current inflows of ₹ 1.11 trillion is a substantial investment by the mutual fund industry into the equities segment which is more than FII investments into the country. This was the fifth successive year of net inflows in equity mutual funds. In FY19, the markets were very volatile due to various factors such as steep correction in small and mid-cap stocks, border tensions with Pakistan etc.



Considering the balanced fund category also, the net inflows were at ₹ 1,558 billion in FY19.

Management Discussion and Analysis (Contd.)



DISCOUNT BROKERAGE INDUSTRY

There is a tremendous shift in the customer base characteristics for the brokerage industry over the years. The millennial investors, especially first time investors who are tech savvy and more price conscious, have favoured the discount brokers over the traditional brokers. Discount brokerages charge almost low to nil commission, along with independent advisory services offering quality knowledge content for free to those interested.

As technology is growing and increase in use of internet, smartphones, and mobile apps as well as the evolvement of lower brokerage has led discount brokers to gain momentum in the market in the coming future. Discount broking, which, till recently was looked upon as an evolving industry in India, is now gaining pace and is soon expected to be on par with full-service broking before even gaining a majority share of the market. The largest discount brokers in the US- Schwab, Fidelity, TD Ameritrade, and Pershing already control ~62% of the broking market. In India, discount brokerages’ market share (in terms of active clients) in the industry has rapidly grown to almost 15.97% as of May 2019 with an active client base of 89L against a share of 9.36% as of March 2018.

Before the onset of discount broking, brokers as members and owners controlled the exchanges around the world. Exchanges were run as utilities to support their members. Exchanges had monopoly on liquidity and brokers controlled access to these exchanges. Brokers earned commissions and also received trading fee rebates from the exchange by providing investors access to markets. Brokers competed on the basis of service and relationships, rather than price wherever the brokerage commissions were fixed.

The biggest advantage of discount brokers is that they are unbiased. They empower customers with information and automated analysis, based on parameters like investment goals and risk profiles, thereby allowing the customers to make informed decisions without influencing them with advice. With the growing customer base of discount brokers and the announced entry plan of Paytm Money, the low fixed rate broking model is poised to grow further.

With increasing costs of technology, real estate, human resources, increasing regulatory requirements and compliances as well as downward trends in revenues owing to competition and regulatory intervention, traditional full service brokerages are burdened. Discount brokerages, especially with a digital focus are best placed to thrive in such a scenario.

One of the major reasons for growth of the discount brokerage industry is that on a macro level, digital penetration is expanding rapidly in the country. People have started exploring all services digitally including financial services as a result of low cost data, cheaper smart phones and rollout of 4G services all across India. Digital transactions offer a massive opportunity and can spur the financial inclusion journey in India as it lowers the cost of financial services that are being provided to the poor along with increased convenience and security. Innovative technology is the way forward for increasing digital transactions as it not only reduces costs but can also lead to increased distribution, especially in the rural areas. Financial institutions looking to cut labour costs, and also lowering investment and financial planning costs can make use of Robo advisory. While Algorithmic trading is already being used in India, increased AI and alternate data analytics is likely to be used in trading. Machine learning-based algorithms can be developed that scans a vast amount of trading data to create a strategy based on learning from market patterns.



Management Discussion and Analysis (Contd.)

OPPORTUNITY

With the discount brokerage industry growing strong, the customers opting for it are predominantly the millennials. It is an attractive platform for first time investors. New customers are sensitive about trading cost and research before opting for brokerages. According to 2011 census, around 190 million of the Indian population is in the age group of 25-35. World bank has projected that this figure will go up to 230 million by 2021. Currently, only around 20-25 million people invest in stock markets which is hardly 2% of the population. In the coming future, with more investor awareness, financial literacy and the burgeoning proportion of millennials, the future opportunities for discount brokerage industry looks very bright. The growing shift from traditional instruments of savings to financialisation of savings is also a great opportunity for capital market participants.

With growing government initiatives for promoting digital transactions across the country, growing popularity for mobile and internet based transactions, online financial services, introduction of artificial intelligence and blockchain etc. all contribute to scope for growth.

THREATS

While the overall market for potential customers may seem very high on the demographic front, the number customers trading in direct equity investment is still very low. The immediate market for acquisition of new customers is people who currently invest only in mutual funds. With increasing number of players entering the discount brokerage industry and small market size of immediate customers, the competition is very high in the long run. Also, the traditional brokerages are slowly starting their own discount brokerage division to keep up with the change.

The financial services industry has seen drastic technology-led changes over the past few years. One of the biggest threats apart from competition faced by discount brokerages is redundancy due to constant technological and digital advancement. New market entrants always are breaking through established markets, coming up with more customer friendly solutions developed from the scratch and unencumbered by legacy systems. Customers always demand better services, seamless experiences regardless of channel, and more value for their money. Thus change is constant and discount brokerages have to keep up with constant innovation and new services for customers.

Changes in regulatory environment are also a considerable threat to discount brokers. Any change in the regulatory

environment can adversely affect the business. Discount brokers run on a strictly controlled cost which is also one of their major competitive advantages. Sudden changes in regulatory compliance may pose operational challenges as well as risk of rise in operating costs.

COMPANY OVERVIEW

5paisa Capital Limited was originally incorporated on July 10, 2007. 5paisa Capital Limited is a technology driven company having mainly an online presence. It is engaged in providing financial products through its online technology platform and mobile applications. Its services are targeted at retail investors and high volume traders who actively invest and trade in securities markets and seek DIY (Do-it-Yourself) services at a low cost. The Company's consistent effort in building a robust trading platform, advanced mobile app, Artificial Intelligence powered Robo Advisory platform, and Paperless Account opening platform are some examples of Tech superiority. It is focused on innovation based on understanding customer behaviour and this gives it a significant competitive advantage in its industry.

Products				
Broking	Cash	Derivative		
Mutual Funds	Direct Funds	SIP	Robo Advisory	
Research	Swing Trader	Smart Investor	Smallcase	Sensibull
Insurance	Health	Life	Motor	
Algo Trading				
Commodities				
Personal Loans				
Gold				

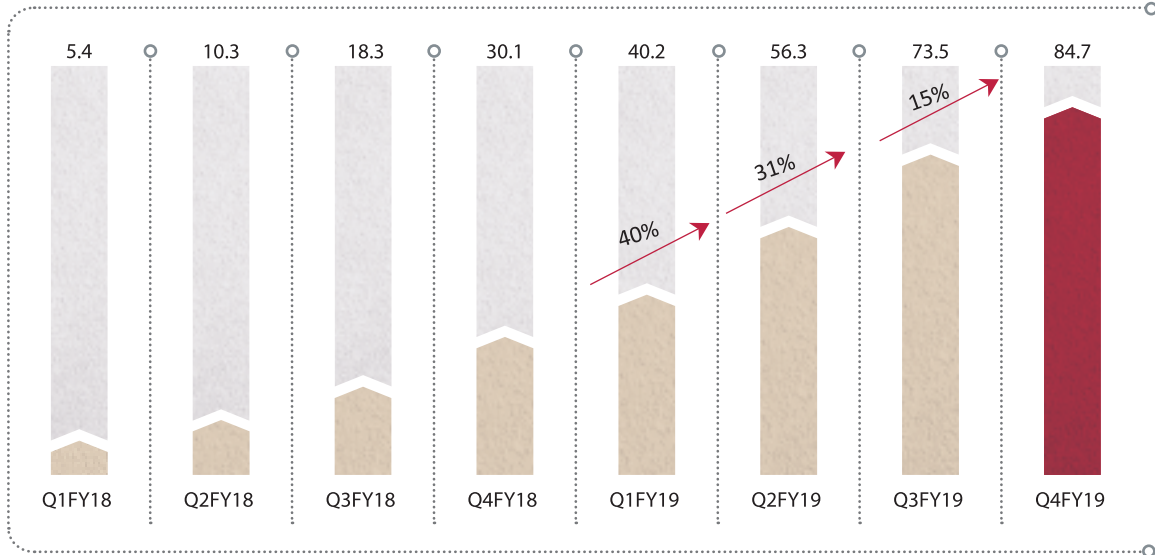
FINANCIAL PERFORMANCE

Revenues have seen strong and sustained growth, recording a leap of 3 times over the previous year. Revenue from operations for FY19 has grown 219% y-o-y to ₹ 626.4 million. Since the company is still in the initial stages of business, it is yet to achieve break-even.

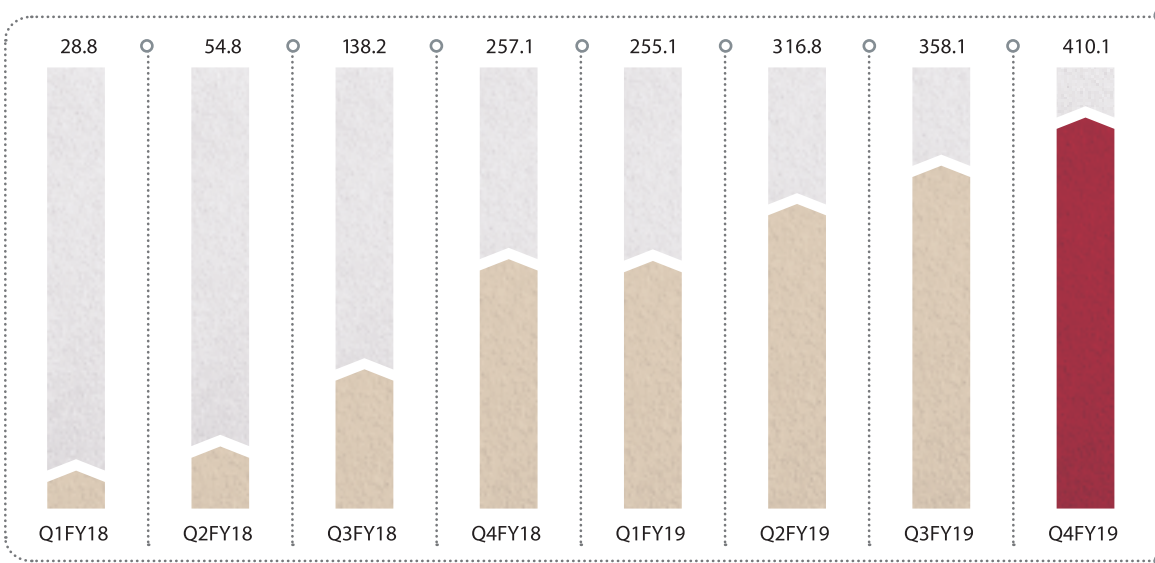
The Company's healthy performance has led it to achieve more than 2% share of daily cash turnover within a short span of three years. The 5paisa Mobile App has over 31,00,000 downloads till date with a sustained 4 Star rating on Playstore. 70% Customers trade through mobile app, 53% through web browser.

Management Discussion and Analysis (Contd.)

The average quarterly brokerage stood at ₹ 84.7 million. This is an increase of 14.5% q-o-q.



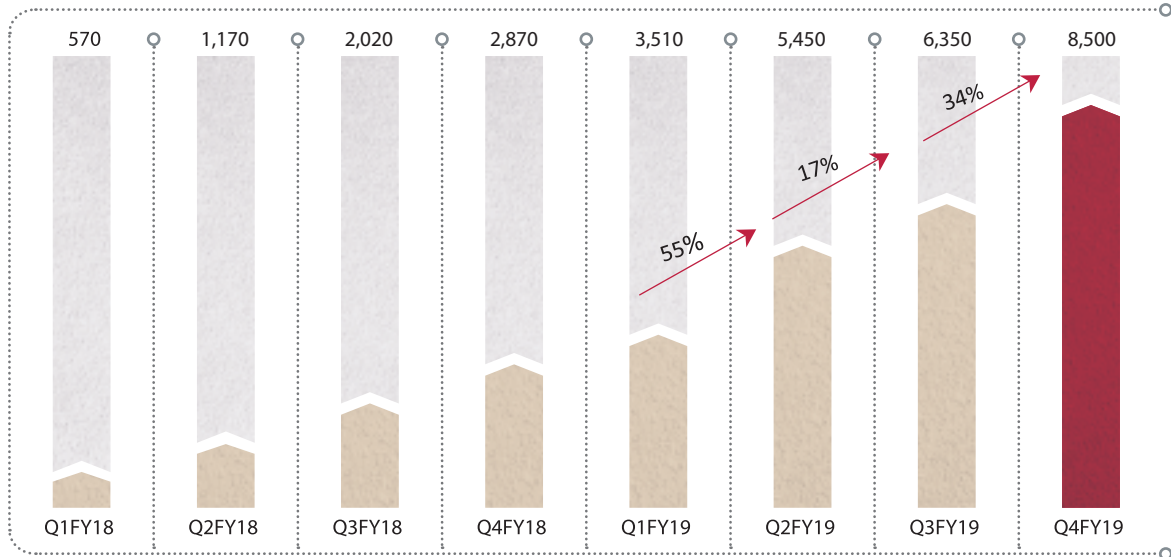
The AUM Book size grew at 15% q-o-q, and is at ₹ 410 million for the period ended FY19.



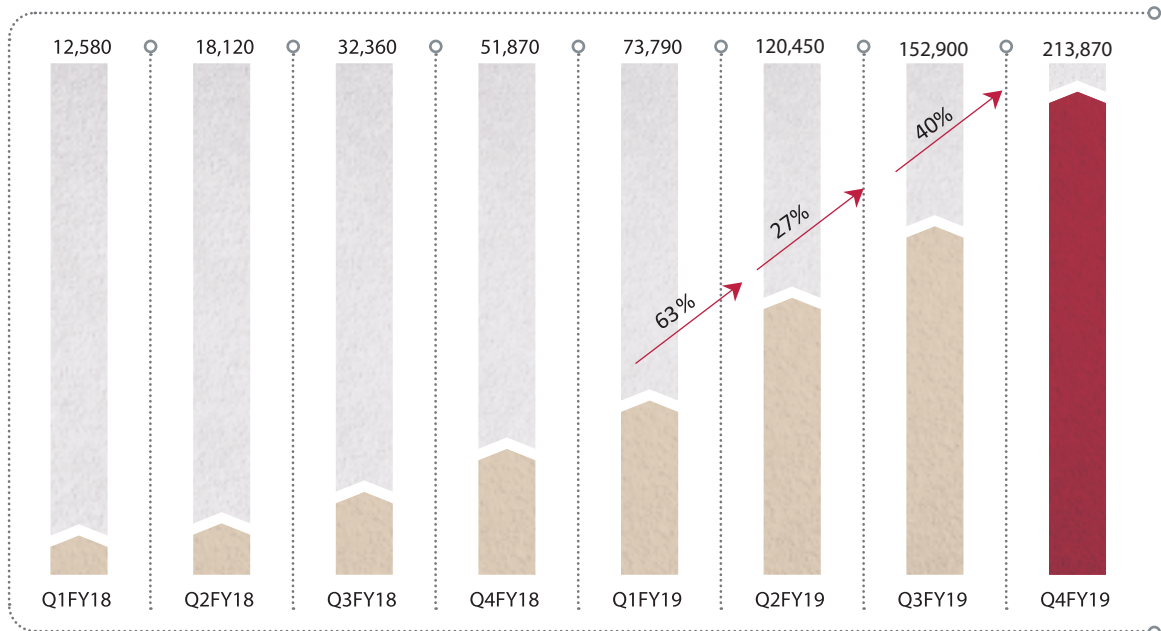
Management Discussion and Analysis (Contd.)

OPERATIONAL PERFORMANCE

The average daily cash turnover stood at ₹ 8,500 million, up 34% q-o-q whereas exchange cash turnover (NSE + BSE) was up by only 1% for the quarter ended March 2019.



Average daily total turnover of the Company was at ₹ 213,870 million, up 40% q-o-q whereas the exchange total turnover was down 4% for the quarter ended March 2019.



Management Discussion and Analysis (Contd.)

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

Particulars	March 31, 2018	March 31, 2019
Debt/Equity Ratio	0.26	1.98
Return on Net Worth	(33%)	(30%)
Interest Coverage Ratio	(39.92)	(2.08)
Net Profit Ratio	(129%)	(26%)
Return on Capital Employed	(38%)	(14%)

Explanation:

- Debt Equity Ratio increased from 0.26 in FY2018 to 1.98 in FY2019 primarily due to a increase in short-term borrowings from ₹ 161.47 million in FY2018 to ₹ 920.12 million in FY2019 for buisness purpose and decrease in shareholder's equity (share capital and other equity) from ₹ 629.36 million in FY2018 to ₹ 463.66 million in FY2019 due to loss for the year.
- Return on Net Worth improved from (33%) for FY2018 to (30%) for FY2019 mainly on account of increase in revenue from ₹ 196.52 million in FY2018 to ₹ 626.40 million in FY2019 and decrease in losses from ₹ (252.99) million in FY 2018 to ₹ (165.70) million in FY 2019
- Interest coverage ratio imporved from (39.92) in FY 2018 to (2.08) in FY 2019 due to improvement in EBITDA from ₹ (317.48) million in FY 2018 to ₹ (142.14) million in FY 2019.
- Net profit ratio improved from (129%) for FY2018 to (26%) for FY2019 mainly on account of increase in revenue from ₹ 196.52 million in FY2018 to ₹ 626.40 million in FY2019 and decrease in losses from ₹ (252.99) million in FY2018 to ₹ (165.70) million in FY2019
- Return on capital employed improved from (38%) for FY2018 to (14%) for FY2019 due to improvement in EBIT from ₹ (324.15) million in FY2018 to ₹ (156.57) million in FY2019 and on account of increase in revenue from ₹ 196.52 million in FY2018 to ₹ 626.40 million in FY2019

• Customer acquisitions

The Company has seen a steady and robust growth in customer acquisitions, recording a 185% growth amounting to 130K client acquisitions in FY19. Customer acquisition continues to be a key focus for the Company along with superior customer experience and service.

The Company's clients are typically technology-driven and open to innovative financial products/services. The company has been successful in reducing its cost of acquisition substantially YoY. Main focus is currently on organic clients, who account for 50% of overall client acquisition for FY19.

The Company uses marketing techniques like social media campaigns, Search Engine Optimization (SEO) and online advertisements to increase awareness and expand customer base. Further, clientele growth has also occurred owing to general word of mouth. About 70% of the customers are new to market and over 71% are from Tier II/III locations.

The Company's approach of offering very low cost of service, complete paperless trading experience, multi product offering under one umbrella including research and advisory offerings and an open API structure to accommodate newer products, and usage of advanced analytics for personalized financial planning led to more than 5X growth in our Customer Acquisition. Our Customer acceptability was so good that in no time the company became one of the fastest growing broking companies in the country.

• Technology upgrades

The Company has enhanced its technological offerings by introducing functionalities such as completely paperless instant account opening process, instant SIP - which facilitates paperless and online commencement of SIP and Mutual Fund investments, and launched the 5P School – an online investor education series; which further gives our platform a competitive edge.

The Company has a Robo Advisory system, which is an online advisory tool customized for investors based on multiple factors such as users' investment pattern, risk appetite, and investment objectives. One of the objectives of the advisory tool is to engage customers from various age groups and investment ranges to make informed investments

Another technological investment that the Company has made is Algo-trading, which is an automated trading platform that uses computer programs to analyse market data based on pre-defined parameters. This is hugely popular with experienced and professional traders who fully understand the risk and rewards involved in the use of Algo trading. Few strategies which are commonly used and recommended by trading experts are Amibroker linked execution strategy, Jobbing strategy, Pivot strategy, Pair/ Spread trading strategy etc.

The Advanced Research solution is a one of a kind offering in the Broking industry which is based on the expertise of the legendary William O'Neil's CAN SLIM methodology. It is a one-stop, online destination to find and evaluate stocks. The Company has invested in this research and decision-making tool, which helps customers in uncovering promising ideas, and conduct efficient analysis.



Management Discussion and Analysis (Contd.)

HUMAN RESOURCE

Spaisa's human resource department has been constantly striving to align with business, implement digital solutions, and build a strong culture of transparency and service orientation within the organisation. The Company put in place people-friendly policies and practices in the past year and continues to focus on adopting best practices for its HR policies

Strong Management Team

The Company continues to attract professional and experienced talent from various sectors including, BFSI, Technology, Software and Start-ups. This has created a transparent, meritocratic and performance driven culture. With the right leadership at the helm, we are able to attract and create a professional team driven by a sense of purpose.

Technology Enablement

The Company uses 'Adrenalin' as a one-stop employee interface for all human resource related requirements. The system is easily accessible 24X7 through intranet and as a mobile app. We further implemented our recruitment solution – 'Hirecraft' and integrated the same with Adrenalin, which has facilitated our employees to access all features and activities from on-boarding to exit through a single system.

Training and Development

The Company has a dedicated training and development team which caters to areas of providing knowledge, building skills and supporting in areas of functional and technical development. With a strong focus on digital learning, our learning interventions right from Induction to functional training and refresher courses, have been developed and deployed online, supported by technology enablers to enhance the user experience of anytime anywhere learning. The Company is using multiple learning methodologies like e-learning modules, video based modules, simulation learning, mobile based micro learning etc. to support our employees on the quest for professional development.

Sensitivity towards driving a compliant business is ensured through learning aids/ modules covering topics such as Anti Money laundering, Prevention of Sexual Harassment, Anti Bribery & Corruption, Information Security etc.

Leadership acumen at various levels in hierarchy are developed through programs designed specifically to address real time business challenges.

Encouraging Performance

Spaisa, as an organisation, considers performance and potential to determine employee growth and promotions. Individual

Performance Measures (IPMs) for employees is used to set expectations across clearly demarcated parameters. Thereafter, an effective feedback mechanism is used to guide the employees from time to time. This helps in alignment of the organizational objectives and employees' personal goals. An effective performance management system helped the Company in recognizing and rewarding people's performance.

Fast Track Career Path

In line with our meritocratic culture we have introduced the 'Role Elevation Panel Process' to fast track careers of high-performers through a fair and transparent panel process. This has encouraged employees to perform their best and grow rapidly in their career within the organisation.

Management Connect

Considering the importance of management interaction, our CEO has a periodic live connect session with all employees through Facebook @Work. During this session the management discusses the company overview, goals and future plans, opportunities and challenges etc. The sessions are also opened to live questions from employees which are answered by the management. These sessions have enabled all employees to be aligned with the company's vision, get clarification or bring to the management's notice any concerns and helped enhance management connect across hierarchy.

Employee Engagement

Spaisa believes in engaging its work force, nurturing their careers and grooming them to become leaders of tomorrow.

Apart from regular interactive forums like virtual townhalls, skip level communication meetings etc. we effectively connect with every employee throughout the organisation.

We receive employee feedback through internal and external employee survey programs, which enables us to continue doing the things going well and improve on the areas where we need to improve. These engagement scores are tracked to monitor improvement.

A special fast track program has been formulated for the recognized High Potential employees. These include programs towards honing their skills and competencies, and special learning and development initiatives which will enable them to meet their career aspirations within the organisation.

Monthly, Quarterly and Annual Rewards and Recognition programs are conducted to not only appreciate the exemplary contributions of performing employees, but also to make it aspirational for the others to leverage their potential.

Management Discussion and Analysis (Contd.)

Other engagement activities like sports events, cultural and festive celebrations, health and wellness workshops etc. are regularly conducted which bring about a new spurt of exuberance and enable employees to de-stress and improve team bonding.

The Company as on FY19 has a strong workforce of 648 employees.

RISK MANAGEMENT

Risk management is a key element of Spaisa'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 lines-of-defence' (3 LOD) model, wherein 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, commodity broking and mutual funds. The Company has highly digitized 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 services company, our business is materially affected by conditions in the domestic and global equity, debt, currency and financial markets and economic conditions in India and throughout the world. Our revenue, level of operations and, consequently, our profitability are largely dependent on favourable market conditions, a conducive regulatory and political environment, investor sentiment and other factors that affect the volume of trading in India and the level of interest in Indian business developments. A market downturn would likely lead to a decline in the volume of transactions that we execute for our customers and will result in decline in our revenues received from our business.

The company aims to mitigate inherent market risks by using sound investment policies, dedicated product advisory teams, Investment Committees, requirement of investment justifications and regular monitoring of performance.

- **Technology risk**
Our information technology systems may be vulnerable to computer viruses, piracy, hacking or similar disruptive problems. Computer viruses or problems caused by third parties could lead to disruptions in our services to our customers. Moreover, we may not operate an adequate disaster recovery system. Fixing such problems caused by computer viruses or security breaches may require interruptions, delays or temporary suspension of our services, which could result in lost revenue and dissatisfied customers. Breaches of our information technology systems, including through piracy or hacking may result in unauthorized access to our content. Such breaches of our information technology systems may require us to incur further expenditure to put in place more advanced security systems to prevent any unauthorized access to our networks. This may have a material adverse effect on our earnings and financial condition.
Management periodically reviews various Technology risks such as protecting sensitive customer data, identity theft, cybercrimes, data leakage, business continuity, access controls, etc. We have put in place processes, systems and tools for ensuring vigilant monitoring, audit logging and suspicious activity reporting. Audit logs are reviewed for any anomalies and pattern deviations on a periodic basis. We have also implemented tools for mitigating various security risks - privileged identity management, advanced malware detection and protection, end-point encryption, mobile device management and secured internet access. We also successfully completed the ISO 27001:2013 annual certification in January 2019.
- **Reputation risk**
We believe that continuing to build our brand, particularly in our business like financial services provider. Promoting and positioning our brand will depend largely on the success of our marketing efforts and our ability to provide high quality services. Brand promotion activities may not yield increased revenues, and even if they do, any increased revenue may not offset the expenses we incur in building our brand. If we fail to promote and maintain our brand, our business, financial condition and results of operations could be adversely affected.

Management Discussion and Analysis (Contd.)

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 close monitoring and strict disciplinary actions against those deviating from the same. The organization pays special attention to issues that may create a reputational risk. Events that can negatively impact the organization position are handled cautiously ensuring utmost compliance and in line with the values of the organization.

- Human resource risk

We are exposed to the risk arising from misconduct, fraud or trading errors by our employees such as indulgence in unauthorized 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 or misappropriation of cash, and the precautions we take 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 our business operations, future financial performance and/or reputation.

The Company has a strong focus on ensuring that employees are adequately trained in their job functions and on all compliance related trainings. The HR department ensures all statutory compliances with labour laws and other relevant statutes are strictly adhered to. We have in place strong background screening standards are in place to minimise any risk of fraud 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 and internal compliances. It lays emphasis to check on process controls, measures undertaken by the Company to monitor risk and to check on leakages or frauds. The Company has invested in ensuring that its internal audit and control systems are adequate and commensurate with the nature of business, regulatory prescriptions and the size of its operations.

The internal control system is supplemented by concurrent and internal audits, as well as special audits and regular reviews by the management. For Company-wide internal audits, the Company has distributed the audit of major businesses to separate top audit firm to have wider and heterogeneous verification approach and inputs, and derive larger value from the audit process. In this regard, the Company has in place Mahajan and Aibara for the purpose.

The Company also retains specialised audit firms to carry out specific / concurrent audit of some critical functions, such as half-yearly internal audit mandated by SEBI/ Exchanges, DP processes, Know Your Customer (KYC) verifications, demat transfers, pay-outs verifications, systems audit, end use verification audits and verification of related party transactions, among others. In addition, the Company complies with several specific audits mandated by regulatory authorities such as SEBI / Exchanges / Depositories, and the reports are periodically submitted to the regulators.

The Board/Audit Committee reviews the overall risk management framework and the adequacy of internal controls instituted by the management team. The Audit Committee reviews major instances of fraud on a quarterly basis and actions are taken on the same. It also focuses 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, regulatory compliances at every stage. Internal audit team carries out a risk-based audit of these processes to provide assurance on the adequacy and effectiveness of internal controls for prevention, detection, reporting and remediation of frauds.

INTERNAL FINANCIAL CONTROLS

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

OUTLOOK

Despite softer growth, the Indian economy remains one of the fastest growing and possibly the least affected by global turmoil. In fact, the effects of external shocks such as rising global volatility, largely from financial volatility, normalized monetary policy in advanced economies, externalities from trade disputes, and investment rerouting were contained

Management Discussion and Analysis (Contd.)

in part by India's strong macroeconomic fundamentals and policy changes including amendments to the policy related to insolvency and bankruptcy, bank recapitalization, and foreign direct investment.

The outlook is positive for India, one of the fastest-growing economies. Fostering private investment and careful management of public finances could help the economy go a long way.

Our Company during the financial year gone by has made substantial investments in people, processes and technology and continues to focus on delivering steady performance. We are cognizant of the changes in the capital market and brokerage segment and well prepared to overcome challenges and sustain performance.

INDEPENDENT AUDITOR'S REPORT

To the Members of 5paisa Capital Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the standalone financial statements of 5paisa Capital Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, loss and cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter

The company has incurred losses which are mainly due to sales promotion and advertisement expenditure incurred in the last 3 years. Under Accounting Standard 22 – Accounting for taxes on Income, deferred tax assets can be recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Determination of such virtual certainty is a matter of judgement based on convincing evidence. As a result, the recognition of the deferred tax asset was significant to our audit.

Response to Key Audit Matter

Our audit procedures included among others examining the future projections which are based on the judgement of the management taking into account that the company's volume of operations has substantially increased in the last year and the expenditure on sales promotion and advertisement is likely to be less in future. The management has also determined that the profits which will be earned in the future will be sufficient for setting off the carried forward losses in accordance with the provisions of the Income Tax Act, 1961.

Accordingly we have found the future projections made by management for the purpose of recognition of deferred tax asset in the financial statements to be appropriate.

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 Annexure to Board's Report and other information included in the Annual 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.

Independent Auditor's Report (Contd.)

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 the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards 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 Board of Directors 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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 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, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the financial statements.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss 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 Accounting Standards specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 Notes to the Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Place: Mumbai
Date: 16th April, 2019

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

ANNEXURE A TO AUDITOR'S REPORT

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF SPAISA CAPITAL LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the assets have been physically verified by the management in accordance with a phased programme of verification which in our opinion is reasonable considering the size of the Company and nature of its fixed assets. According to the information and explanations given to us, no material discrepancies have been noticed on such physical verification.
- (c) The Company does not have any immovable property. Therefore, paragraph 3(i)(c) of the Order is not applicable to the Company.
- (ii) The company is trading in securities on proprietary basis and the securities held at the year-end has been classified as inventory and such inventory is verified by the management during the year with reference to third party evidence like Demat statement. There were no material discrepancies noticed during such verification.
- (iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the company has not granted any loans, investments, guarantees and security to which provisions of section 185 and 186 of the Act apply. Therefore, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.
- (vi) According to the information and explanations given to us, in respect of the class of industry the company falls under, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act. Therefore, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, service tax, sales tax, value added tax, goods and services tax, cess and other statutory dues as applicable to the Company with the appropriate authorities. Further as explained, there are no undisputed statutory dues outstanding for more than six months as at 31st March 2019 from the date they became payable.
- (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of Income Tax, Wealth Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Services Tax, Excise Duty, Customs Duty and Cess which have not been deposited on account of any dispute.
- (viii) According to the information and explanation given to us, the company has not defaulted in repayment of loans or borrowing to banks or financial institutions. The Company has not taken any loans or borrowings from Government and does not have any dues to debenture holders.
- (ix) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, and based on the audit procedures performed and the representations obtained from the management, we report that no fraud by the company or on the Company by its officers or employees, having a material misstatement on the financial statements has been noticed or reported during the period under audit.
- (xi) According to the information and explanations given to us and based on verification of records, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence clause (xii) of the order is not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on verification of the records and approvals of the Audit Committee, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the company is not a Non Banking Finance Company and therefore is not required to be registered under Sec 45-IA of the Reserve Bank of India Act, 1934.

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

Place: Mumbai
Date: 16th April, 2019

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

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 ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of 5paisa Capital Limited ("the Company") as of March 31st, 2019 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.

Annexure B to Auditor's Report (Contd.)**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, 2019 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)

Place: Mumbai
Date: 16th April, 2019

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

STANDALONE BALANCE SHEET

as at March 31, 2019

(₹ in Millions)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
I EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share Capital	3	127.39	127.39
(b) Surplus	4	336.27	501.97
Sub Total		463.66	629.36
(2) Non Current Liabilities			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long-Term Liabilities		-	-
(d) Long-Term Provisions	5	6.00	2.07
Sub Total		6.00	2.07
(3) Current Liabilities			
(a) Short-Term Borrowings	6	920.12	161.47
(b) Trade Payables	7		
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		0.71	20.69
(c) Other Current Liabilities	8	1,360.56	446.90
(d) Short-Term Provisions	9	64.38	52.02
Sub Total		2,345.77	681.09
Total		2,815.43	1,312.52
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	10		
(i) Property, Plant and Equipment		16.00	12.49
(ii) Intangible Assets		5.81	8.77
(iii) Capital Work-in-progress		0.75	0.05
Sub Total		22.56	21.31
(b) Non-Current Investments	11	21.00	20.50
(c) Deferred Tax Assets (Net)	12	208.43	149.29
(d) Long-Term Loans & Advances	13	120.58	325.98
(e) Other Non-Current Assets	14	3.25	7.25
Sub Total		353.26	503.01
(2) Current Assets			
(a) Current Investments		-	-
(b) Inventories	15	32.64	36.00
(c) Trade Receivables	16	19.96	5.61
(d) Cash and Cash Equivalents	17	1,130.06	279.22
(e) Short-Term Loans & Advances	18	247.89	38.15
(f) Other Current Assets	19	1,009.06	429.22
Sub Total		2,439.61	788.20
Total		2,815.43	1,312.52

See accompanying notes forming part of Standalone Financial Statements

1 to 36

As per our attached report of even date

For V Sankar Aiyar & Co

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors

Prakarsh Gagdani

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave

Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

(₹ in Millions)

Particulars	Note No.	For the Year ended March 31, 2019	For the Year ended March 31, 2018
INCOME			
I. Revenue from Operations	20	626.40	196.52
II. Other Income		-	-
Total Income		626.40	196.52
EXPENSES			
a. Employee Benefits Expense	21	258.35	193.18
b. Finance Costs	22	68.27	7.95
c. Depreciation and Amortisation Expense	23	14.43	6.67
d. Other Expenses	24	510.19	320.82
Total Expenses		851.24	528.62
Profit Before Tax		(224.84)	(332.10)
Tax Expenses:			
Current Tax		-	-
Deferred Tax		(59.14)	(79.12)
Short/Excess Provision for Tax		-	(0.00)
Total Tax Expenses		(59.14)	(79.12)
Profit/(Loss) for the Year		(165.70)	(252.99)
Earnings per equity share of face value of ₹ 10 each	25		
Basic in (₹)		(13.01)	(19.86)
Diluted in (₹)		(13.01)	(19.86)
See accompanying notes forming part of Standalone Financial Statements	1 to 36		

As per our attached report of even date**For V Sankar Aiyar & Co**

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors**Prakarsh Gagdani**

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave

Company Secretary

STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2019

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash Flows From Operating Activities		
Net profit before taxation and extraordinary item	(224.84)	(332.10)
Adjustments for:		
Net Loss/(Gain) on Sale of Current Investments	(0.19)	(14.39)
Depreciation and Amortisation Expense	14.43	6.67
(Profit)/Loss on sale of Fixed Assets	(0.00)	-
Interest Income	(26.52)	(9.34)
Gratuity	2.30	0.61
Leave Encashment	2.77	0.81
Interest Expenses	64.91	6.23
Dividend Income	(0.03)	(0.20)
	57.66	(9.60)
Operating Profit before Working Capital Changes	(167.18)	(341.70)
Changes in Working Capital:		
(Increase)/Decrease in Long Term Loan and Advances	201.14	(286.31)
Increase/(Decrease) in Other Current Liabilities	913.66	290.66
Decrease/(Increase) in Short Term Loans and Advances	(209.74)	(24.79)
(Increase)/Decrease in Trade Inventories	3.36	(10.46)
Decrease/(Increase) in Other Current Assets	(579.84)	(313.81)
Increase/(Decrease) in Short Term Provision	7.30	10.00
Decrease/(Increase) in Other Non Current Assets	4.00	(7.25)
Increase/(Decrease) in Long Term Provision	3.94	(1.08)
Increase/(Decrease) in Short Term & Long Term Borrowings	758.65	161.47
Decrease/(Increase) in Trade Receivable	(14.35)	(1.56)
Increase/(Decrease) in Trade Payable	(19.99)	16.19
Cash generated from/(Used) Operations	900.95	(508.63)
Net Income Tax (paid)/refunds	4.25	1.43
Net Cash from/(used in) Operating Activities (a)	905.20	(507.20)
Cash Flows from Investing Activities		
Purchase of Current Investments	(752.61)	(39,742.70)
Sale of Current Investments	752.80	39,757.09
Interest received	26.52	9.34
Dividend Income	0.03	0.20
Fixed Deposit with Bank (Maturity from 3 months to 12 months)	(400.00)	(50.00)
Payments for purchase of equity instruments of other entity	(0.50)	(20.50)
Purchase/Sale of fixed assets (includes intangible assets) (net)	(15.67)	(22.00)
Net Cash from/(used in) investing activities (b)	(389.43)	(68.58)
Cash Flows From Financing Activities		
Increase in share capital	-	-
Interest Paid	(64.91)	(6.23)
Net Cash from/(used in) financing activities (c)	(64.91)	(6.23)
Net increase/(decrease) in Cash and Cash Equivalents (a + b + c)	450.84	(582.02)
Cash and Cash Equivalents at beginning of year	174.22	756.23
Cash and Cash Equivalents at end of year (Refer Note 17)	625.06	174.22
Net increase/(decrease) in Cash and Cash Equivalents	450.84	(582.02)

See accompanying notes forming part of Standalone Financial Statements (1 to 36)

As per our attached report of even date

For V Sankar Aiyar & Co

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors

Prakarsh Gagdani

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal
Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave
Company Secretary

NOTES forming part of Standalone Financial Statements for year ended March 31, 2019

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 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:

2.1 Basis of accounting and preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable Accounting Standards notified under section 133 of companies Act 2013 (Act) read with Rule 7 of the Companies Accounts Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year by the Company.

2.2 Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles which requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

2.3 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted

for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Fixed Assets and Depreciation and Amortisation:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. 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.

Estimated useful life of the assets is as under:

Class of assets	Useful life in years
Buildings*	20
Computers*	3
Electrical equipment*	5
Office equipment	5
Furniture and fixtures *	5
Vehicles*	5
Software	3

* 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.

Capital work-in-progress:

Projects under which property, plant and equipment are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.6 Translation of foreign currency items:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Exchange difference, if any, arising out of transactions settled during the year are recognised in the statement of Profit and Loss. Foreign currency monetary assets and liabilities are

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

translated at the exchange rate prevailing on the Balance Sheet date. The exchange gains or losses, if any, are recognised in the statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

2.7 Revenue Recognition:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

- (a) Brokerage income earned on secondary market operations are accounted on trade dates.
- (b) Income from arbitrage comprises profit/loss on sale of securities held as stock-in-trade and profit/loss on equity derivative instruments is accounted as follows:
 - (i) Profit / loss on sale of securities is determined based on the FIFO cost of the securities sold.
 - (ii) Profit / loss on arbitrage transactions is accounted for as explained below:

Initial and additional margin paid over and above initial margin for entering into contracts for Equity Index / Stock Futures / Currency Futures and or Equity Index / Stock Options / Currency Options which are released on final settlement/squaring-up of underlying contracts are disclosed under other current assets. "Mark-to-market margin- Equity Index / Stock Futures / Currency Futures" representing the amounts paid in respect of mark to market margin is disclosed under 'other current assets.'

"Equity Index / Stock Option / Currency Option Premium Account" represents premium paid or received for buying or selling the Options, respectively.

On final settlement or squaring up of contracts for Equity Index / Stock Futures / Currency Future, the realised profit or loss after adjusting the unrealised loss already accounted, if any, is recognised in the Statement of Profit and Loss. On settlement or squaring up of Equity Index / Stock Options / Currency Option before expiry, the premium prevailing in "Equity Index / Stock Option / Currency Option Premium Account" on that date is recognised in the Statement of Profit and Loss.

As at the Balance Sheet date, the Mark to Market / Unrealised Profit / (Loss) on all outstanding Arbitrage portfolio comprising of Securities and Equity/Currency Derivatives positions is determined on scrip basis (e.g. Nifty, SBI, HDFC etc.) with net unrealised losses on scrip basis being recognised in the Statement of Profit and Loss and the net unrealised gains on scrip basis are ignored.

2.8 Other Income Recognition:

- (a) Interest Income is recognised on accrual basis.
- (b) Dividend income is recognised when the right to receive payment is established.

2.9 Employee Benefits:

Defined contribution plans

The Company's contribution towards Provident Fund and Family Pension Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

Long-term employee benefits

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

2.10 Provisions, Contingent Liabilities and Contingent Assets:

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

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

Contingent Assets are neither recognised nor disclosed in the financial statements.

2.11 Taxes on Income:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Company re-assesses unrecognised deferred tax assets. Deferred tax liability is recognised as and when arisen.

2.12 Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance with Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India.

2.13 Investments:

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or fair value. Non – current investments are carried at cost. Provision for diminution in value of non – current investments is made, if in the opinion of the management such diminution is other than temporary. For investment in mutual funds, the net assets value (NAV) declared by the mutual funds at the Balance Sheet date is considered as the fair value.

2.14 Inventories:

Closing stock is valued at cost or market value whichever is lower. Cost is computed on FIFO basis. The comparison of cost and market value for arbitrage portfolio is done separately for each script.

2.15 Impairment of assets:

The carrying amount of the assets at each Balance Sheet date is reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance Sheet date, there is an indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.16 Operating Cycle:

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.17 Earnings Per Share:

Basic earnings per share for equity shareholders have been calculated by dividing the Net Profit after Tax or loss by the weighted average number of equity shares outstanding during the period.

The diluted earnings per share for equity shareholders have been computed by dividing the Net Profit after Tax or loss by the weighted average number of shares after giving dilutive effect of all potential equity shares.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL:

a. The Authorised, Issued, Subscribed and fully paid up share capital comprises equity shares as follows:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised :		
30,000,000 (PY 30,000,000) Equity Shares of ₹10 each	300.00	300.00
Issued , Subscribed and Paid Up :		
12,739,022 (PY 12,739,022) Equity Shares of ₹10 each fully paid-up	127.39	127.39
Total	127.39	127.39

b. Reconciliation of the shares outstanding

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
At the Beginning of the Year	12,739,022	127.39	-	-
Add:- Issued during the Year	-	-	12,739,022	127.39
Outstanding at the end of the year	12,739,022	127.39	12,739,022	127.39

c. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

d. Equity Shares held by Holding company / Ultimate holding company and their subsidiaries

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹10 each fully paid	-	-	-	-

e. Detail of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹10 each fully paid				
FIH Mauritius Investments Ltd	3,385,657	26.58	3,385,657	26.58
Nirmal Bhanwarlal Jain	2,228,600	17.49	2,178,600	17.10
Hwic Asia Fund Class A Shares	1,134,501	8.91	1,134,501	8.91
Madhu N Jain	680,000	5.34	680,000	5.34

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 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 no 32 for details of shares reserved for issue under Employee Stock Option Plan of the Company.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 4. SURPLUS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Securities premium account:		
Opening balance	823.33	823.33
Addition during the year	-	-
Closing Balance	823.33	823.33
Capital Reserve:		
Opening balance	47.71	47.71
Addition during the year	-	-
Closing Balance	47.71	47.71
Profit and Loss Account:		
Opening balance	(369.07)	(116.08)
Addition/(Deduction) during the year	(165.70)	(252.99)
Closing Balance	(534.77)	(369.07)
Total	336.27	501.97

NOTE: 5. LONG TERM PROVISIONS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Gratuity	3.65	1.36
Provision for Leave Encashment	2.35	0.71
Total	6.00	2.07

NOTE: 6. SHORT TERM BORROWINGS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured Loans		
Bank Overdrafts*	630.12	161.47
Unsecured Loans		
Inter-Corporate Deposit (Refer Note 27)	290.00	-
Total	920.12	161.47

*Secured by term deposits of ₹750.00 Millions pledged by other related parties.

NOTE: 7. TRADE PAYABLE:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
- Outstanding dues of micro & small enterprises*	-	-
- Outstanding dues of creditors other than micro & small enterprises	0.71	20.69
Total	0.71	20.69

* 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:

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	2018-19	2017-18
Amount due and payable at the year end		
Principal	-	-
Interest on above Principal	-	-
Payment made during the year after due date		
Principal	-	-
Interest	-	-
Interest due and payable for principal already paid	-	-
Total Interest accrued and remained unpaid at year end	-	-

NOTE: 8. OTHER CURRENT LIABILITIES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Client and other payables	1,344.87	433.89
Statutory Liabilities Payable	13.34	10.19
Accrued Salaries & Benefits	0.08	2.17
Advances from customers	-	0.65
Payable to Related Parties (Refer Note 27)	2.09	-
Other Liabilities	0.18	-
Total	1,360.56	446.90

NOTE: 9. SHORT TERM PROVISIONS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Expenses	50.98	47.80
Bonus and Staff Incentives Payable	11.32	2.91
Provision for Leave Encashment	1.26	0.54
Provision for Gratuity	0.82	0.77
Total	64.38	52.02

NOTE :10 FIXED ASSETS

Property, Plant & Equipment

(₹ in Millions)

Particulars	Computers	Electrical Equipments	Furniture & Fixtures	Office Equipments	Total
Cost or Valuation					
At April 1, 2018	12.34	1.10	3.25	2.19	18.88
Addition/Adjustments	8.45	1.74	1.48	1.65	13.32
Deductions/Adjustments during the year	-	-	0.01	0.00	0.01
At March 31, 2019	20.79	2.84	4.72	3.84	32.19

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

Particulars	Computers	Electrical Equipments	Furniture & Fixtures	Office Equipments	Total
Accumulated Depreciation					
At April 1, 2018	2.73	0.33	1.84	1.49	6.39
Depreciation/Adjustments For the year	6.84	0.53	0.81	1.63	9.81
Deductions/Adjustments during the year	-	-	0.01	0.00	0.01
At March 31, 2019	9.57	0.86	2.64	3.12	16.19
Net Block					
At March 31, 2019	11.22	1.98	2.08	0.72	16.00
At March 31, 2018	9.61	0.78	1.41	0.71	12.49

Note: - Capital work in progress ₹ 0.75 Million (Previous year ₹ 0.05 Million) pertains to assets not yet capitalised.

Intangible Assets

(₹ in Millions)

Particulars	Software	Total
Cost or Valuation		
At April 1, 2018	12.12	12.12
Addition/Adjustments	1.67	1.67
Deductions/Adjustments during the year	-	-
At March 31, 2019	13.79	13.79
Accumulated Depreciation		
At April 1, 2018	3.36	3.36
Depreciation/Adjustments For the year	4.62	4.62
Deductions/Adjustments during the year	-	-
At March 31, 2019	7.98	7.98
Net Block		
At March 31, 2019	5.81	5.81
At March 31, 2018	8.77	8.77

NOTE: 11. NON-CURRENT INVESTMENTS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Investment in Subsidiaries - Equity Instruments (Unquoted)		
Spaisa P2P Limited (w.e.f. 07th Dec 2017) (2,050,000 Equity Shares of ₹ 10/- each)	20.50	20.50
Spaisa Insurance Brokers Limited (w.e.f 27th Oct 2018) (50,000 Equity Shares of ₹ 10/- each)	0.50	--
Total	21.00	20.50

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 12. DEFERRED TAX ASSETS (NET):

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Depreciation	0.89	0.02
Deferred Tax Asset for Gratuity	1.16	0.55
Provision for Doubtful debts	1.53	0.29
Deferred Tax Asset for Leave Encashment	0.94	0.32
Short term/Long Term Capital losses/ Business Loss	203.91	148.11
Total	208.43	149.29

"Considering the future projections and that the carried forward losses are only for the last 3 years primarily on account of expenditure on sales promotion and advertisement incurred in the early years which is likely to be less in future, the Company is of the opinion that sufficient taxable income will be available in future against which the deferred tax assets arising from carried forward business loss can be utilised"

NOTE: 13. LONG TERM LOANS & ADVANCES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good :		
Deposit with Exchange / Clearing Corporation	103.96	322.48
Advance Income Tax & TDS (Net of provision ₹ Nil/- as on 31st Mar 2019) (Previous Year ₹ Nil/-)	4.25	1.43
Security Deposit with related parties (Refer Note 27)	10.31	-
Security Deposit with Others	2.06	2.07
Total	120.58	325.98

NOTE: 14. OTHER NON-CURRENT ASSET:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposit with bank (Maturity remaining more than 12 months)*	3.25	7.25
Total	3.25	7.25

*Fixed deposits to the extent of ₹ 3.25 Millions (PY ₹ 7.25 Millions) pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 15. INVENTORIES - (AT LOWER OF COST OR NET REALISABLE VALUE):

(₹ in Millions)

Script Name	As at March 31, 2019			As at March 31, 2018		
	Strike Price in ₹	Number	₹ in millions	Strike Price in ₹	Number	₹ in millions
Exchange Traded Fund/Shares						
EQ-SBISENSEXETF	373.23	3,097	1.16	342.16	6,212	2.13
EQ-SETFBANK EQ	276.70	5,542	1.53	244.72	1,595	0.39
EQ-SETFBS	114.98	12,399	1.43	105.42	20,630	2.18
EQ-SETFNIFTYNEXT 50 EQ	275.63	10,285	2.83	287.15	1,601	0.46
EQ-SETFNIFTY EQ	115.47	44,185	5.10	101.94	34,474	3.51
EQ-UTINIFTYETF	1,198.18	6,324	7.58	1,054.30	7,359	7.76
EQ-UTISENSEXETF	378.61	5,646	2.14	341.43	8,473	2.89
EQ-UTINEXT50	280.50	29,541	8.29	290.25	56,816	16.49
EQ-SETFSN50	314.41	5,691	1.79	-	-	-
EQ- SBIETFQLTY	94.32	8,415	0.79	-	-	-
EQ- UTISXN50	331.00	24	0.00	-	-	-
DLF LTD	-	-	-	201.05	911	0.18
SUZLON ENERGY LTD	-	-	-	10.70	1,261	0.01
Total		131,149	32.64		139,332	36.00
Aggregate Market Value-Stock			33.67			36.11

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

NOTE: 16. TRADE RECEIVABLES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good, unless otherwise stated		
Outstanding for a period exceeding six months from date they are due for payment.	-	-
Others	19.96	5.61
Total	19.96	5.61

NOTE: 17. CASH AND CASH EQUIVALENTS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash & Cash Equivalents:		
Balances with schedule banks:		
In current accounts		
Client bank accounts	612.89	163.65
Other Bank accounts #	8.17	10.57
In Deposit account (Maturity less than 3 months)*	4.00	-
Total Cash & Cash Equivalent (a)	625.06	174.22
Other Balances		
In Deposit account (Maturity more than 3 months to 12 months)*	505.00	105.00
Total Other Balances (b)	505.00	105.00
Total (a + b)	1,130.06	279.22

Includes Cheque on hand ₹ 0.15 Million (PY ₹ 0.17 Million)

*Includes fixed deposits to the extent of ₹ 509.00 Million (PY ₹ 105.00 Million) pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 18. SHORT-TERM LOAN AND ADVANCES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good :		
Advances recoverable in cash or in kind or for value to be received	4.75	6.90
Balance with Government authorities		
GST Input Credit	2.55	31.25
Other Loans & Advance		
Margin Trading Facility Balances	240.59	-
Total	247.89	38.15

NOTE: 19. OTHER CURRENT ASSETS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid Expenses	5.70	3.44
Interest Accrued on Fixed Deposit	3.66	0.08
Receivable from Related Parties (Refer Note 27)	0.50	-
Client & Exchange Receivables	1,005.07	426.83
Less : Provision for doubtful client receivables	(5.87)	(1.13)
Total	1,009.06	429.22

NOTE: 20. REVENUE FROM OPERATIONS:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Capital Market activities	541.97	152.21
Fund Based activities	24.38	29.81
Financial Products distribution	60.05	14.50
Total	626.40	196.52

NOTE: 21. EMPLOYEE BENEFITS EXPENSE:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and Bonus	234.58	179.44
Contribution to provident and other funds	14.42	10.54
Gratuity*	2.30	0.61
Staff Welfare Expenses	4.28	1.78
Leave Encashment	2.77	0.81
Total	258.35	193.18

* The Company is recognising and accruing the employee benefit as per accounting standard (AS) – 15 on “Employee Benefits” the disclosures of which are as under.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 21. EMPLOYEE BENEFITS EXPENSE (CONT.):

(₹ in Millions)

Assumptions	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Discount rate previous year	7.35%	6.65%
Salary Escalation previous year	8.00%	5.00%
Discount rate current year	7.07%	7.35%
Salary Escalation Current year	10.00%	8.00%
Change in Benefit Obligation		
Liability at the beginning of the year	2.13	1.51
Interest Cost	0.15	0.10
Current Service Cost	0.70	0.58
Past Service Cost	-	(0.03)
Benefit paid	(0.07)	-
Actuarial (gain)/ Loss on obligations	1.45	(0.04)
Liability Transferred in/(out)	0.11	0.01
Liability at the end of the year	4.47	2.13

(₹ in Millions)

Assumptions	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Amount Recognised in the Balance Sheet		
Liability at the end of the year	(4.47)	(2.13)
Fair value of plan Assets at the end of the year	-	-
Funded Status (Surplus/deficit)	(4.47)	(2.13)
Amount of liability Recognised in the Balance Sheet	(4.47)	(2.13)

(₹ in Millions)

Expenses Recognised in the Income statement	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Current Service cost	0.69	0.58
Interest Cost	0.16	0.10
Past Service Cost	-	(0.03)
Actuarial Gain or Loss	1.45	(0.04)
Expense Recognised in P&L	2.30	0.61
Balance Sheet reconciliation		
Opening Net liability	2.13	1.51
Expense as above	2.30	0.61
Liability Transferred in/(out)	0.11	0.01
Benefit paid	(0.07)	-
Amount Recognised in Balance Sheet	4.47	2.13

Defined Contribution Plans:

The Company has also recognised the following amounts as an expense.

(₹ in Millions)

Particulars	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Contribution to provident fund and EPS	10.58	7.64

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 22. FINANCE COSTS:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expenses	64.91	6.23
Other Borrowing Cost	3.36	1.72
Total	68.27	7.95

NOTE: 23. DEPRECIATION AND AMORTISATION EXPENSE:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation - Property, Plant and Equipment	9.81	3.98
Amortisation - Intangible Assets	4.62	2.69
Total	14.43	6.67

NOTE: 24. OTHER EXPENSES:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Advertisement	220.26	155.70
Books & Periodicals	0.01	0.02
Exchange and Statutory Charges	1.23	0.71
Brokerage Related Expense	12.73	17.73
Marketing & Commission Expenses	58.32	10.34
Directors Remuneration/Sitting Fees	1.02	0.66
Bank Charges	1.60	0.61
Communication	19.38	7.03
Electricity	12.59	9.84
Legal and Professional Charges	85.63	29.53
Miscellaneous Expenses	0.87	0.22
Office Expenses	20.63	9.16
Meeting Seminar & Subscription	0.74	1.27
Postage and Courier	0.49	0.40
Printing and Stationery	1.50	0.58
Provision for doubtful debts and bad debts	4.77	1.14
Rent	29.56	30.45
Insurance	0.31	0.39
Rates & taxes	1.46	7.51
Repairs & Maintenance	-	-
Computer	0.65	0.62
Others	3.27	3.33
Remuneration to Auditors :		
As auditors - Statutory Audit	0.25	0.10
Certification Work - Statutory Audit	0.67	0.01
Out of pocket expenses	0.04	-
Software Charges	24.97	26.59
Travelling and conveyance	7.24	6.88
(Profit)/Loss on sale of assets@	(0.00)	-
Total	510.19	320.82

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

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 25. EARNINGS PER SHARE (EPS):

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Profit/(Loss) after tax for the Year	(165.70)	(252.99)
Weighted Average No. of Shares to be issues under scheme of arrangement	1,27,39,022	1,27,39,022
Basic Earnings per Shares in ₹	(13.01)	(19.86)
Diluted Earnings per Shares in ₹	(13.01)	(19.86)
Face Value per Equity Shares in ₹	10.00	10.00

*The Employee Stock Options granted by the Company which are potential equity shares are ignored for purpose of computation of diluted earnings per share since they are anti-dilutive, considering that the company has incurred losses.

NOTE: 26.

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.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 27.

A) Disclosures in respect of AS – 18 Related Party Disclosures:

Nature of relationship	Name of party
Subsidiaries	Spaisa P2P Limited
	Spaisa Insurance Brokers Limited w.e.f 27.10.2018
	IIFL Holdings Limited
	IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)
	India Infoline Media & Research Services Limited
	India Infoline Finance Limited
	IIFL Securities Limited (Formerly known as India Infoline Limited)
	IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)
	IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)
	IIFL Wealth Management Limited**
	IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)
	IIFL Wealth UK Limited
	IIFL Capital Inc
	India Infoline Foundation
	IIFL Assets Reconstruction Limited
	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
	Samasta Microfinance Limited
Ayusha Dairy Private Limited (amalgamated w.e.f. 06.08.2018)	
IIFL Capital Pte. Ltd	
IIFL Securities Pte. Limited	
Other Related Parties	IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)
	IIFL Alternate Asset Advisors Limited
	IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)
	IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited)
	IIFL Distribution Services Limited (Formerly IIFL Distribution Services Private Limited)
	IIFL Investment Advisers & Trustee Services Limited (Formerly IIFL Trustee Services Limited)
	IIFL Asia Pte Limited
	IIFL Private Wealth (Hong Kong) Limited**
	IIFL Asset Management (Mauritius) Limited {Formerly IIFL Private Wealth (Mauritius) Ltd}
	IIFL Private Wealth Management (Dubai) Limited
	IIFL Inc.
	IIFL Private Wealth (Suisse) SA.**
	Clara Developers Private Limited
	IIFL Capital (Canada) Limited
	IIFL Wealth Securities IFSC Limited
	IIFL Securities Services IFSC Limited
	IIFL Securities IFSC Limited
IIFL Altiore Advisors Private Limited (Formerly Altiore Advisors Private Limited)	
IIFL Wealth Advisors (India) Limited (Formerly Wealth Advisors (India) Private Limited)	
Key Managerial Personnel	Mr. Prakarsh Gagdani
	Mr. Santosh Jayaram
Others	Mr. R Venkataraman
	Mr. Nirmal Jain
	Orpheus Trading Pvt. Limited
	Ardent Impex Pvt. Limited

Note**

- i) IIFL Private Wealth (Hong kong) Limited has ceased to carry its business operations and is in process of winding up.
- ii) IIFL Wealth Management Limited has dis-invested from IIFL Private Wealth (Suisse) SA and accordingly does not hold any stake in IIFL Private Wealth (Suisse) SA (Effective date : February 27, 2019).

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

B) Significant Transaction with Related Parties

(₹ in Millions)

Nature of Transaction	Other Related parties	Key Managerial Person	Subsidiaries	Total
ICD Received				
India Infoline Finance Limited	800.00	-	-	800.00
	(100.00)	(-)	(-)	(100.00)
IIFL Holdings Limited	1010.00	-	-	1010.00
	(460.00)	(-)	(-)	(460.00)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	973.58	-	-	973.58
	(60.00)	(-)	(-)	(60.00)
ICD Received (Return)				
India Infoline Finance Limited	800.00	-	-	800.00
	(100.00)	(-)	(-)	(100.00)
IIFL Holdings Limited	880.00	-	-	880.00
	(460.00)	(-)	(-)	(460.00)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	813.58	-	-	813.58
	(60.00)	(-)	(-)	(60.00)
Interest Expenses (ICD)				
India Infoline Finance Limited	6.64	-	-	6.64
	(0.46)	(-)	(-)	(0.46)
IIFL Holdings Limited	15.76	-	-	15.76
	(4.13)	(-)	(-)	(4.13)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	6.20	-	-	6.20
	(0.18)	(-)	(-)	(0.18)
Allocation/Reimbursement of Expenses Paid				
IIFL Securities Limited (Formerly known as India Infoline Limited)	40.16	-	-	40.16
	(26.03)	(-)	(-)	(26.03)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	15.13	-	-	15.13
	(12.37)	(-)	(-)	(12.37)
India Infoline Finance Limited	2.66	-	-	2.66
	(0.26)	(-)	(-)	(0.26)
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.03	-	-	0.03
	(0.01)	(-)	(-)	(0.01)
IIFL Holdings Limited	0.85	-	-	0.85
	(1.73)	(-)	(-)	(1.73)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	0.12	-	-	0.12
	(0.01)	(-)	(-)	(0.01)
Allocation / Reimbursement of Expenses Received				
IIFL Securities Limited (Formerly known as India Infoline Limited)	0.33	-	-	0.33
	(0.15)	(-)	(-)	(0.15)
India Infoline Finance Limited	0.02	-	-	0.02
	(-)	(-)	(-)	(-)
Rent Expense				
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	20.00	-	-	20.00
	(26.33)	(-)	(-)	(26.33)

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

Nature of Transaction	Other Related parties	Key Managerial Person	Subsidiaries	Total
IIFL Holdings Limited	4.82	-	-	4.82
	(-)	(-)	(-)	(-)
Remuneration				
Prakarsh Gagdani	-	7.67	-	7.67
	(-)	(5.28)	(-)	(5.28)
Santosh Jayaram	-	2.36	-	2.36
	(-)	(0.45)	(-)	(0.45)
Others Paid				
IIFL Securities Limited	0.12	-	-	0.12
(Formerly known as India Infoline Limited)	(0.24)	(-)	(-)	(0.24)
India Infoline Finance Limited	0.06	-	-	0.06
	(-)	(-)	(-)	(-)
India Infoline Insurance Brokers Limited	-	-	-	-
	(0.04)	(-)	(-)	(0.04)
IIFL Holdings Limited	-	-	-	-
	(2.05)	(-)	(-)	(2.05)
Others Received				
IIFL Securities Limited	0.40	-	-	0.40
(Formerly known as India Infoline Limited)	(0.10)	(-)	(-)	(0.10)
IIFL Insurance Brokers Limited	-	-	-	-
(Formerly Known as India Infoline Insurance Brokers Limited)	(0.10)	(-)	(-)	(0.10)
India Infoline Finance Limited	0.15	-	-	0.15
	(0.05)	(-)	(-)	(0.05)
IIFL Holdings Limited	-	-	-	-
	(0.00)	(-)	(-)	(0.00)
India Infoline Media & Research Services Limited	0.02	-	-	0.02
	(-)	(-)	(-)	(-)
Service Income				
IIFL Securities Limited	4.56	-	-	4.56
(Formerly known as India Infoline Limited)	(4.83)	(-)	(-)	(4.83)
IIFL Insurance Brokers Limited	1.05	-	-	1.05
(Formerly Known as India Infoline Insurance Brokers Limited)	(4.86)	(-)	(-)	(4.86)
Brokerage/Commission Income/Referral Fee				
IIFL Asset Management Limited	0.00	-	-	0.00
(Formerly India Infoline Asset Management Company Limited)	(0.10)	(-)	(-)	(0.10)
India Infoline Finance Limited	1.17	-	-	1.17
	(-)	(-)	(-)	(-)
Security Deposit (Received)				
IIFL Holdings Limited	-	-	-	-
	(0.20)	(-)	(-)	(0.20)
Security Deposit (Repaid)				
IIFL Holdings Limited	-	-	-	-
	(0.20)	(-)	(-)	(0.20)

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

Nature of Transaction	Other Related parties	Key Managerial Person	Subsidiaries	Total
Security Deposit (Given)				
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	11.05 (-)	- (-)	- (-)	11.05 (-)
IIFL Holdings Limited	2.50 (-)	- (-)	- (-)	2.50 (-)
Security Deposit (Received Back)				
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	3.23 (-)	- (-)	- (-)	3.23 (-)
Investment in Subsidiaries				
5paisa Insurance Brokers Limited	- (-)	- (-)	0.50 (-)	0.50 (-)
5paisa P2P Limited	- (-)	- (-)	- (20.50)	- (20.50)

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

C. Closing balance

(₹ in Millions)

Nature of Transaction	Other Related parties	Key Managerial Person	Subsidiaries	Total
ICD Payable				
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	160.00 (-)	- (-)	- (-)	160.00 (-)
IIFL Holdings Limited	130.00 (-)	- (-)	- (-)	130.00 (-)
Others Receivables				
India Infoline Finance Limited	0.50 (-)	- (-)	- (-)	0.50 (-)
Others Payables				
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	1.43 (-)	- (-)	- (-)	1.43 (-)
IIFL Securities Limited (Formerly known as India Infoline Limited)	0.64 (-)	- (-)	- (-)	0.64 (-)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	0.02 (-)	- (-)	- (-)	0.02 (-)
Security Deposit				
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	7.81 (-)	- (-)	- (-)	7.81 (-)
IIFL Holdings Limited	2.50 (-)	- (-)	- (-)	2.50 (-)

Note: Figures in bracket represent previous year's figure.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 28. SEGMENT REPORTING:

In the opinion of the management, there is only one reportable business segment as envisaged by AS 17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

NOTE: 29. CONTINGENT LIABILITIES:

The Company is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Company's management does reasonably expect that these legal actions, when ultimately concluded and determined, will not have material and adverse effect on the Company's financial position. As on March 31, 2019 the company has following contingent liability:

(₹ in Millions)		
Particulars	As at March 31, 2019	As at March 31, 2018
Claims against the company not acknowledged as debt	0.47	-
Total	0.47	-

NOTE: 30. CAPITAL AND OTHER COMMITMENTS AT BALANCE SHEET DATE

There are outstanding commitments to the tune of ₹ 0.94 Million (PY ₹ 1.11 Million) (net of advances) of the total contractual obligations entered by the Company.

NOTE: 31. EARNINGS AND EXPENSES IN FOREIGN CURRENCY

(₹ in Millions)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Earnings in Foreign Currency		
Total Income	-	-
Expenses in Foreign Currency		
Advertisement Expenses	16.12	3.02
Total Expenses	16.12	3.02

NOTE: 32.

The shareholders of the Company have approved two ESOP scheme(s) having a pool size of 600,000 options each i.e. 5paisa Capital Limited Employee Stock Option Scheme 2017 and 5paisa Capital Limited Employee Stock Option Trust Scheme 2017. The Nomination and Remuneration Committee of the Board of Directors of the Company granted 220,000 options under 5paisa Capital Limited Employee Stock Options Scheme 2017 to the eligible employees of the Company on January 29, 2018. Further, the Scheme(s) has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	ESOP 2017
Method of Accounting	Intrinsic Value
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

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

b) Movement of options during the year ended March 31, 2019

Particulars	Option Outstanding	Exercise price (in ₹)	Weight average remaining contractual life(Years)
Outstanding as on April 01, 2017	-	-	-
Granted during the year	220,000	308	7.0
Forfeited during the year	-	-	
Expired/Lapsed during the year	-	-	
Exercised during the year	-	-	
Outstanding as on March 31, 2018	220,000	308	6.8
Exercisable as on March 31, 2018	220,000	308	
Granted during the year	-	-	
Forfeited during the year	-	-	
Expired/Lapsed during the year	20,000	308	
Exercised during the year	-	-	
Outstanding as on March 31, 2019	200,000	308	5.8
Exercisable as on March 31, 2019	200,000	308	

c) Pro-forma Profit after Tax:

Particulars	(₹ in Millions)	
	2018-2019	2017-2018
Net profit (as reported)	(165.70)	(252.99)
Add: Intrinsic Value Compensation Cost	-	-
Less: Stock based compensation expenses determined under fair value method (pro-forma)	10.98	2.14
Net Profit (pro-forma)	(176.68)	(255.13)
Basic earnings per share (as reported) - Total operations	(13.01)	(19.86)
Basic earnings per share (pro-forma) - Total operations	(13.87)	(20.03)
Diluted earnings per share (as reported) - Total operations	(13.01)	(19.86)
Diluted earnings per share (pro-forma) - Total operations	(13.87)	(20.03)
Weighted average exercise price of Options granted during the year whose:		
(a) exercise price equals market price (₹)	N.A	N.A
(b) exercise price is greater than market price (₹)	308	308
(c) exercise price is less than market price (₹)	N.A	N.A
Weighted average fair value of Options granted during the year whose:		
(a) exercise price equals market price (₹)	N.A	N.A
(b) exercise price is greater than market price (₹)	145.72	145.72
(c) exercise price is less than market price (₹)	N.A	N.A

Description of method and significant assumption used to estimate the fair value of Options 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.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

(d) The Company has not granted any options during the year.

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 annualised 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: 33.

The Company has taken office premises on operating lease at various locations. Lease rent in respect of the same has been charged to Statement of Profit and Loss. The agreements are executed for a period ranging 1 to 5 years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 90 days. The Company has also taken some other assets under operating lease. The minimum Lease rentals outstanding as at March 31, 2019 are as under:

	(₹ in Millions)	
Minimum Lease Rentals	As at March 31, 2019	As at March 31, 2018
Up to one year	5.87	2.23
One to five years	-	-
Over five years	-	-

NOTE: 34.

The Board at its Meetings held on July 17, 2018 and September 12, 2018 approved the proposal of issue of equity shares by way of a Rights Issue ("Issue") to the existing shareholders of the Company in the ratio of 1 equity share of ₹ 10 each for every 1 equity share of ₹ 10 each held in the Company at a premium of ₹ 70 per share i.e. issue price of ₹ 80 each aggregating to ₹ 101.91 Cr. in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, and the record date for determining the entitlement will be announced in due course, subject to receipt of relevant approvals from regulatory authorities, as may be required. Further, the Company has filed the Draft Letter of Offer with SEBI, NSE and BSE on September 17, 2018. The Company has received the in-principle approval from NSE and BSE is awaiting the observation letter from SEBI.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)**NOTE: 35.**

1. The wholly owned subsidiary of the Company namely 5paisa P2P Limited has received in-principle approval for registration as NBFC Peer-to-Peer Lending Platform (NBFC-P2P) from Reserve Bank of India (RBI). In terms of the said approval, 5paisa P2P is required to set up the systems and processes and to comply with the other terms and conditions within a period of 12 months for obtaining final approval from RBI and commencement of P2P activities.
2. The Wholly owned subsidiary of the Company namely 5paisa Insurance Brokers Limited is in process of making an application with IRDA for undertaking the activities of Insurance Brokers.

NOTE: 36. Previous year figures are re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation.

As per our attached report of even date**For V Sankar Aiyar & Co**

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors**Prakarsh Gagdani**

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave

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, 2019, and the consolidated statement of Profit and Loss and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including 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, 2019, of consolidated loss and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below

to be the key audit matters to be communicated in our report:

Key Audit Matter	Response to Key Audit Matter
The holding company has incurred losses which are mainly due to sales promotion and advertisement expenditure incurred in the last 3 years. Under Accounting Standard 22 – Accounting for taxes on Income, deferred tax assets can be recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Determination of such virtual certainty is a matter of judgement based on convincing evidence. As a result, the recognition of the deferred tax asset was significant to our audit.	Our audit procedures included among others examining the future projections which are based on the judgement of the management taking into account that the company's volume of operations has substantially increased in the last year and the expenditure on sales promotion and advertisement is likely to be less in future. The management has also determined that the profits which will be earned in the future will be sufficient for setting off the carried forward losses in accordance with the requirements of the Income Tax Act, 1961. Accordingly we have found the future projections made by management for the purpose of recognition of deferred tax asset in the financial statements to be appropriate.

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 Annexure to Board's Report and other information included in the Annual Report but does not include the standalone and consolidated financial statements and our auditor's report 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.

Independent Auditor's Report (Contd.)

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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

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

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

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

Independent Auditor's Report (Contd.)

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March,

2019 taken on record by the Board of Directors of the Holding Company and its subsidiary companies, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2019 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 28 to the consolidated financial statements.
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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

Place: Mumbai
Date: 16th April, 2019

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

ANNEXURE TO AUDITOR'S REPORT

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF 5PAISA CAPITAL LIMITED ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of 5Paisa Capital Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies (hereinafter collectively referred to as "the Group") as of March 31st, 2019 in conjunction with our audit of the consolidated financial statements of the Holding 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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with 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 of the Company 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 changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies 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, 2019 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)

Place: Mumbai
Date: 16th April, 2019

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

CONSOLIDATED BALANCE SHEET

as at March 31, 2019

(₹ in Millions)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
I EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share Capital	3	127.39	127.39
(b) Surplus	4	335.95	501.97
Sub Total		463.34	629.36
(2) Non Current Liabilities			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long-Term Liabilities		-	-
(d) Long-Term Provisions	5	6.00	2.07
Sub Total		6.00	2.07
(3) Current Liabilities			
(a) Short-Term Borrowings	6	920.12	161.47
(b) Trade Payables	7		
(A) Total outstanding dues of micro enterprises and small enterprises			
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		0.73	20.69
(c) Other Current Liabilities	8	1,360.58	446.90
(d) Short-Term Provisions	9	64.58	52.02
Sub Total		2,346.01	681.09
Total		2,815.35	1,312.52
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	10		
(i) Property, Plant and Equipment		16.00	12.49
(ii) Intangible Assets		5.81	8.77
(iii) Capital work in progress		0.75	0.05
Sub Total		22.56	21.31
(b) Non-Current Investments			-
(c) Deferred Tax Assets (Net)	11	208.43	149.29
(d) Long-Term Loans & Advances	12	120.72	325.98
(e) Other Non-Current Assets	13	3.25	7.25
Sub Total		332.40	482.51
(2) Current Assets			
(a) Current Investments		-	-
(b) Inventories	14	32.64	36.00
(c) Trade Receivables	15	19.96	5.61
(d) Cash and Cash Equivalents	16	1,150.75	299.72
(e) Short-Term Loans & Advances	17	247.89	38.15
(f) Other Current Assets	18	1,009.15	429.22
Sub Total		2,460.39	808.70
Total		2,815.35	1,312.52

See accompanying notes forming part of Consolidated Financial Statements

1 to 37

As per our attached report of even date

For V Sankar Aiyar & Co

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors

Prakarsh Gagdani

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS

for the year ended March 31, 2019

(₹ in Millions)

Particulars	Note No.	For the Year ended March 31, 2019	For the Year ended March 31, 2018
INCOME			
I. Revenue from Operations	19	627.57	196.52
II. Other Income			
Total Income		627.57	196.52
EXPENSES			
a. Employee Benefits Expense	20	258.35	193.18
b. Finance Costs	21	68.27	7.95
c. Depreciation and Amortisation Expense	22	14.43	6.67
d. Other Expenses	23	511.69	320.82
Total Expenses		852.74	528.62
Profit Before Tax		(225.17)	(332.10)
Tax Expenses:			
Current Tax		-	-
Deferred Tax		(59.14)	(79.12)
Short/Excess Provision for Tax		-	(0.00)
Total Tax Expenses		(59.14)	(79.12)
Profit/(Loss) for the Year		(166.02)	(252.99)
Earnings per equity share of face value of ₹ 10 each	24		
Basic in (₹)		(13.03)	(19.86)
Diluted in (₹)		(13.03)	(19.86)
See accompanying notes forming part of Consolidated Financial Statements	1 to 37		

As per our attached report of even date**For V Sankar Aiyar & Co**

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors**Prakarsh Gagdani**

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2019

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash Flows From Operating Activities		
Net profit before taxation and extraordinary item	(225.17)	(332.10)
Adjustments for:		
Net Loss/(Gain) on Sale of Current Investments	(0.19)	(14.39)
Depreciation and Amortisation Expense	14.43	6.67
(Profit)/Loss on sale of Fixed Assets	(0.00)	-
Interest Income	(27.70)	(9.34)
Gratuity	2.30	0.61
Leave Encashment	2.77	0.81
Interest Expenses	64.91	6.23
Dividend Income	(0.03)	(0.20)
	56.48	(9.60)
Operating Profit before Working Capital Changes	(168.69)	(341.70)
Changes in Working Capital:		
(Increase)/Decrease in Long Term Loan and Advances	200.89	(286.31)
Increase/(Decrease) in Other Current Liabilities	913.68	290.66
Decrease/(Increase) in Short Term Loans and Advances	(209.75)	(24.79)
(Increase)/Decrease in Trade Inventories	3.36	(10.46)
Decrease/(Increase) in Other Current Assets	(579.93)	(313.81)
Increase/(Decrease) in Short Term Provision	7.50	10.00
Decrease/(Increase) in Other Non Current Assets	4.00	(7.25)
Increase/(Decrease) in Long Term Provision	3.94	(1.08)
Increase/(Decrease) in Short Term & Long Term Borrowings	758.65	161.47
Decrease/(Increase) in Trade Receivable	(14.35)	(1.56)
Increase/(Decrease) in Trade Payable	(19.97)	16.19
Cash generated from/(Used) Operations	899.33	(508.63)
Net Income Tax (paid)/refunds	4.36	1.43
Net Cash from/(used in) Operating Activities (a)	903.69	(507.20)
Cash Flows from Investing Activities		
Purchase of Current Investments	(752.61)	(39,742.70)
Sale of Current Investments	752.80	39,757.09
Interest received	27.70	9.34
Dividend Income	0.03	0.20
Fixed Deposit with bank (Maturity from 3 months to 12 months)	(400.00)	(50.00)
Purchase/Sale of fixed assets (includes intangible assets) (net)	(15.67)	(22.00)
Net Cash from/(used in) investing activities (b)	(387.75)	(48.08)
Cash Flows from Financing Activities		
Increase in share capital	-	-
Interest Paid	(64.91)	(6.23)
Net Cash from/(used in) financing activities (c)	(64.91)	(6.23)
Net increase/(decrease) in Cash and Cash Equivalents (a + b + c)	451.03	(561.52)
Cash and Cash Equivalents at beginning of year	194.72	756.23
Cash and Cash Equivalents at end of year (Refer Note 16)	645.75	194.72
Net increase/(decrease) in Cash and Cash Equivalents	451.03	(561.52)

See accompanying notes forming part of Consolidated Financial Statements (1 to 37)

As per our attached report of even date

For V Sankar Aiyar & Co

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors

Prakarsh Gagdani

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave

Company Secretary

NOTES forming part of Consolidated Financial Statements for year ended March 31, 2019

NOTE: 1 CORPORATE INFORMATION:

The financial statements comprise financial statements of "5Paisa Capital Limited" ("the holding company") and its subsidiary companies for the year ended March 31, 2019.

5paisa Capital Ltd ["5PCL"] is engaged in providing an online technology platform for trading in National Stock Exchange of India Ltd & BSE Ltd 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.

One of the 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 said company has received in-principle approval for registration as NBFC Peer-to-Peer Lending Platform (NBFC-P2P) from Reserve Bank of India (RBI). In terms of the said approval, 5paisa P2P is required to set up the systems and processes and to comply with the other terms and conditions within a period of 12 months for obtaining final approval from RBI and commencement of P2P activities.

The Other 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. Currently, the said Company is in process of making an application with IRDA for undertaking the activities for Insurance Brokers".

NOTE: 2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of accounting and preparation of financial statements:

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable Accounting Standards notified under section 133 of companies Act 2013 (Act) read with Rule 7 of the Companies Accounts Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year by the Company.

2.2 Basis of Consolidation:

The consolidated financial statements relate to the holding company and its wholly-owned subsidiary companies. The financial statements of Companies and its wholly-owned subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

2.3 Use of Estimates:

The preparation of consolidated financial statements in conformity with the generally accepted accounting principles which requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the group are segregated based on the available information.

2.6 Fixed Assets and Depreciation and Amortisation:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. 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 other group companies, depreciation is charged over the

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

remaining useful life of the assets. Individual assets / group of similar assets costing up to ₹ 5,000 are depreciated in full in the year of purchase.

Estimated useful life of the assets is as under:

Class of assets	Useful life in years
Buildings*	20
Computers*	3
Electrical equipment*	5
Office equipment	5
Furniture and fixtures *	5
Vehicles*	5
Software	3

* 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.

Capital work-in-progress:

Projects under which property, plant and equipment are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.7 Translation of foreign currency items:

Foreign currency transactions entered into by the group are recorded at the exchange rates prevailing on the date of the transaction. Exchange difference, if any, arising out of transactions settled during the year are recognised in the statement of Profit and Loss. Foreign currency monetary assets and liabilities of the group are translated at the exchange rate prevailing on the Balance Sheet date. The exchange gains or losses, if any, are recognised in the statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

2.8 Revenue Recognition:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

- Brokerage income earned on secondary market operations are accounted on trade dates.
- Income from arbitrage comprises profit/loss on sale of securities held as stock-in-trade and profit/loss

on equity derivative instruments is accounted as follows:

- Profit / loss on sale of securities is determined based on the FIFO cost of the securities sold.
- Profit / loss on arbitrage transactions is accounted for as explained below:

Initial and additional margin paid over and above initial margin for entering into contracts for Equity Index / Stock Futures / Currency Futures and or Equity Index / Stock Options / Currency Options which are released on final settlement/squaring-up of underlying contracts are disclosed under other current assets. "Mark-to-market margin- Equity Index / Stock Futures / Currency Futures" representing the amounts paid in respect of mark to market margin is disclosed under 'other current assets'.

"Equity Index / Stock Option / Currency Option Premium Account" represents premium paid or received for buying or selling the Options, respectively.

On final settlement or squaring up of contracts for Equity Index / Stock Futures / Currency Future, the realised profit or loss after adjusting the unrealised loss already accounted, if any, is recognised in the Statement of Profit and Loss. On settlement or squaring up of Equity Index / Stock Options / Currency Option before expiry, the premium prevailing in "Equity Index / Stock Option / Currency Option Premium Account" on that date is recognised in the Statement of Profit and Loss.

As at the Balance Sheet date, the Mark to Market / Unrealised Profit / (Loss) on all outstanding Arbitrage portfolio comprising of Securities and Equity/Currency Derivatives positions is determined on scrip basis (e.g. Nifty, SBI, HDFC etc.) with net unrealised losses on scrip basis being recognised in the Statement of Profit and Loss and the net unrealised gains on scrip basis are ignored.

2.9 Other Income Recognition:

- Interest Income is recognised on accrual basis.
- Dividend income is recognised when the right to receive payment is established.

2.10 Employee Benefits:

Defined contribution plans

The Group contribution towards Provident Fund and Family Pension Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

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

2.11 Provisions, Contingent Liabilities and Contingent Assets:

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a

present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

Contingent Assets are neither recognised nor disclosed in the financial statements.

2.12 Preliminary Expenses:

Preliminary Expenses is written off in same financial year in which they are incurred.

2.13 Taxes on Income:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Group re-assesses unrecognised deferred tax assets. Deferred tax liability is recognised as and when arisen.

2.14 Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance with Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India.

2.15 Investments:

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or fair value. Non – current investments are carried

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

at cost. Provision for diminution in value of non – current investments is made, if in the opinion of the management such diminution is other than temporary. For investment in mutual funds, the net assets value (NAV) declared by the mutual funds at the Balance Sheet date is considered as the fair value.

2.16 Impairment of assets:

The carrying amount of the assets at each Balance Sheet date is reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance Sheet date, there is an indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.17 Operating Cycle:

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.18 Inventories:

Closing stock is valued at cost or market value whichever is lower. Cost is computed on FIFO basis. The comparison of cost and market value for arbitrage portfolio is done separately for each script.

2.19 Earnings Per Share:

Basic earnings per share for equity shareholders have been calculated by dividing the Net Profit after Tax or loss by the weighted average number of equity shares outstanding during the period.

The diluted earnings per share for equity shareholders have been computed by dividing the Net Profit after Tax or loss by the weighted average number of shares after giving dilutive effect of all potential equity shares.

NOTE: 3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL:

a. The Authorised, Issued, Subscribed and fully paid up share capital comprises equity shares as follows:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised :		
30,000,000 (PY 30,000,000) Equity Shares of ₹10 each	300.00	300.00
Issued , Subscribed and Paid Up :		
12,739,022 (PY 12,739,022) Equity Shares of ₹10 each fully paid-up	127.39	127.39
Total	127.39	127.39

b. Reconciliation of the shares outstanding

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
At the Beginning of the Year	12,739,022	127.39	-	-
Add:- Issued during the Year	-	-	12,739,022	127.39
Outstanding at the end of the year	12,739,022	127.39	12,739,022	127.39

c. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

d. Equity Shares held by Holding company / Ultimate holding company and their subsidiaries

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹10 each fully paid	-	-	-	-

e. Detail of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹10 each fully paid				
FIH Mauritius Investments Ltd	3,385,657	26.58	3,385,657	26.58
Nirmal Bhanwarlal Jain	2,228,600	17.49	2,178,600	17.10
Hwic Asia Fund Class A Shares	1,134,501	8.91	1,134,501	8.91
Madhu N Jain	680,000	5.34	680,000	5.34

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 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 no 31 for details of shares reserved for issue under Employee Stock Option Plan of the Company.

NOTE: 4. SURPLUS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Securities premium account:		
Opening balance	823.33	823.33
Addition during the year	-	-
Closing Balance	823.33	823.33
Capital Reserve:		
Opening balance	47.71	47.71
Addition during the year	-	-
Closing Balance	47.71	47.71
Profit and Loss Account:		
Opening balance	(369.07)	(116.08)
Addition/(Deduction) during the year	(166.02)	(252.99)
Closing Balance	(535.09)	(369.07)
Total	335.95	501.97

NOTE: 5. LONG TERM PROVISIONS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Gratuity	3.65	1.36
Provision for Leave Encashment	2.35	0.71
Total	6.00	2.07

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 6. SHORT TERM BORROWINGS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured Loans		
Bank Overdrafts*	630.12	161.47
Unsecured Loans		
Inter-Corporate Deposit (Refer Note 26)	290.00	-
Total	920.12	161.47

*Secured by term Deposit of ₹ 750.00 millions pledged by other related parties.

NOTE: 7. TRADE PAYABLE:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
- Outstanding dues of micro & small enterprises*	-	-
- Outstanding dues of creditors other than micro & small enterprises	0.73	20.69
Total	0.73	20.69

* 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, 2019	As at March 31, 2018
Amount due and payable at the year end		
Principal	-	-
Interest on above Principal	-	-
Payment made during the year after due date		
Principal	-	-
Interest	-	-
Interest due and payable for principal already paid	-	-
Total Interest accrued and remained unpaid at year end	-	-

NOTE: 8. OTHER CURRENT LIABILITIES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Client and Other Payables	1,344.87	433.89
Statutory Liabilities Payable	13.36	10.19
Accrued Salaries & Benefits	0.08	2.17
Advance from Customers	-	0.65
Payable to Related Parties (Refer Note 26)	2.09	-
Other Liabilities	0.18	-
Total	1,360.58	446.90

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 9. SHORT TERM PROVISIONS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Expenses	51.18	47.80
Bonus and Staff Incentives Payable	11.32	2.91
Provision for Leave Encashment	1.26	0.54
Provision for Gratuity	0.82	0.77
Total	64.58	52.02

NOTE :10 FIXED ASSETS

(₹ in Millions)

Property, Plant & Equipment	Computers	Electrical Equipments	Furniture & Fixtures	Office Equipments	Total
Cost or Valuation					
At April 1, 2018	12.34	1.10	3.25	2.19	18.88
Addition/Adjustments	8.45	1.74	1.48	1.65	13.32
Deductions/Adjustments during the year	-	-	0.01	0.00	0.01
At March 31, 2019	20.79	2.84	4.72	3.84	32.19
Accumulated Depreciation					
At April 1, 2018	2.73	0.33	1.84	1.49	6.39
Depreciation/Adjustments For the year	6.84	0.53	0.81	1.63	9.81
Deductions/Adjustments during the year	-	-	0.01	0.00	0.01
At March 31, 2019	9.57	0.86	2.64	3.12	16.19
Net Block					
At March 31, 2019	11.22	1.98	2.08	0.72	16.00
At March 31, 2018	9.61	0.78	1.41	0.71	12.49

Note: - Capital work in progress ₹ 0.75 Million (Previous year ₹ 0.05 Million) pertains to assets not yet capitalised.

Intangible Assets

(₹ in Millions)

Particulars	Software	Total
Cost or Valuation		
At April 1, 2018	12.12	12.12
Addition/Adjustments	1.67	1.67
Deductions/Adjustments during the year	-	-
At March 31, 2019	13.79	13.79
Accumulated Depreciation		
At April 1, 2018	3.36	3.36
Depreciation/Adjustments For the year	4.62	4.62
Deductions/Adjustments during the year	-	-
At March 31, 2019	7.98	7.98
Net Block		
At March 31, 2019	5.81	5.81
At March 31, 2018	8.77	8.77

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 11. DEFERRED TAX ASSETS (NET):

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Depreciation	0.89	0.02
Deferred Tax Asset for Gratuity	1.16	0.55
Provision for Doubtful debts	1.53	0.29
Deferred Tax Asset for Leave Encashment	0.94	0.32
Short term/Long Term Capital losses/ Business Loss	203.91	148.11
Total	208.43	149.29

"Considering the future projections and that the carried forward losses are only for the last 3 years primarily on account of expenditure on sales promotion and advertisement incurred in the early years which is likely to be less in future, the Group is of the opinion that sufficient taxable income will be available in future against which the deferred tax assets arising from carried forward business loss can be utilised."

NOTE: 12. LONG TERM LOANS & ADVANCES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good :		
Deposit with Exchange / Clearing Corporation	103.98	322.48
Advance Income Tax & TDS (Net of provision ₹ Nil/- as on 31st Mar 2019) (Previous Year ₹ Nil/-)	4.37	1.43
Security Deposits with related parties (Refer Note 26)	10.31	-
Security Deposit with others	2.06	2.07
Total	120.72	325.98

NOTE: 13. OTHER NON-CURRENT ASSETS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposit with bank (Maturity remaining more than 12 months)*	3.25	7.25
Total	3.25	7.25

*Fixed deposits to the extent of ₹ 3.25 millions (PY ₹ 7.25 Millions) pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 14. INVENTORIES - (AT LOWER OF COST OR NET REALISABLE VALUE):

(₹ in Millions)

Script Name	As at March 31, 2019			As at March 31, 2018		
	Strike Price in ₹	Number	₹ in millions	Strike Price in ₹	Number	₹ in millions
Exchange Traded Fund/Shares						
EQ-SBISENSEXETF	373.23	3,097	1.16	342.16	6,212	2.13
EQ-SETFBANK EQ	276.70	5,542	1.53	244.72	1,595	0.39
EQ-SETFBS	114.98	12,399	1.43	105.42	20,630	2.18
EQ-SETFNIFTYNEXT 50 EQ	275.63	10,285	2.83	287.15	1,601	0.46
EQ-SETFNIFTY EQ	115.47	44,185	5.10	101.94	34,474	3.51
EQ-UTINIFTYETF	1,198.18	6,324	7.58	1,054.30	7,359	7.76
EQ-UTISENSEXETF	378.61	5,646	2.14	341.43	8,473	2.89
EQ-UTINEXT50	280.50	29,541	8.29	290.25	56,816	16.49
EQ-SETFSN50	314.41	5,691	1.79	-	-	-
EQ- SBIETFQLTY	94.32	8,415	0.79	-	-	-
EQ- UTISXN50	331.00	24	0.00	-	-	-
DLF LTD	-	-	-	201.05	911	0.18
SUZLON ENERGY LTD	-	-	-	10.70	1,261	0.01
Total		131,149	32.64		139,332	36.00
Aggregate Market Value-Stock			33.67			36.11

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

NOTE: 15. TRADE RECEIVABLES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good, unless otherwise stated		
Outstanding for a period exceeding six months from date they are due for payment.	-	-
Others	19.96	5.61
Total	19.96	5.61

NOTE: 16. CASH AND CASH EQUIVALENT

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash & Cash Equivalents:		
Balances with schedule banks:		
In current accounts		
Client bank accounts	612.89	163.65
Other bank accounts #	8.86	31.07
In Deposit account (Maturity less than 3 months)*	24.00	-
Total Cash & Cash Equivalent (a)	645.75	194.72
Other Balances		
In Deposit account (Maturity more than 3 months to 12 months)*	505.00	105.00
Total Other Balances (b)	505.00	105.00
Total (a + b)	1,150.75	299.72

Includes Cheque on hand ₹ 0.15 Million (PY ₹ 0.17 Million).

*Includes fixed deposits to the extent of ₹ 509.00 millions (PY ₹ 105.00 Millions) pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 17. SHORT TERM LOAN AND ADVANCES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good :		
Advances recoverable in cash or in kind or for value to be received	4.74	6.89
Balance with Government authorities		
GST Input Credit	2.56	31.26
Other Loans & Advance		
Margin Trading Facility Balances	240.59	-
Total	247.89	38.15

NOTE: 18. OTHER CURRENT ASSETS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid Expenses	5.70	3.44
Interest Accrued on Fixed Deposit	3.75	0.08
Receivable from Related Parties (Refer Note 26)	0.50	-
Client & Exchange Receivables	1,005.07	426.83
Less : Provision for doubtful client receivables	(5.87)	(1.13)
Total	1,009.15	429.22

NOTE: 19. REVENUE FROM OPERATIONS:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Capital Market activities	541.97	152.21
Fund Based activities	25.55	29.81
Financial Products distribution	60.05	14.50
Total	627.57	196.52

NOTE: 20. EMPLOYEE BENEFITS EXPENSE:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and bonus	234.58	179.44
Contribution to provident and other funds	14.42	10.54
Gratuity *	2.30	0.61
Staff Welfare Expenses	4.29	1.78
Leave Encashment	2.77	0.81
Total	258.36	193.18

* The group is recognising and accruing the employee benefit as per accounting standard (AS) – 15 on “Employee Benefits” the disclosures of which are as under.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 20. EMPLOYEE BENEFITS EXPENSE (CONT.):

(₹ in Millions)

Assumptions	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Discount rate previous year	7.35%	6.65%
Salary Escalation previous year	8.00%	5.00%
Discount rate current year	7.07%	7.35%
Salary Escalation Current year	10.00%	8.00%
Change in Benefit Obligation		
Liability at the beginning of the year	2.13	1.51
Interest Cost	0.15	0.10
Current Service Cost	0.70	0.58
Past Service Cost	-	(0.03)
Benefit paid	(0.07)	-
Actuarial (gain)/ Loss on obligations	1.45	(0.04)
Liability Transferred in/(out)	0.11	0.01
Liability at the end of the year	4.47	2.13

(₹ in Millions)

Assumptions	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Amount Recognised in the Balance Sheet		
Liability at the end of the year	(4.47)	(2.13)
Fair value of plan Assets at the end of the year	-	-
Funded Status (Surplus/deficit)	(4.47)	(2.13)
Amount of liability Recognised in the Balance Sheet	(4.47)	(2.13)

(₹ in Millions)

Expenses Recognised in the Income statement	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Current Service cost	0.69	0.58
Interest Cost	0.16	0.10
Past Service Cost	-	(0.03)
Actuarial Gain or Loss	1.45	(0.04)
Expense Recognised in P&L	2.30	0.61
Balance Sheet reconciliation		
Opening Net liability	2.13	1.51
Expense as above	2.30	0.61
Liability Transferred in/(out)	0.11	0.01
Benefit paid	(0.07)	-
Amount Recognised in Balance Sheet	4.47	2.13

Defined Contribution Plans:

The Group has also recognised the following amounts as an expense.

(₹ in Millions)

Particulars	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Contribution to provident fund and EPS	10.58	7.64

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 21. FINANCE COSTS:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expenses	64.91	6.23
Other Borrowing cost	3.36	1.72
Total	68.27	7.95

NOTE: 22. DEPRECIATION AND AMORTISATION EXPENSE:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation- Property Plant and Equipment	9.81	3.98
Amortisation - Intangible Assets	4.62	2.69
Total	14.43	6.67

NOTE: 23. OTHER EXPENSES:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Advertisement	220.26	155.70
Books & Periodicals	0.01	0.02
Exchange and Statutory Charges	1.23	0.71
Brokerage Related Expenses	12.76	17.73
Marketing & Commission Expenses	58.32	10.34
Bank Charges	1.60	0.61
Communication	19.38	7.03
Electricity	12.59	9.84
Legal and Professional charges	87.04	29.53
Office Expenses	20.63	9.16
Meeting Seminar & Subscription	0.74	1.27
Directors Remuneration/Sitting Fees	1.02	0.66
Postage and Courier	0.49	0.40
Printing and Stationery	1.50	0.58
Provision for bad and doubtful debts	4.77	1.14
Rent	29.56	30.45
Insurance	0.31	0.39
Rates & Taxes	1.49	7.51
Repairs & Maintenance :		
Computer	0.65	0.62
Others	3.27	3.33
Remuneration to Auditors :		
As auditors -Statutory Audit	0.27	0.10
Certification Work & other matters	0.67	0.01
Out of Pocket Expense	0.04	-
Software Charges	24.97	26.59
(Profit)/Loss on sale of assets@	(0.00)	-
Travelling and Conveyance	7.24	6.88
Miscellaneous Expenses	0.88	0.22
Total	511.69	320.82

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 24. EARNINGS PER SHARE (EPS):

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Profit/(Loss) after tax for the Year	(166.02)	(252.99)
Weighted Average No. of Shares issued under scheme of arrangement	1,27,39,022	1,27,39,022
Basic Earnings per Share in ₹	(13.03)	(19.86)
Diluted Earnings per Share in ₹	(13.03)	(19.86)
Face Value per Equity Share in ₹	10.00	10.00

*The Employee Stock Options granted by the Company which are potential equity shares are ignored for purpose of computation of diluted earnings per share since they are anti-dilutive, considering that the company has incurred losses.

NOTE: 25.

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.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 26.

A. Disclosures in respect of AS – 18 Related Party Disclosures:

Nature of relationship	Name of party
	IIFL Holdings Limited
	IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)
	India Infoline Media & Research Services Limited
	India Infoline Finance Limited
	IIFL Securities Limited (Formerly known as India Infoline Limited)
	IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)
	IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)
	IIFL Wealth Management Limited**
	IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)
	IIFL Wealth UK Limited
	IIFL Capital Inc
	India Infoline Foundation
	IIFL Assets Reconstruction Limited
	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
	Samasta Microfinance Limited
	Ayusha Dairy Private Limited (amalgamated w.e.f. 06.08.2018)*
	IIFL Capital Pte. Ltd
	IIFL Securities Pte. Limited
Other Related Parties	IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)
	IIFL Alternate Asset Advisors Limited
	IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)
	IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited)
	IIFL Distribution Services Limited (Formerly IIFL Distribution Services Private Limited)
	IIFL Investment Advisers & Trustee Services Limited (Formerly IIFL Trustee Services Limited)
	IIFL Asia Pte Limited
	IIFL Private Wealth (Hong Kong) Limited**
	IIFL Asset Management (Mauritius) Limited {Formerly IIFL Private Wealth (Mauritius) Ltd.
	IIFL Private Wealth Management (Dubai) Limited
	IIFL Inc.
	IIFL Private Wealth (Suisse) SA.**
	Clara Developers Private Limited
	IIFL Capital (Canada) Limited
	IIFL Wealth Securities IFSC Limited
	IIFL Securities Services IFSC Limited
	IIFL Securities IFSC Limited
	IIFL Altiore Advisors Private Limited (Formerly Altiore Advisors Private Limited)
	IIFL Wealth Advisors (India) Limited (Formerly Wealth Advisors (India) Private Limited)
Key Managerial Personnel	Mr. Prakarsh Gagdani
	Mr. Santosh Jayaram
	Mr. R Venkataraman
Others	Mr. Nirmal Jain
	Orpheus Trading Pvt. Limited
	Ardent Impex Pvt. Limited

Note**

- i) IIFL Private Wealth (Hong kong) Limited has ceased to carry its business operations and is in process of winding up.
- ii) IIFL Wealth Management Limited has dis-invested from IIFL Private Wealth (Suisse) SA and accordingly does not hold any stake in IIFL Private Wealth (Suisse) SA (Effective date : February 27, 2019)

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

B. Significant Transaction with Related Parties

(₹ in Millions)

Nature of Transaction	Other Related parties	Key Managerial Person	Total
ICD Received			
India Infoline Finance Limited	800.00	-	800.00
	(100.00)	(-)	(100.00)
IIFL Holdings Limited	1010.00	-	1010.00
	(460.00)	(-)	(460.00)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	973.58	-	973.58
	(60.00)	(-)	(60.00)
ICD Received (Return)			
India Infoline Finance Limited	800.00	-	800.00
	(100.00)	(-)	(100.00)
IIFL Holdings Limited	880.00	-	880.00
	(460.00)	(-)	(460.00)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	813.58	-	813.58
	(60.00)	(-)	(60.00)
Interest Expenses (ICD)			
India Infoline Finance Limited	6.64	-	6.64
	(0.46)	(-)	(0.46)
IIFL Holdings Limited	15.76	-	15.76
	(4.13)	(-)	(4.13)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	6.20	-	6.20
	(0.18)	(-)	(0.18)
Allocation / Reimbursement of Expenses Paid			
IIFL Securities Limited	40.16	-	40.16
(Formerly known as India Infoline Limited)	(26.03)	(-)	(26.03)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	15.13	-	15.13
	(12.37)	(-)	(12.37)
India Infoline Finance Limited	2.66	-	2.66
	(0.26)	(-)	(0.26)
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.03	-	0.03
	(0.01)	(-)	(0.01)
IIFL Holdings Limited	0.85	-	0.85
	(1.73)	(-)	(1.73)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	0.12	-	0.12
	(0.01)	(-)	(0.01)
Allocation / Reimbursement of Expenses Received			
IIFL Securities Limited	0.33	-	0.33
(Formerly known as India Infoline Limited)	(0.15)	(-)	(0.15)
India Infoline Finance Limited	0.02	-	0.02
	(-)	(-)	(-)
Rent Expense			
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	20.00	-	20.00
	(26.33)	(-)	(26.33)

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

Nature of Transaction	Other Related parties	Key Managerial Person	Total
IIFL Holdings Limited	4.82	-	4.82
	(-)	(-)	(-)
Remuneration			
Prakarsh Gagdani	-	7.67	7.67
	(-)	(5.28)	(5.28)
Santosh Jayaram	-	2.36	2.36
	(-)	(0.45)	(0.45)
Others Paid			
IIFL Securities Limited	0.12	-	0.12
(Formerly known as India Infoline Limited)	(0.24)	(-)	(0.24)
India Infoline Finance Limited	0.06	-	0.06
	(-)	(-)	(-)
India Infoline Insurance Brokers Limited	-	-	-
	(0.04)	(-)	(0.04)
IIFL Holdings Limited	-	-	-
	(2.05)	(-)	(2.05)
Others Received			
IIFL Securities Limited	0.40	-	0.40
(Formerly known as India Infoline Limited)	(0.10)	(-)	(0.10)
IIFL Insurance Brokers Limited	-	-	-
(Formerly Known as India Infoline Insurance Brokers Limited)	(0.10)	(-)	(0.10)
India Infoline Finance Limited	0.15	-	0.15
	(0.05)	(-)	(0.05)
IIFL Holdings Limited @	-	-	-
	(0.00)	(-)	(0.00)
India Infoline Media & Research Services Limited	0.02	-	0.02
	(-)	(-)	(-)
Service Income			
IIFL Securities Limited	4.56	-	4.56
(Formerly known as India Infoline Limited)	(4.83)	(-)	(4.83)
IIFL Insurance Brokers Limited	1.05	-	1.05
(Formerly Known as India Infoline Insurance Brokers Limited)	(4.86)	(-)	(4.86)
Brokerage/Commission Income/Referral Fee			
IIFL Asset Management Limited	0.00	-	0.00
(Formerly India Infoline Asset Management Company Limited)	(0.10)	(-)	(0.10)
India Infoline Finance Limited	1.17	-	1.17
	(-)	(-)	(-)
Security Deposit (Received)			
IIFL Holdings Limited	-	-	-
	(0.20)	(-)	(0.20)
Security Deposit (Repaid)			
IIFL Holdings Limited	-	-	-
	(0.20)	(-)	(0.20)

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

Nature of Transaction	Other Related parties	Key Managerial Person	Total
Security Deposit (Given)			
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	11.05 (-)	- (-)	11.05 (-)
IIFL Holdings Limited	2.50 (-)	- (-)	2.50 (-)
Security Deposit (Received Back)			
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	3.23 (-)	- (-)	3.23 (-)

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

C. Closing balance

(₹ in Millions)

Nature of Transaction	Other Related parties	Key Managerial Person	Total
ICD Payable			
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	160.00 (-)	- (-)	160.00 (-)
IIFL Holdings Limited	130.00 (-)	- (-)	130.00 (-)
Others Receivables			
India Infoline Finance Limited	0.50 (-)	- (-)	0.50 (-)
Others Payables			
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	1.43 (-)	- (-)	1.43 (-)
IIFL Securities Limited (Formerly known as India Infoline Limited)	0.64 (-)	- (-)	0.64 (-)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	0.02 (-)	- (-)	0.02 (-)
Security Deposit			
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	7.81 (-)	- (-)	7.81 (-)
IIFL Holdings Limited	2.50 (-)	- (-)	2.50 (-)

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

Note: Figures in bracket represent previous year's figure.

NOTE: 27. SEGMENT REPORTING:

In the opinion of the management, there is only one reportable business segment as envisaged by AS 17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 28. CONTINGENT LIABILITIES:

The Company is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Company's management does reasonably expect that these legal actions, when ultimately concluded and determined, will not have material and adverse effect on the Company's financial position. As on March 31, 2019 the company has following contingent liability:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
The claim against the company not acknowledged as debt	0.47	-
Total	0.47	-

NOTE: 29. CAPITAL AND OTHER COMMITMENTS AT BALANCE SHEET DATE

There are outstanding commitments to the tune of ₹ 0.94 Million (PY ₹1.11 Million) (net of advances) of the total contractual obligations entered by the company.

NOTE: 30. EARNINGS AND EXPENSES IN FOREIGN CURRENCY

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Earnings in Foreign Currency		
Total Income	-	-
Expenses in Foreign Currency		
Advertisement Expenses	16.12	3.02
Total Expenses	16.12	3.02

NOTE: 31. The shareholders of the Company have approved two ESOP scheme(s) having a pool size of 600,000 options each i.e. 5paisa Capital Limited Employee Stock Option Scheme 2017 and 5paisa Capital Limited Employee Stock Option Trust Scheme 2017. The Nomination and Remuneration Committee of the Board of Directors of the Company granted 220,000 options under 5paisa Capital Limited Employee Stock Options Scheme 2017 to the eligible employees of the Company on January 29, 2018. Further, the Scheme(s) has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	ESOP 2017
Method of Accounting	Intrinsic Value
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, 2019

Particulars	Option Outstanding	Exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2017	-	-	-
Granted during the year	220,000	308	7.0
Forfeited during the year	-	-	-
Expired/Lapsed during the year	-	-	-
Exercised during the year	-	-	-

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

Particulars	Option Outstanding	Exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on March 31, 2018	220,000	308	6.8
Exercisable as on March 31, 2018	220,000	308	
Granted during the year	-	-	
Forfeited during the year	-	-	
Expired/Lapsed during the year	20,000	308	
Exercised during the year	-	-	
Outstanding as on March 31, 2019	200,000	308	5.8
Exercisable as on March 31, 2019	200,000	308	

c) Pro-forma Profit after Tax:

Particulars	₹ in Millions	
	2018-2019	2017-2018
Net profit (as reported)	(166.02)	(252.99)
Add: Intrinsic Value Compensation Cost	-	-
Less: Stock based compensation expenses determined under fair value method (pro-forma)	10.98	2.14
Net Profit (pro-forma)	(177.00)	(255.13)
Basic earnings per share (as reported) - Total operations	(13.03)	(19.86)
Basic earnings per share (pro-forma) - Total operations	(13.89)	(20.03)
Diluted earnings per share (as reported) - Total operations	(13.03)	(19.86)
Diluted earnings per share (pro-forma) - Total operations	(13.89)	(20.03)
Weighted average exercise price of Options granted during the year whose:		
(a) exercise price equals market price (₹)	N.A	N.A
(b) exercise price is greater than market price	308	308
(c) exercise price is less than market price	N.A	N.A
Weighted average fair value of Options granted during the year whose:		
(a) exercise price equals market price (₹)	N.A	N.A
(b) exercise price is greater than market price	145.72	145.72
(c) exercise price is less than market price	N.A	N.A
Description of method and significant assumption used to estimate the fair value of Options	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.	

(d) The Company has not granted any options during the year.

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 annualised standard deviation of the continuously compounded rates of return on the stock over a period of time.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

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: 32. The Company has taken office premises on operating lease at various locations. Lease rent in respect of the same has been charged to Statement of Profit and Loss. The agreements are executed for a period ranging 1 to 5 years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 90 days. The Company has also taken some other assets under operating lease. The minimum Lease rentals outstanding as at March 31, 2019 are as under:

(₹ in Millions)

Minimum Lease Rentals	As at March 31, 2019	As at March 31, 2018
Up to one year	5.87	2.23
One to five years	-	-
Over five years	-	-

NOTE: 33.

The Board at its Meetings held on July 17, 2018 and September 12, 2018 approved the proposal of issue of equity shares by way of a Rights Issue ("Issue") to the existing shareholders of the Company in the ratio of 1 equity share of ₹ 10 each for every 1 equity share of ₹ 10 each held in the Company at a premium of ₹ 70 per share i.e. issue price of ₹ 80 each aggregating to ₹ 101.91 Cr. in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, and the record date for determining the entitlement will be announced in due course, subject to receipt of relevant approvals from regulatory authorities, as may be required. Further, the Company has filed the Draft Letter of Offer with SEBI, NSE and BSE on September 17, 2018. The Company has received the in-principle approval from NSE and BSE is awaiting the observation letter from SEBI.

NOTE: 34.

- Spaisa P2P Limited has received in-principle approval for registration as NBFC Peer-to-Peer Lending Platform (NBFC-P2P) from Reserve Bank of India (RBI). In terms of the said approval, Spaisa P2P is required to set up the systems and processes and to comply with the other terms and conditions within a period of 12 months for obtaining final approval from RBI and commencement of P2P activities.
- Spaisa Insurance Brokers Limited is in process of making an application with IRDA for undertaking the activities for Insurance Brokers.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 35. SUMMARY OF CONSOLIDATION:

The consolidated financial statements represent consolidation of accounts of the Company with its following subsidiary companies:

Subsidiary	Country of Incorporation	Proportion of ownership interest	
		As at March 31, 2019	As at March 31, 2018
5paise P2P Limited	India	100.00%	100.00%
5paise Insurance Brokers Limited	India	100.00%	-

Note:

1. 5paise P2P Limited has become a subsidiary of 5paise Capital Limited in the previous year.
2. 5paise Insurance Brokers Limited has become a subsidiary of 5paise Capital Limited in the current year.

NOTE: 36.

Additional information pursuant to para 2 of general instructions for the preparation of the Consolidated Financial Statements:

Particulars	Net assets i.e total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	₹ in Millions	As % of consolidated profit or loss	₹ in Millions
Parent				
5paise Capital Limited	95.54%	442.66	99.80%	(165.70)
Subsidiaries				
5paise P2P Limited	4.36%	20.21	0.18%	(0.29)
5paise Insurance Brokers Limited	0.10%	0.47	0.02%	(0.03)
Total	100.00%	463.34	100.00%	(166.02)

NOTE: 37. Previous year figures are re-grouped, re-classified & rearranged, wherever considered necessary to conform to current year's presentation.

As per our attached report of even date**For V Sankar Aiyar & Co**

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors**Prakarsh Gagdani**

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave

Company Secretary







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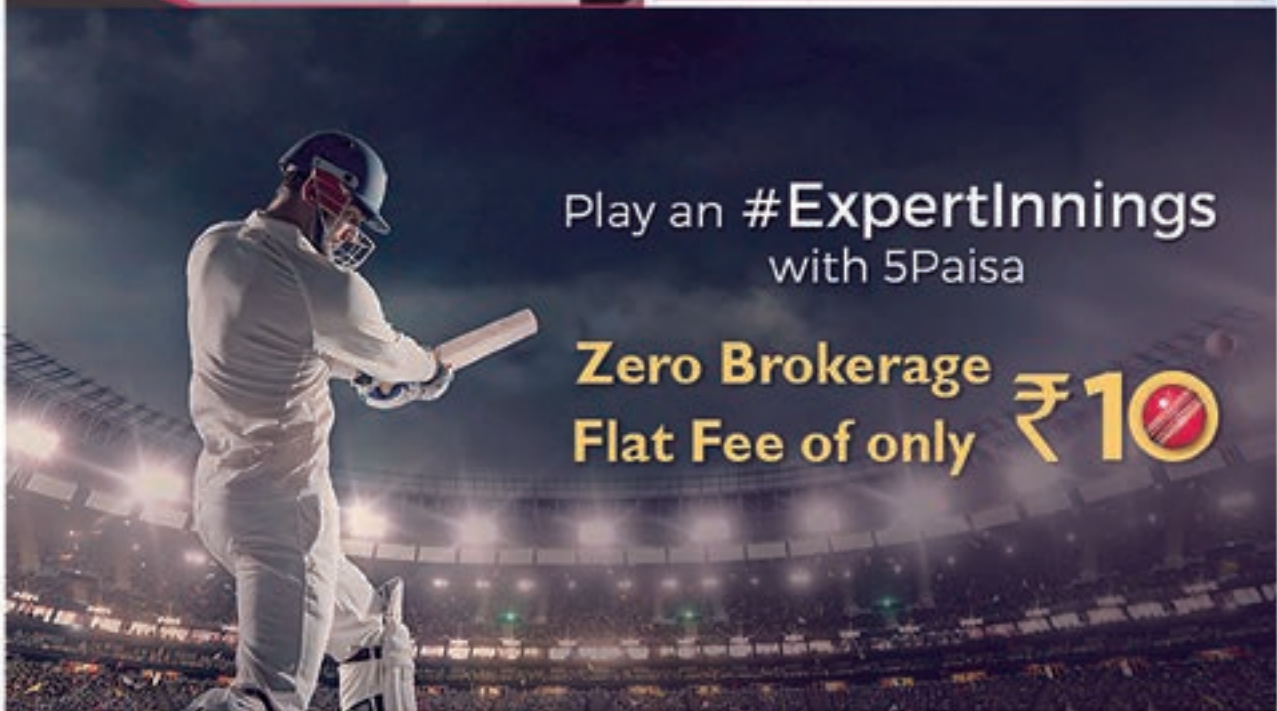
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Corporate Information

BOARD OF DIRECTORS

Dr. Archana Niranjn Hingorani
Chairman & Independent Director

Mr. Prakarsh Gagdani
Whole Time Director & Chief Executive Officer

Ms. Nirali Sanghi
Independent Director

Mr. Sarbeswar Lenka
Non Executive Director

Mr. Santosh Jayaram
Whole Time Director

COMMITTEE OF THE BOARD

AUDIT COMMITTEE

Dr. Archana Niranjn Hingorani
Chairman, Independent Director

Mr. Sarbeswar Lenka

Ms. Nirali Sanghi

NOMINATION AND REMUNERATION COMMITTEE

Ms. Nirali Sanghi
Chairman, Independent Director

Dr. Archana Niranjn Hingorani

Mr. Sarbeswar Lenka

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Ms. Nirali Sanghi
Chairman, Independent Director

Dr. Archana Niranjn Hingorani

Mr. Prakarsh Gagdani

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Roshan Dave

CHIEF FINANCIAL OFFICER

Mr. Gourav Munjal

CORE MANAGEMENT TEAM

Mr. Mayur Premji Dedhia Partners & Alliances

Mr. Bhaskar Banerjee Operations

Mr. Vikram Videsh Sahni Sales

Mr. Sunder Ram Product

Ms. Namita Godbole Compliance

Ms. Priyanka Sagar Patki Technology

Mr. Shoaib Khalid Qureshi Customer Service

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

5paisa 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

Cautionary Statement

This document contains forward-looking statement and information. Such statements are based on our current expectations and certain assumptions, and are, therefore, subject to certain risk and uncertainties. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary. 5paisa Capital Limited does not intend to assume any obligation or update or revise these forward-looking statements in light of developments, which differs from those anticipated.



5paisa Capital Limited

CIN: L67190MH2007PLC289249

Corporate Office / Registered Office:

IIFL House, Sun Infotech Park, Road No. 16,

Plot no. B-23, MIDC,

Thane Industrial Estate, Wagle Estate,

Thane – 400604

E-mail: ir@5paisa.com | csteam@5paisa.com

Website: www.5paisa.com

Visit us @

www.5paisa.com

Scan the QR Code to download the mobile app



You Tube [5paisa_live](https://www.youtube.com/5paisa_live)

Subscribers: 50,576



[@5paisa](https://twitter.com/5paisa)

Followers: 35,034



facebook.com/5paisa

Followers: 301,446

Likes: 300,141



[5paisa](https://www.linkedin.com/company/5paisa)

Followers: 1,129

II. The facility for voting through Poll shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by e-voting shall be able to vote at the Meeting through 'Poll'.

III. The members who have cast their vote by e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

IV. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide e-voting facility.

V. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/beneficial owner (in case of electronic shareholding) as on the cut-off date, i.e., Monday, September 23rd, 2019. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

VI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Monday, September 23rd, 2019, only shall be entitled to avail the facility of e-voting/ Poll on Demand.

VII. The Board of Directors of the Company has appointed CS Nilesh Shah or failing him CS Mahesh Darji or failing him CS Hetal Shah of Nilesh Shah and Associates, a Practicing Company Secretary firm, Mumbai as Scrutinizer to scrutinise the Poll on Demand and e-voting process in a fair and transparent manner.

VIII. The Scrutinizer, after scrutinizing the votes cast at the Meeting through Poll on Demand and through e-voting, will, not later than forty eight hours from the conclusion of the Meeting; make a consolidated scrutinizer's report which shall be placed on the website of the Company www.5paisa.com and on the

website of CDSL. The results shall simultaneously be communicated to the Stock Exchanges.

IX. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e., Monday, September 30th, 2019.

X. Information and other instructions relating to e-voting are as under:

(i) The voting period begins on 09:00 a.m. (IST) on Wednesday, September 25th, 2019 and ends on 05:00 p.m. (IST) on Sunday, September 29th, 2019. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Monday, September 23rd, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on the tab Shareholders/ Members.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next, enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
-----	---

Dividend Bank Account Details OR Date of Birth (DOB)	Enter the Dividend Bank Account Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).
--	---

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the Electronic Voting Sequence Number (EVSN) of 5paisa Capital Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding Remote E-voting, you may contact Mr. Rakesh Dalvi, Manager, CDSL, or Helpdesk: 1800225533 or refer the Frequently Asked Questions (FAQs) and Remote E-voting manual available at www.evotingindia.com, under help section or write an email at helpdesk.evoting@cdslindia.com

REGISTRATION / UPDATING OF EMAIL IDS

Members are requested to support the "Green Initiative" by registering their email address with the Company, if not already done.

Those members who have changed their email address are requested to register their new email address with the Company in case the shares are held in physical form and with the Depository Participant where shares are held in Demat mode.



STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("THE ACT")

The following Statement sets out all material facts relating to the Businesses mentioned under Item nos. of the accompanying Notice:

Item No. 3

Mr. Sarbeswar Lenka (DIN 07306325) was appointed as an Additional Director of the Company with effect from July 18, 2018 by the Board of Directors at their meeting held on July 17, 2018 under Section 161 of the Act and Article 146 of the Articles of Association of the Company. In terms of Section 161(1) of the Act, Mr. Sarbeswar Lenka (DIN 07306325) holds office only upto the date of the forthcoming Annual General Meeting but is eligible for appointment as a Director. A notice under Section 160(1) of the Act has been received from a Member signifying his intention to propose Mr. Sarbeswar Lenka (DIN 07306325) appointment as a Director.

Mr. Sarbeswar Lenka (DIN 07306325) is a seasoned banker with 34+ years of Banking & Financial service experience with strong domain knowledge of Forex, Money and Capital Market with the largest Public Sector Bank in India, State Bank of India. He was associated with SBI Cap Securities Limited as the Managing Director and Whole Time Director from September 2015 to June 2018 and prior to that, he was associated with Chhattisgarh Rajya Gramin Bank - Raipur as the Chairman of the Bank from July 2012 to August 2015.

He held various leadership positions over the years across multiple domains which has given him exposure in setting up and running large format as well as new businesses. He possesses sound commercial acumen with a global mind-set & strong quantitative and conceptual abilities. He has managed large teams, developed strategies, process planning and improvements including change management. He has specialized in handling Domestic as well as International operations.

The other detail of Mr. Sarbeswar Lenka in terms of Regulation 36(3) of the Listing Regulation and Secretarial Standard 2 is annexed to this Notice. Mr. Sarbeswar Lenka is not related to any Director of the Company.

The Directors are of the view that the appointment of Mr. Sarbeswar Lenka as a Director in the capacity of Non-Executive Non Independent Director will be beneficial to the Company.

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

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

The Board recommends the Ordinary Resolution set out at item no. 3 of the Notice for approval by the members.

Item No. 4

Considering, the overall business growth and operational needs of the Company, the Company may require further capital and accordingly it is proposed to increase the authorised Share Capital of the Company from ₹ 30,00,00,000 (Rupees Thirty Crores only) comprising of 3,00,00,000 (Three Crore) Equity Shares of ₹10 (Rupees Ten) each to ₹ 80,00,00,000 (Rupees Eighty Crores only) divided into 8,00,00,000 (Eight Crores) equity shares of ₹ 10 (Rupees Ten only) each. Consequently, the existing Clause V(a) of the Memorandum of Association needs to be altered accordingly. Therefore, the consent of the Members of the Company is being sought under the applicable provisions of the Companies Act, 2013.

A draft of altered Memorandum with the aforesaid alterations shall be available for inspection by the Members of the Company on any working days, except Saturdays and Sundays (including Public Holidays) between 11.00 a.m. and 1.00 p.m. up to the date of passing of the above resolutions.

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

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

Item No. 5

As per Section 42 of the Act, read with the Rules framed there under, a company offering or making an invitation to subscribe to Non-Convertible Debentures (NCDs) on a private placement basis is required to obtain the prior approval of the Members by way of a Special Resolution. Such an approval can be obtained once a year for all the offers and invitations made for such NCDs during the year.

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

The approval of the Members is being sought by way of a Special Resolution under Sections 42 and 71 of the Act read with the Rules made there under, to enable the Company to offer or invite subscriptions of NCDs on a private placement basis, in one or more tranches, during the period of one year from the date of passing of the Resolution at Item No. 5, within the overall borrowing limits of the Company, as approved by the Members from time to time.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the Members.

Item No. 6, 7, 8, 9, 10 and 11

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

“Material Related Party Transaction” under the Listing Regulations means any transaction(s) entered into individually or taken together with previous transactions during a financial year exceeding 10% of the annual consolidated turnover of a company as per its last audited financial statements. The annual consolidated turnover of the Company for the financial year 2018-19 is ₹ 62.64 Crores. Accordingly, any transaction(s) by the Company with its related party exceeding ₹ 6.26 Crores (10% of the Company's annual consolidated turnover) shall be considered as material transaction and hence, the approval of the Members will be required for the same. It is therefore proposed to obtain the members' approval for the following arrangements/transactions/ contracts which may be entered into by the Company with its related parties from time to time:

Pursuant to the Composite Scheme of Arrangement amongst IIFL Holdings Limited, IIFL Distribution Services Limited, IIFL Wealth

Management Limited, IIFL Securities Limited, India Infoline Finance Limited, India Infoline Media and Research Services Limited and their respective Shareholders (“Scheme”), India Infoline Finance Limited will merge with IIFL Holdings Limited. Upon the said merger becomes effective, the aforesaid Limits for material related party transaction(s) with India Infoline Finance Limited will be added with the limits of IIFL Holdings Limited.

The aforesaid related party transactions do not fall under the purview of Section 188 of the Companies Act, 2013 being in the ordinary course of business and at arms' length. However, the same are covered under the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and accordingly the approval of the shareholders is sought by way of Ordinary Resolution.

The Audit Committee and Board have approved the aforesaid related party transactions at their respective meetings held on April 16, 2019 in terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and noted that these transactions are in the Ordinary Course of Business and are at arm's length basis.

None of the Directors, Key Managerial Personnel and their Relatives is, in any way, concerned or interested, financially or otherwise in the Ordinary Resolutions set out at item Nos. 06 to 11 except Mr. Prakarsh Gagdani- Whole Time Director & Chief Executive Officer and Mr. Roshan Dave - Company Secretary and their relatives are interested to the extent of their shareholding in IIFL Holdings Limited.

The Board recommends the Ordinary Resolutions set out at Item Nos. 06 to 11 of the Notice for approval by the members.

Name of the Related Party	Nature of Relationship	Nature of Transactions	Amount (₹ in Crore)*
IIFL Securities Limited	Related party as per Accounting Standard and Listing Regulations	Loans/Inter-Corporate Deposits/Guarantees/ availing or rendering of services/ lease/ leave and licence etc.	15
IIFL Facilities Services Limited	Related party as per Accounting Standards and Listing Regulations	Loans/Inter-Corporate Deposits/Guarantees/ availing or rendering of services/ lease/ leave and licence etc.	110
IIFL Holdings Limited	Related party as per Accounting Standards and Listing Regulations	Loans/Inter-Corporate Deposits/Guarantees/ availing or rendering of services/ lease/ leave and licence etc.	105
India Infoline Finance Limited	Related party as per Accounting Standards and Listing Regulations	Loans/Inter-Corporate Deposits/Guarantees/ availing or rendering of services/ lease/ leave and licence etc.	110
IIFL Management Services Limited	Related party as per Accounting Standards and Listing Regulations	Loans/Inter-Corporate Deposits/Guarantees/ availing or rendering of services / lease/ leave and licence etc.	55
IIFL Home Finance Limited	Related party as per Accounting Standards and Listing Regulations	Loans/Inter-Corporate Deposits/Guarantees/ availing or rendering of services / lease/ leave and licence etc.	10

* The ceiling on the amounts of transactions specified as above would mean the transactions entered into and remaining outstanding at any point in time.

Details of Director Seeking Appointment at the Annual General Meeting

Particulars	Mr. Sarbeswar Lenka	Mr. Santosh Jayaram
Date of Birth	June 17, 1958	January 04, 1988
Nationality	Indian	Indian
Date of Appointment on the Board	July 18, 2018	January 11, 2018
Qualifications	He holds a degree in master of science from Utkal University, Bhubaneswar and he is also an associate member of The Indian Institute of Bankers	B.Tech degree and a Master's degree in business management from NMIMS University, Mumbai
Expertise in specific functional areas	Banking & Financial services experience with a strong domain knowledge of Forex, Money and Capital Market	Business process re-engineering, digitisation, product development, mobile application development and user experience management.
Number of shares held in the Company	Nil	Nil
Directorships held in other companies (excluding foreign companies)	Nil	<ul style="list-style-type: none"> • 5paisa P2P Limited • 5paisa Insurance Brokers Limited
Attendance in number of Board Meetings eligible during the financial year 2018-19	Three of Three	Five of Five
Memberships/ Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil	Nil
Relationships between Directors inter-se	None	None
Remuneration details (Including Sitting Fees & Commission)	₹ 210,000	₹ 2,362,100

By Order of the Board of Directors
Roshan Dave

Company Secretary
ACS - 26472

Dated: April 16, 2019

Place: Mumbai

Registered Office: IIFL House,
Sun Infotech Park, Road No. 16V,
Plot No. B-23, Thane Industrial Area,
Wagle estate, Thane-400604

CIN:L67190MH2007PLC289249

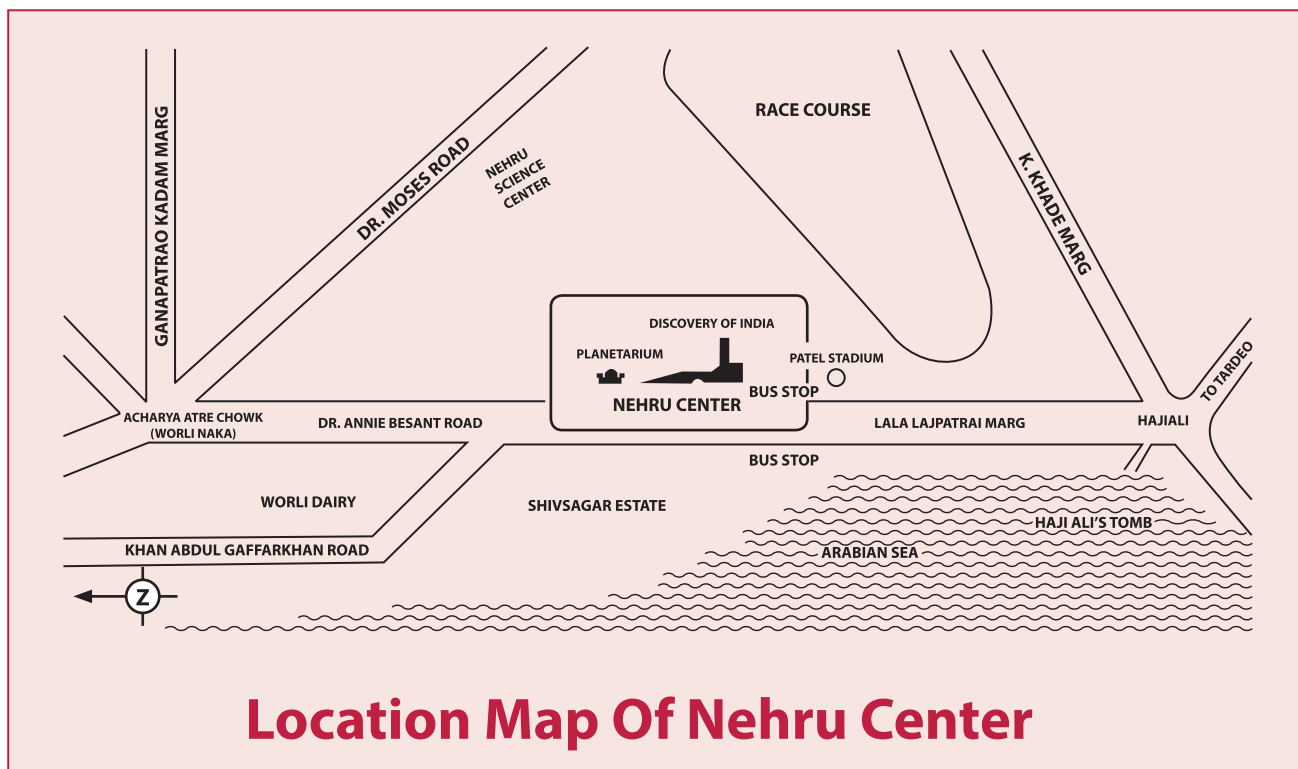
e-mail: csteam@5paisa.com

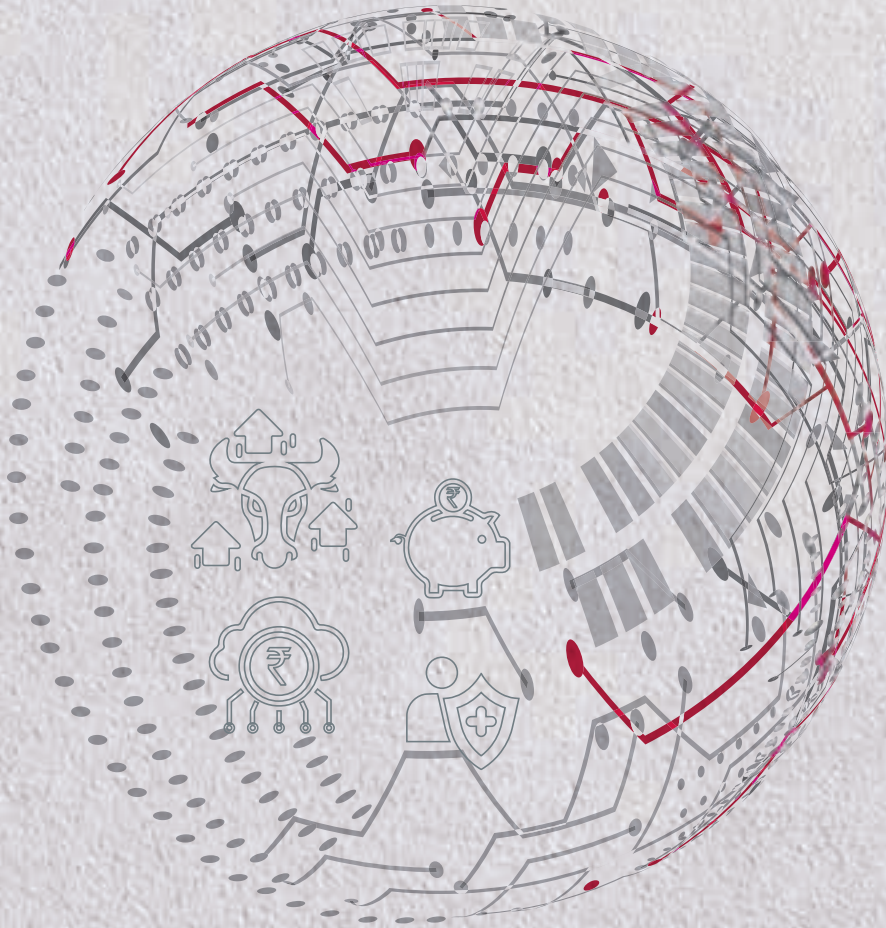
Telephone No. - 022-41035000

VENUE MAP OF THE TWELFTH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON

Monday, September 30, 2019 at 04.30 PM.

Venue address: Hall of Harmony, Ground Floor, Nehru Centre, Discovery of India, Dr. A. B. Road, Worli, Mumbai-400018





0%

BROKERAGE

100%

TECHNOLOGY



5paisa Capital Limited is the fastest growing full-service discount brokerage company in the fintech space. It offers one-stop solutions to fulfil the evolving financial needs of customers through a cutting-edge digital platform.

The cover design highlights the theme '0% Brokerage, 100% Technology'. The digital globe substituting the zero depicts the Company's entirely digitised offerings which has the capability to connect and serve a vast audience, and the caption emphasises the Company's lowest-in-industry flat fee of ₹ 10 per executed order. It emphasises adoption of the latest digital technologies by the Company along with 0% brokerage in the discount broking landscape.

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Investor information

Please find our online version at

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

Or simply scan to download:



Market Capitalisation
as at March 29, 2019:

₹ 3,033.16 Mn



BSE Code:

540776



NSE Symbol:

5PAISA

Disclaimer: This document contains statements about expected future events and financials 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's Discussion and Analysis of this Annual Report.



The rapid penetration of internet services and parallel increase in adoption of smart devices has revolutionised the financial services industry. The potential for growth in fintech is limitless.

Over the last few decades, the **fintech landscape** has seen an unprecedented **transformation**. Newer generation of customers constantly demand greater convenience and speed which makes it imperative for businesses to be dynamic and come out smarter, faster and more agile.

For us, technology is an essential value creator that helps deliver enriched customer experiences. 5paisa Capital has redefined the entire trading experience by leveraging on digital technologies and offering tailored financial solutions. An end-to-end DIY (Do-it-Yourself) online trading platform is the backbone of our success. At the same time, we bring comprehensive information and sharp market insights to customers through our intelligent Robo-advisory platform, enabling the best investment decisions.

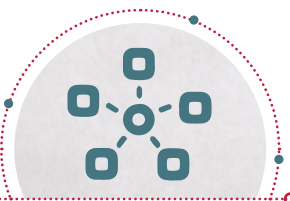
We have grown swiftly by providing a comprehensive product suite, cost-effective services and ease of access to our customers. With a strong innovative culture at the core, we are focused on providing a state-of-the-art digital platform for a unique and satisfying customer experience.

Exciting summary of our progress during the year



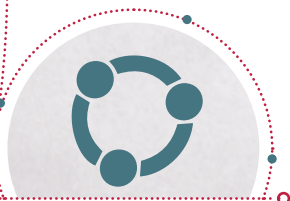
Customer acquisition

Crossed 2,00,000+ customers, a growth of 185% over the previous year



Product basket

Expanded product offerings by launching commodities trading in MCX, direct mutual funds and intraday in currency contracts



Strategic tie-up

Partnered with Smallcase Technologies to offer handpicked, thematic basket of diversified stocks to customers



3X Revenue growth

Registered a 3 times increase in revenues with focused growth strategies



Market share

Achieved a 2.4% average daily cash market share and a 2% average daily total market share within a short span of 2 years



Digital initiatives

31,00,000+ mobile app downloads with a sustained 4-Star rating on Playstore





5paisa Capital Limited

A DIGITALLY-DRIVEN ORGANISATION



5paise Capital Limited (5paise) is amongst the country’s fastest growing and technology-led financial services companies. Originally incorporated in 2007, the Company commenced operations in the year 2016. 5paise offers an array of financial products and services via a digital platform and mobile application. With its diverse services and products encompassing online discounted stock broking, depository services, research and distribution of mutual funds and other financial products, the Company successfully meets and fulfils its customers’ diverse needs.

The Company focuses on catering to retail investors and high-volume traders. It provides cost-efficient and DIY (Do-it-yourself) services through a dynamic trading platform. An intuitive and user-friendly technology interface enables customers to complete the entire transaction procedure effortlessly. The Company has a unique innovative Robo-advisory platform in place which allows customers to manage their investments effectively across equity, mutual funds, insurance and currencies. 5paise aspires to continuously enhance its technological architecture. The Company intends to actively accelerate growth and deliver enhanced customer experience.



219%

Revenue growth over the previous year



185%

Customer growth over the previous year



31,00,000+

Mobile app downloads



Accelerating growth momentum

INSIGHTFUL BUSINESS APPROACH

A business must constantly evolve and adapt to changing norms and customer requirements to realise its full potential.

At 5paisa, we believe that there are always new and better ways of doing things that help accelerate growth and enhance customer experience. The Company leverages its deep sectoral understanding and advanced digital platforms to cater to the diverse requirements of its customers with a gamut of financial products and services.



What differentiates us?

- ▲ One-stop investment platform for all type of investors
- ▲ Digital trading platform with cost-effective DIY (Do-it-Yourself) services
- ▲ Discounted flat fee of ₹ 10 per transaction
- ▲ Interactive user-interface with minimal human intervention
- ▲ Paperless procedures for speedy and enhanced customer experience

Customer at the core

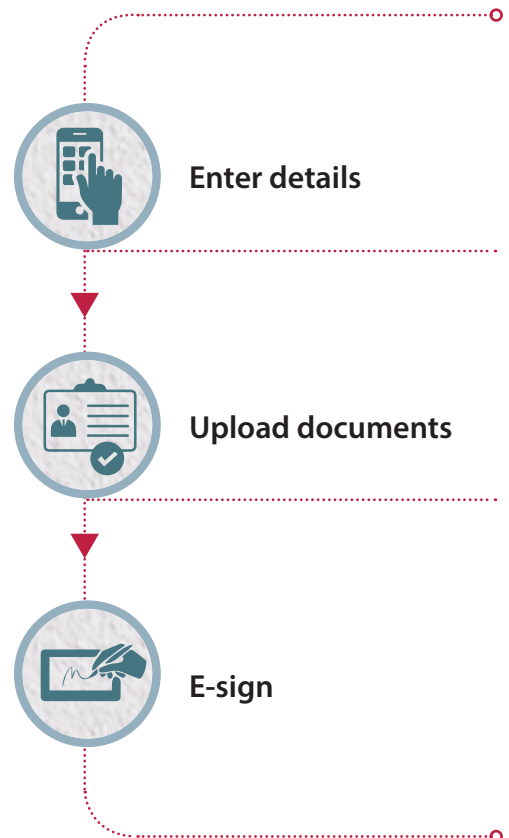
5paisa has become the fastest growing discount brokerage company in India within a short span of two years of operations. This achievement reflects our customer’s acceptance and satisfaction with our service.

During the year, we launched commodities trading in MCX, direct mutual funds and intraday in currency contracts, to expand choice of investments for our customers.

We also introduced new research products and investment avenues to broaden customers’ investment choices.

- ▲ Smallcase to build a diversified, low-cost and long-term portfolio
- ▲ Swing Trader for short-term traders
- ▲ Smart Investor for active investors

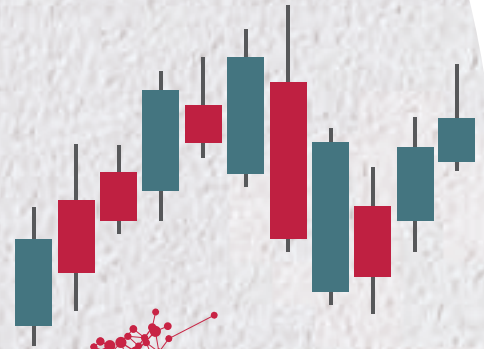
Faster and simpler 3-Steps instant account opening process



2,00,000+

Customer base in 2019





Decoding digital aspirations

SCALE WITH SMART TECHNOLOGY

Digital technology has radically transformed the world by connecting more people and making them equally informed and empowered.

At 5paisa, our endeavour has always been to be at the forefront of the fintech space. We continuously direct our efforts towards enhancing our digital capabilities. We consciously focus towards bringing a perfect blend of convenience, cost-effectiveness and security in our customers' trading experience. Our online platform and mobile application help bring the transactions procedure at our customers' fingertips - making it seamless, quicker and easier.

Distinguished online platform to simplify the investment journey

- ▲ A simplified interface with DIY trading services in equity, futures & options (F&O) and currency segments
- ▲ Paperless and instant e-KYC account opening process
- ▲ Integrated and faster services from onboarding to execution of trades
- ▲ Multi-asset live watch list synced across devices
- ▲ Powerful data analytics tools to assist customers in taking informed decisions by tracking realtime opportunities

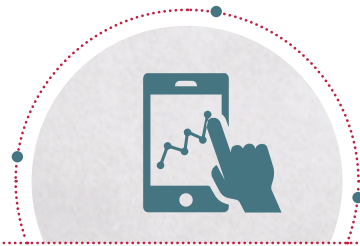
The new-age Robo-Advisory platform: The expert advice

- ▲ Offers automated advisory services in mutual fund and insurance products
- ▲ Analyses client's portfolio on several parameters through multi-algorithm-based investment planner
- ▲ Identifies financial goals and timeframe to attain the same
- ▲ Assesses customer profile and risk appetite
- ▲ Helps pick the right funds by planning the portfolio aligned with investment goals



187%

Growth in mobile trades through app



70%

Customers trade through the mobile app



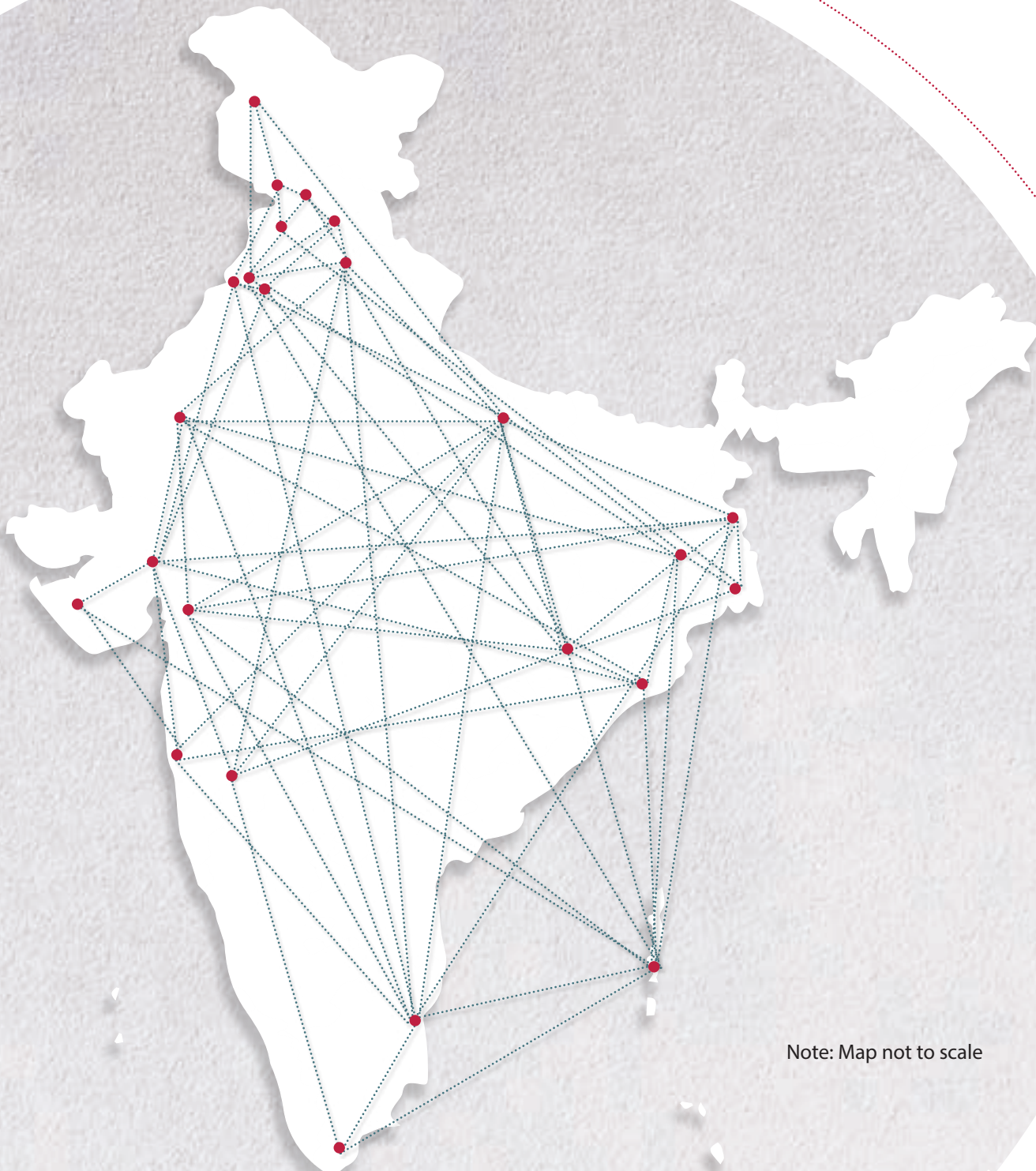
53%

Customers trade through the web browser



Expanding reach

WITH CUSTOMERS AT HEART



Note: Map not to scale

Expanding possibilities with technology

The mass-market penetration of smartphones and quicker access to the internet in the tier-II and tier-III cities are major contributors to the evolution of fintech landscape. With the immense opportunities that have been created, it is now easier to reach and engage customers through seamless and digital omnichannels. Further, we believe that our growing presence on social media will help us witness strong user adoption in the future.



69%

Customers from tier III cities and beyond

Passion to empower customers: Knowledge for all

5paisa believes in empowering its customers with the knowledge of various financial products. This helps in making the right investment decisions. We have designed a set of educational series through the 5P school to enhance proficiency in the financial space. The series, guided by our experts, delivers an insight into the basics of financial markets, short-term trading and stock analysis. Additionally, we have also created short videos on YouTube to inform, educate and guide first-time investors.



90%

Customers below 45 years of age

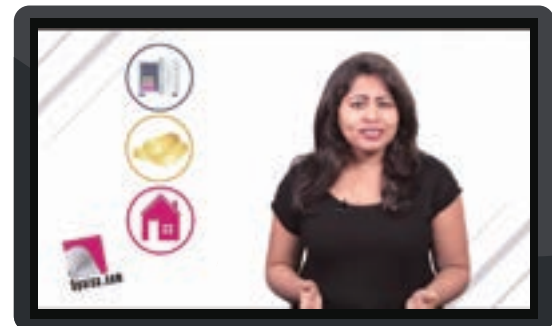
LEARNATHON



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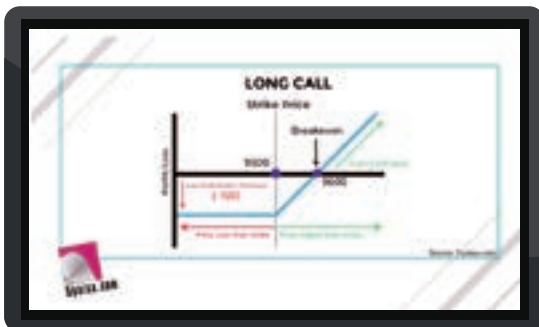
Stock Market for beginners – how to start investing in share market



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How to trade in Derivatives – a simple and easy explanation



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Basics of technical analysis in Stock Markets – for New Traders



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Chairman's Message

Dear Shareholders,

I am delighted to inform you that despite uncertainties across both, Indian and global markets, the Company continued to make its mark in the fintech landscape. I thank all the stakeholders for their continued support in making our vision a reality. It has sharpened our strategies and allowed us to embrace opportunities for value creation in the long-term.

During 2018-19, India continued to be one of the world's fastest growing economies, despite headwinds. The first half of the year was impressive with steady investments and robust private consumption. Important structural reforms like the Insolvency & Bankruptcy Code (IBC) and Goods & Services Tax (GST) are expected to make a long term positive impact on the Indian economy. However, the growth momentum in India moderated in the second half of the fiscal, owing to global slowdown on the back of the US-China trade war, higher interest rates, volatile oil prices, Rupee

“

Technology has always been a key enabler for us at 5paisa. We have grown by leveraging our intelligent digital DIY (Do-it-Yourself) trading platform and automated Robo-advisory service. Our diversified range of financial products and services fulfil the changing needs of our retail as well as high volume traders.

”

depreciation, slowing consumption patterns and the liquidity crisis in the financial sector.

Nonetheless, developments on the digital front, have been impressive. The Government has pushed ahead on the 'Digital India' initiative to transform the country into a digitally empowered society and a knowledge economy. A faster digital reach has increased the number of internet users in India to 566 million, an increase of 18% over the previous year. Driven by rapid internet growth in rural areas, evolving customer demand and millennial population with rising digital aspirations, the number of internet users is estimated to reach 627 million by the end of 2019.

The traditionally cash-driven Indian economy has responded well to the transformations led by the fintech opportunity, primarily triggered by a surge in e-commerce, internet and smartphone penetration. Digital payments have boomed in recent years, with the Government aiming to reduce paperwork, especially in terms of financial transactions. The amounts transacted through the Unified Payment Interface (UPI) platform witnessed a growth of more than 10 times, with the number of transactions increasing eight times in 2018 over the previous year. Ensuring a secure, convenient and affordable e-payment system, the Reserve Bank of India expects the number of digital transactions to increase more than four times to ₹ 8,707 crore by December 2021.

Today, technology is playing a pivotal role across various spheres

of life and the finance sector is at the forefront of this revolution. The Indian fintech market is forecast to touch US\$ 2.4 billion by 2020 from a current US\$ 1.2 billion, as per NASSCOM. The domestic capital market is expected to remain range bound over the near term with a prolonged period of volatility given the weakening of investor sentiment and challenging domestic and global cues. Discount broking firms are now gaining pace with adoption of breakthrough technologies. With the largest millennial population and digital evolution, India offers a huge platform for the discount broking industry.

Technology has always been a key enabler for us at 5paisa. We have grown by leveraging our intelligent digital DIY (Do-it-Yourself) trading platform and automated Robo-advisory service. Our diversified range of financial products and services fulfil the changing needs of our retail as well as high volume traders. During the year, we actively expanded our product basket by introducing commodity trading, direct mutual funds, intraday in currency contracts and personal loans. We collaborated with Smallcase to offer thematic investments for our customers. We also added UPI capability to the platform and it has been very well received by customers. Our robust tech-based business model with the lowest cost services led to a growth of 185% in our customer base over the previous year. With over 31,00,000 downloads, 5paisa mobile app is the most preferred choice for trading amongst customers.

We have always been unique in combining business with deep industry expertise. Being a customer-centric Company, we believe in educating our customers and enabling them to take an informed investment decision. Through our 5p School, we have created online investor education series and videos which have helped grow financial literacy among customers.

During the year, we also initiated the Company's maiden Rights Issue proposal of ₹101.91 crore with an eye on future growth. We aim to deploy the capital primarily for business expansion and expect the Issue to provide a strong boost to our growth momentum.

We abide by a robust governance framework with proper internal control and effective shareholders engagement. We ensure conducting our business with strict regulations, integrity and transparency. Going forward, we will continue to strengthen our operations, expand our outreach, leverage our existing strengths and focus on providing quality tech-solutions to our customers. On behalf of the Board and the entire leadership team, I thank all our stakeholders for reposing their trust and confidence in the Company.

Yours sincerely,

Dr. Archana Hingorani
Chairman



CEO's Communique

Dear Shareholders,

The year gone by has yielded fruits of labour for your Company, with demonstrated growth in all aspects of business and steadily diminishing losses. The Company made significant strides in consolidating its position in the fintech industry with enhanced customer service, stronger product propositions and advanced digitisation.

India's growth factor

I believe that India is the most exciting economy in the world as of today. The country has successfully navigated through global uncertainties and emerged as a preferred destination for investment. India's economic prospects for FY 2019-20 appear optimistic with policymakers creating enablers for strong and sustainable growth in the medium to long-term.

Despite numerous headwinds, the capital markets in India outperformed several major global markets with double-digit returns in the fiscal ended March 2019. With a significant pace of digital adoption, the financial sector in India is undergoing a rapid expansion. Newer players like payment banks, digital wallets and fintech companies are constantly introducing

“

We continue to evolve as a strong fintech player with firmly embedded digital ethos and customer-centric business approach. Our differentiated vision, state-of-the-art technology and innovative trading platform have helped us build comprehensive financial solutions tailored to the unique needs of our customers.

”

innovative models for customer acquisition and service.

As digital aspirations increasingly influence business approach, it has become critical for organisations to embed agility and innovation into their workplace culture

The fintech opportunity

Financial technology is transforming the lives of millions of people and is a step forward to the creation of a 'Digital India'. Digital revolution has reached even remote, previously unconnected areas of the country especially with increased availability of affordable data. Increased social media usage is also helping organisations to acquire more customers and build a long-run, wholesome relationship with them. Superior technology trends in the financial services sector presents a huge potential for technology-based services to grow in the future.

The discount broking industry has benefited tremendously with the expansion of digital penetration. More and more people are migrating to discount brokers for the convenience of digital solutions and the cost-effectiveness of a flat brokerage. This is reflected in the growth in market share of discount brokers which has risen rapidly to 15.97% as of May 2019 as against 9.36% in March 2018.

Our performance

FY 2018-19 was a significant year for 5paisa and we continued to evolve as a strong fintech player with firmly embedded digital ethos and customer-centric business approach. Our differentiated vision, state-of-the-art technology and innovative trading platform have helped us build comprehensive financial solutions tailored to the unique needs of our customers. I take pride in announcing that within a short span of two years, 5paisa has become the fastest growing discount broker in India.

Our excellent product portfolio, lowest cost services, expanding footprint and an ability to provide a differentiated experience to our customers has reinforced our position in the industry.

During 2018-19, our total income stood at ₹ 62.6 crores, a 219% y-o-y growth with a 3-times leap over the previous year and our continued efforts at promoting growth along with cost efficiency helped tone our losses down by 35% over the previous year.

We expanded our offerings to include commodities trading in MCX, direct mutual funds, intraday in currency contracts, new research products and thematic investments with Smallcase. Our market share grew to an all-time high of 2.4% in the cash segment and 1.9% overall.

Customer at the core

At 5paisa, everything starts with a customer-first approach. We maintained our swift pace of client acquisitions, crossing 2,00,000 customers in FY19 which reflects a growth of 185% over the previous year. Over 70% of our clients are from tier II and tier III cities and close to 75% trade through our mobile app.

We empower our customers to make the right investment choices by providing them with effective, clear and comprehensible financial information. Our online investor education video series namely 5P School enables first-time investors to learn the basics of equity trading and personal investment management. The education series has been designed by expert professionals in the financial sector. Our endeavour to improve financial literacy equips customers to shop around for the best product for their needs and thereby benefit from various investment opportunities.

Enhanced digital experience

Customers today have elevated service expectations. An interactive user interface, ease of use and automated services appeal the most to young customers today. We have deployed various automation techniques across processes to provide an enhanced digital experience to all.

5paisa remains one step ahead by providing a personalised Robo Advisory platform and an integrated digital platform for stocks, mutual funds, insurance, research, advisory and more to our customers. The 5paisa mobile app delivers quick solutions with convenience and speed and has become one of the fastest growing mobile applications in the country with over 31,00,000 downloads till date and a sustained 4 Star rating on Playstore.

We have an instant and paperless account opening process with minimum human intervention. In addition, our advanced data analytics tools track real-time opportunities to aid customers with the right investment options. We have also built an innovative product proposition through our open APIs, which enable traders to build their own trading interface for multiple financial products in no time.

Looking ahead

We remain optimistic on the growth prospects for the Company and are fully equipped to leverage our strengths and scale up without losing focus on cost efficiency.

I express my gratitude to all our stakeholders for their valuable support as we move forward in our exciting journey.

Yours sincerely,

Prakarsh Gagdani

Whole-Time Director and CEO



Board of Directors

The real transformation happens when individual efforts help contribute to the bigger dream, aspired together.

1 Dr. Archana Niranjn Hingorani

Independent Director

Dr. Archana Niranjn Hingorani is the Chairperson and an Independent Director of the Company. She holds a Bachelor's degree in Arts from the University of Mumbai, a Master's degree in Business Administration from the Graduate School of Business, University of Pittsburgh, USA and a Doctorate degree in Philosophy from the Joseph M. Katz Graduate School of Business, University of Pittsburgh, USA. She has 23 years of experience in financial services and private equity fund investment. Prior to joining the Company, she was associated with the IL&FS Group until 2017, in various capacities, including being the CEO of IL&FS Investment Managers Limited. She has been the recipient of various awards such as 'Ten most influential women in private real estate investing' by PERE in 2010, 'Most Powerful Women' in 2014, 2015, 2016 and 2017 by Fortune India, 'Most Powerful Women' in 2011, 2012 and 2013 by Business Today, '25 Most Influential Women in Asia Asset Management' by Asian Investor in May, 2014, and 'Distinguished International Alumnus' in the year 2016 by the Katz Graduate School of Business, University of Pittsburgh, USA.

2 Mr. Prakarsh Gagdani

Whole Time Director & Chief Executive Officer

Mr. Prakarsh Gagdani is the Chief Executive Officer and Whole Time Director of the Company. He holds a Post Graduate Diploma Degree in Business Management from Pondicherry University and has done his Bachelors in Business Management from Mulund College of Commerce, Mumbai University. He has about Seventeen (17) years of cross functional experience in sales, advisory, product development and business development. He has gained expertise in retail equity broking domain and is a keen strategist with expertise in managing the entire business and ensuring optimal utilisation of resources. In the past, he was associated with Angel Broking Limited for about twelve (12) years.

3 Ms. Nirali Sanghi

Independent Director

Ms. Nirali Sanghi is an Independent Director of our Company. She founded India Parenting Private Limited in 1999 and serves as its Chief Executive Officer and President. Prior to that, she served at Erstwhile Baring Brothers (New York), Citibank (New York and Mumbai) and The Boston Consulting Group (Mumbai). Ms.Sanghi spent nine (9) years in the United States where she received her Bachelors 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).

4 Mr. Sarbeswar Lenka

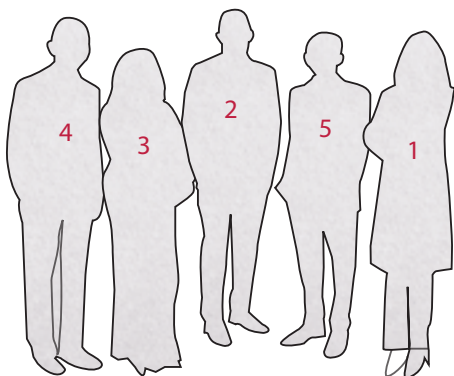
Non Executive Director

Mr. Sarbeswar Lenka is an Additional (Non-Executive) Director in our Company. He holds a degree of Master of Science from Utkal University, Bhubaneswar and is also an associate member of The Indian Institute of Bankers. He has around 34 years of banking & financial services experience and has been associated with the State Bank of India and SBICAP Securities Limited. He was associated with Chhattisgarh Rajya Gramin Bank – Raipur as its Chairman from July 2012 to August 2015.

5 Mr. Santosh Jayaram

Whole Time Director

Mr. Santosh Jayaram is a Whole Time Director of the Company. He holds a Bachelors in Technology degree and a Masters in Business Administration from NMIMS University, Mumbai. He has been associated with 5paisa Capital Limited and IIFL Group since May 2011. He has experience in areas of business process re-engineering, digitisation, product development, mobile application development and user experience management.



Accolades & Recognition



- 1 Received the Brand Excellence Award in the BFSI Sector by ABP
- 2 Awarded for Marketing Excellence in Brand Award Banking, Financial Service and Insurance Sector at the Global Marketing Excellence Awards
- 3 Received Mobby's Award for the Best Overall Mobile application
- 4 Won Mobby's Award for the Best Use of Social Media in Marketing
- 5 Received Mobby's Award for the Best Mobile Marketing Campaign
- 6 Won the Best use of Mobile Technology in Financial services at the ET Now Awards
- 7 Awarded the Fintech Leader of the year (Prakarsh Gagdani) at the ET Now Awards
- 8 Recognised as Premier Depository Participant in Gold category by CDSL



Growing social media presence

Social media has the power to build connect, trust and credibility. It empowers customers with information and awareness and is a major avenue for business growth

In today's era, Social Media is no passing trend. Social platforms help connect businesses to customers (existing and potential). It is an excellent tool for creating brand awareness while promoting growth.

Our growing social media presence proves itself to be an effective platform for communicating and engaging productively with our customers.



<https://www.youtube.com/5paisa>

Subscribers: 50,576

Views: 7,802,241



<https://www.facebook.com/5paisa>

Followers: 301,446

Likes: 3,00,141



<https://www.linkedin.com/company/5paisa>

Followers: 1,129



<https://twitter.com/5paisa>

Followers: 35,034

Tweets: 1,507



<https://www.quora.com/profile/5paisa-Capital-Limited-1>

Followers: 86

Total answers views: 1,400



<https://www.instagram.com/5paisacapital/>

Followers: 199



Enriching employee engagement

At 5paisa, we have adopted strategies to strengthen employee engagement. During the year 2018-19, our people engaged in various cultural and functional activities which empowered them to learn from each other, leading to an enhanced personal growth.



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DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the Twelfth Annual Report of 5paisa Capital Limited ('your Company') together with the Audited Financial Statements for the financial year ended March 31, 2019.

1. FINANCIAL RESULTS

A summary of the consolidated and Standalone financial performance of your Company, for the financial year ended March 31, 2019, is as under:

(₹ in Millions)

Particulars	Consolidated Financial Results		Standalone Financial Results	
	2018-2019	2017-2018	2018-2019	2017-2018
Gross total income	627.57	196.52	626.40	196.52
Profit/(Loss) before interest, depreciation and taxation	(142.47)	(317.48)	(142.14)	(317.48)
Interest and financial charges	68.27	7.95	68.27	7.95
Depreciation	14.43	6.67	14.43	6.67
Profit/(Loss) before tax	(225.17)	(332.10)	(224.84)	(332.10)
Taxation - Current	Nil	Nil	NIL	Nil
- Deferred	(59.14)	(79.12)	(59.14)	(79.12)
- Short or excess provision for income tax	Nil	Nil	NIL	Nil
Net profit/ (Loss) for the year	(166.02)	(252.99)	(165.70)	(252.99)
Less: Appropriations	Nil	Nil	Nil	Nil
Add: Balance brought forward from the previous year	(369.07)	(116.08)	(369.07)	(116.08)
Balance to be carried forward	(535.09)	(369.07)	(534.77)	(369.07)

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

At 5paisa.com, we have built a sustainable foundation to accelerate our growth. Our customer-centric products; transparency in operations; relentless focus on customer convenience; and investment in technology has helped us build a family of 2 lakh+ happy customers in just two full years of our operations.

Your Company performed well during FY 2019, by leveraging on the market opportunities bought by the growing trend of financialisation of savings and delivering quality service to attract new customers. With an unwavering resolve to provide best-in-class investment platform at the lowest cost, we delivered strong growth across parameters over the previous year.

Our customer base grew 6x in the last fiscal and our broking revenues recorded 310.87% growth and continues to be on rise. During the year, the total income of your Company was up from ₹ 196.52 million to ₹ 626.40 million. Your Company

reported an average annual daily turnover of ₹ 14,025 crore and its market share further improved.

During the year, we focused on harnessing technology to fortify our business processes, ensure deeper market coverage and deliver a superior customer experience. As a result, your Company emerged as a strong player in the discount broking space offering superior products and services. Your Company also climbed to the No. 2 position in the discount broking segment, surpassing several established players.

Our growth was also fuelled by the growing penetration of internet and smartphone in our country. Positive demographics have helped bring millions to explore digital investment services in financial space. Your Company successfully capitalized on the opportunity by offering an integrated investment platform. Today, your Company's mobile application/web platform can help an individual trade across equity, F&O, commodity, currency; invest in mutual fund and insurance; or avail algorithm based robo advisory services.

Looking forward, there is an enormous opportunity for growth as capital market participation still remains abysmally low in India when compared to the other developed

Director's Report (Contd.)

nations. Owing to the huge growth prospects, your Company envisages a robust growth in its customer base in the years to come. Moreover, by offering seamless trading at the lowest cost, we are confident of widening reach across the country. Our robust internal risk-management systems and processes, supported by technology, will also fuel our growth journey.

3. MACRO-ECONOMIC OVERVIEW

Fears about next recession became evident during the year as both, developed and emerging market economies, underperformed compared to the last year. A long-running US-China trade war, liquidity tightening in US, rising crude oil prices, political issues in Euro zone and Brexit uncertainty led to deterioration of global trade. Factory activity in US and Europe contracted in the last quarter while industrial output growth fell to 17-year low in China. In its latest world economic outlook edition of October 2018, global growth is estimated at 3.7%. In January 2019, IMF downgraded world GDP growth at 3.5% in 2019 and 3.6% in 2020, below October 2018's projections.

India was the fastest growing economy in the world in FY19 and will remain in FY20 too. India's real gross domestic product (GDP) growth is projected at 7% for FY19. Capacity utilization has picked up in last couple of quarters of FY19 along with increase in real gross fixed capital formation (GFCF). This is positive for PAT growth for companies in the next year. Cement production increased from 5.6% YoY in FY18 to 13% YoY up to February 2019 owing to increase in construction activity. Price levels remained in line within RBI's target and headline inflation was largely at the same levels as in last year. But food prices experienced deflation in the second half of the year.

Key macroeconomic risks hovering Indian economy were global slowdown, increase in commodity prices, fiscal slippage and monetary over-stimulus. Domestic activity decelerated due to slowdown in consumption. Manufacturing growth has slowed down (from 16.7% YoY in Q1FY19 to 11% YoY in Q3FY19) while there has been deceleration in agricultural output (from 6.8% YoY in Q1FY19 to 2% YoY in Q3FY19). Services sector growth has remained stagnant ~13% throughout FY19. High frequency indicators signalled deceleration in many activities. Air traffic has slowed down sharply (from 24.1% 3mma YoY in March 2018 to 9.2% 3mma YoY in February 2019) while passenger vehicle sales decelerated (from 7.9% YoY growth in FY18 to 2.7% YoY in FY19). Rising commodity prices, especially of crude, could widen current account deficit. Fiscal stimulus in election year could possibly breach the fiscal deficit target of 3.4% in FY19. The uncertainty around election outcomes could make investors jittery in the short run.

4. INDUSTRY OVERVIEW

Average daily cash trading volumes went up ~4% YoY to ₹ 351 billion/day in FY19 from ₹ 338 billion /day in FY18. Also, the share of institutions (FII + DII) edged up to 33.2% in FY19 from 31.9% in the previous year. Bond markets saw a volatile year due multiple factors. Some of them are i) potential fiscal slippage due to revenue shortfall, ii) risks from rising crude oil prices can increase import bill, iii) a declining currency and iv) liquidity crunch.

5. PROPOSED RIGHTS ISSUE

The Board at its Meeting held on July 17, 2018 and September 12, 2018 approved the proposal of issue of equity shares by way of a Rights Issue ("Issue") to the existing shareholders of the Company in the ratio of 1 equity share of ₹ 10 each for every 1 equity share of ₹ 10 each held in the Company at a premium of ₹ 70 per share i.e. issue price of ₹ 80 each aggregating to ₹ 101.91 Cr. in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended. The Company has filed the Draft Letter of Offer with SEBI, NSE and BSE on September 17, 2018. The Company has received the in-principle approval from NSE, BSE and is awaiting the observation letter from SEBI. The record date for determining the entitlement will be announced in due course subject to receipt of relevant approvals from regulatory authorities, as may be required.

6. 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 is given herein below:

- Recognized as Premier Depository Participant in Gold category by CDSL.
- Emerging brand excellence in the BFSI Sector by ABP.
- Marketing Excellence in brand award banking, financial service, and insurance sector by Global marketing excellence Awards.
- Best Overall Mobile App by Mobbys Awards at World marketing Congress.
- Best use of Social Media in Marketing by Mobbys Awards at World marketing Congress.
- Best Mobile Marketing Campaign by Mobbys Awards at World marketing Congress.
- Best use of Mobile Technology in Financial services by ET Now.
- Fintech Leader of the year (Mr. Prakarsh Gagdani – CEO) by ET Now.

Director's Report (Contd.)

7. DIVIDEND

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

8. SHARE CAPITAL

The paid up equity share capital of the company as on March 31, 2019 was ₹ 127,390,220/- (12,739,022 equity shares of ₹ 10/- each).

9. EMPLOYEES STOCK OPTION SCHEMES (ESOS)

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

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

During the financial year, no options were approved for grant under 5PCL ESOS 2017 and 5PCL ESOTS 2017. During the year, 20,000 options under 5PCL ESOS 2017 lapsed and the same have been added back to the pool, which are available for further grant.

There is no material change in Employees' Stock Option Scheme during the year under review and the Scheme is in line with the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations"). The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SBEB Regulations and the resolution passed by the members. The disclosures relating to ESOPs required to be made under the provisions of the Companies Act, 2013 and the rules made thereunder and the SEBI (Share Based Employee Benefits) Regulations, 2014 are provided on the website at <https://www.5paisa.com/investor-relations> and the same is available for inspection by the members at the Registered Office of the Company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, Guarantees and Investments covered under the provisions of the Section 186 of the Companies Act, 2013 forms part of the notes to the financial statements provided in this Annual Report.

11. SUBSIDIARIES

• 5paisa P2P Limited

During the year under review the Company has received the in-principle approval from RBI for registration as NBFC Peer-to-Peer Lending Platform (NBFC-P2P) from Reserve Bank of India (RBI). In terms of the said approval, 5paisa P2P Limited is required to set up the systems and processes and to comply with the other terms and conditions within a period of 12 months for obtaining final approval from RBI and commencement of NBFC- P2P activities. The Company is in process of setting up necessary system and process. On receipt of registration from RBI, 5paisa P2P Limited will commence the operations.

• 5paisa Insurance Brokers Limited

During the year under review, the Company incorporated, a wholly owned subsidiary namely 5paisa Insurance Brokers Limited on October 27, 2018. The Company is in process of making an application for registration as Insurance Brokers with Insurance Regulatory and Development Authority. On receipt of the approval, 5paisa Insurance Brokers Limited will commence the activities.

12. CONSOLIDATED FINANCIAL STATEMENTS

As per the provisions of section 134 and 136 of the Companies Act, 2013 read with applicable Rules, Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Accounting Standards, the Board of Directors had at their meeting held on April 16, 2019 approved the consolidated financials 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 2018-19. The Company will make these documents/details available upon request by any member of the Company. 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 copy would be sent. 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

Director's Report (Contd.)

included in this Annual Report incorporate the accounts of its subsidiaries. A report on the performance and financial position of the subsidiaries is provided in the prescribed form AOC-1 as "**Annexure I**", which forms part of this Report.

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

13. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Directors:

The Board comprises of Mr. Prakarsh Gagdani (DIN: 07376258) and Mr. Santosh Jayaram (DIN: 07955607) as the Whole Time Directors, Dr. Archana Niranjana Hingorani (DIN: 00028037) and Ms. Nirali Sanghi (DIN: 00319389) as the Non – Executive Independent Directors of the Company and Mr. Sarbeswar Lenka (DIN: 07306325) as the Non - Executive Non - Independent Director of the Company.

Appointment

Mr. Sarbeswar Lenka was appointed as Additional Director designated as Non - Executive Director. The Company has received notices under Section 160 of the Act, from a Member proposing the appointment of Mr. Sarbeswar Lenka as the Non - Executive Director of the Company. Approval of members by ordinary resolution for appointing Mr. Sarbeswar Lenka as Non - Executive Director has been sought in the Notice convening the Annual General Meeting of the Company. (Please refer to item No. 3 of the Notice)

Confirmation

- I. Mr. Santosh Jayaram was confirmed as the Whole Time Director by the Shareholders of the Company in the 11th Annual General Meeting held on July 17, 2018 for a period of three years w.e.f. January 11, 2018.
- II. Ms. Nirali Sanghi was appointed as the Independent director by the Shareholders of the Company in the 11th Annual General Meeting held on July 17, 2018 for a period of Five years w.e.f. January 11, 2018.

- III. Mr. Prakarsh Gagdani was reappointed as the Whole Time Director by the Shareholders of the Company in the 11th Annual General Meeting held on July 17, 2018 for a period of three years w.e.f. December 22, 2018.

Declaration by 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 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/confirmations were placed before the Board and duly noted.

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. Santosh Jayaram is liable to retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment. The Board recommends the same for shareholders' approval.

b. Key Managerial Personnel:

As on March 31, 2019, Mr. Prakarsh Gagdani - Whole Time Director & Chief Executive Director, Mr. Santosh Jayaram - Whole Time Director, Mr. Roshan Dave – Company Secretary & Compliance Officer and Mr. Gourav Munjal - Chief Financial Officer are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 and rules made thereunder.

During the year under review, Mr. Mahesh Shetty was appointed as a Chief Financial officer in place of Ms. Ankita Lakhota w.e.f. July 18, 2018. Mr. Mahesh Shetty - Chief Financial officer resigned w.e.f. January 16, 2019 and in his place Mr. Gourav Munjal was appointed as the Chief Financial Officer of the Company w.e.f. January 16, 2019. These changes in the Key Managerial Personnel were due to internal re-structuring.

The Remuneration and other details of the Key Managerial Person 2019 are mentioned in the Extract to the Annual Return in Form MGT-9 which is attached as "**Annexure II**" and forms a part of this report of the Directors.

Director's Report (Contd.)

15. MEETING OF DIRECTORS & COMMITTEE/BOARD EFFECTIVENESS

➤ Meetings of the Board of Directors

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

➤ Committees of the Board

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

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee

• **Audit Committee:**

During the year, the Audit Committee met Five (5) times in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013, during the year under review, the Company has re-constituted the Audit Committee and details thereof have been provided in Corporate Governance Report. At present the Committee comprises of Dr. Archana Niranjana Hingorani as the Chairman, Ms. Nirali Sanghi and Mr. Sarbeswar Lenka 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee met during the year under review and discussed on various matters including Rights Issue, financials and audit reports. During the period under review, the Board of Directors of the Company accepted all the recommendations of the Audit Committee.

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

• **Nomination and Remuneration Committee**

During the year, the Nomination and Remuneration Committee met Four (4) times.

The Company re-constituted the Nomination and Remuneration Committee and details thereof have been provided in Corporate Governance Report. At present, the Committee comprises of Ms. Nirali Sanghi as the Chairman and Dr. Archana Niranjana Hingorani and Mr. Sarbeswar Lenka 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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, KMP, senior management personnel of the company. The said policy is stated in the Corporate Governance Report of the Company and also it is available on the website at <https://www.5paisa.com/investor-relations>. The details of Committee meeting are provided in the Corporate Governance Report.

• **Stakeholders Relationship Committee**

During the year, the Stakeholders Relationship Committee met One (1) time in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013. The Committee comprises of Ms. Nirali Sanghi as the Chairman, Dr. Archana Niranjana Hingorani and Mr. Prakharsh 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same has been provided in the Corporate Governance Report.

During the year under review, the Company has received six (6) complaints on the scores portal and the same has been resolved. The details of the Meeting are given in the Corporate Governance Report.

Director's Report (Contd.)

➤ Board Effectiveness

• Familiarisation Program for the Independent Directors

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

• Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular no SEBI/CFD/CMD/CIR/P/2017/004 dated January 05, 2017, the Board of Directors has carried out an annual performance evaluation of its own performance its Committees, the Directors individually including Independent Directors based out of the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by Nomination and Remuneration Committee ("NRC"). The evaluation process, manner and performance criteria for independent directors in which the evaluation has been carried out by is explained in the Corporate Governance Report.

The Board considered and discussed the inputs received from the Directors. Also, the Independent Directors at their meeting held on March 18, 2019 reviewed the following:

- Performance of Non-Independent Directors and the Board 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.

16. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had 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 and loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the Directors had 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) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

17. 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.

Director's Report (Contd.)

18. 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/Shareholders, reporting and disclosure requirements in compliance with Companies Act, 2013 and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All transactions with Related Parties are placed before the Audit Committee as 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 considered as material in accordance with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same was also approved by the shareholders in the annual general meeting held on July 17, 2018. 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. 27 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.

19. ANNUAL RETURN

The details forming part of the extract of the Annual Return of the Company in form MGT – 9 is annexed herewith

as "Annexure - II". The extract of Annual Return of the Company has been placed and can be accessed at website at <https://www.5paisa.com/investor-relations>.

20. 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.

21. SECRETARIAL AUDIT

The Board had appointed M/s. Nilesh Shah & Associates, Company Secretary in practice to conduct Secretarial Audit of the Company for the financial year 2018-19. The Auditor had conducted the audit and their report thereon was placed before the Board. The Auditor in their report stated that Company has appointed one Non-Executive Director w.e.f. July 18, 2018. The said noting is self-explanatory. The report of the Secretarial Auditor is annexed herewith as "Annexure - III".

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

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

23. RISK MANAGEMENT

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 organisation 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 specialised internal audits on Broking and Depository Participant business as per the SEBI / Exchanges/ Depositories norms. The findings on Audit

Director's Report (Contd.)

Reports are reviewed by the Audit Committee / Board at their periodical meetings and the reports are submitted to the Exchanges / Depositories.

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

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

24. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

In compliance of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for Directors, Employees and Stakeholders to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Company has disclosed the policy at the website at <https://www.5paisa.com/investor-relations>.

During the financial year 2018-19, no cases under this mechanism were reported to the Company and/or to any of its subsidiaries.

25. PREVENTION OF SEXUAL HARASSMENT

Your Company recognises its responsibility and continues to provide a safe working environment for women, free from sexual harassment and discrimination. In Compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the 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.

Your Directors further state that during the fiscal year 2018-19, 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.

26. PARTICULARS OF EMPLOYEES

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

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits as set out in the Rules 5(2) and 5(3) of the aforesaid Rules, forms part of this report. 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 at its registered office and at the registered offices of the subsidiary during the business hours on working days 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 copy would be sent.

27. STATUTORY AUDITORS AND AUDITORS REPORT

M/s. V Sankar Aiyar & Co, Chartered Accountants, Mumbai (Firm Registration Number: 109208W) were appointed as Statutory Auditor of the Company at the 10th Annual General Meeting held on July 19, 2017 to hold office from the conclusion of the said Meeting till the conclusion of the 15th Annual General Meeting to be held in the year 2022 subject to ratification of their appointment by the Members at every intervening Annual General Meeting held thereafter. However the requirement of seeking ratification of the members for continuance of their appointment has been withdrawn consequent upon the changes made in the provisions of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 with effect from May 07, 2018. Hence the resolution seeking ratification of the members for their appointment is not being placed at the ensuing Annual General Meeting.

Director's Report (Contd.)

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.

28. COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (SS1 and SS2) respectively relating to Meetings of the Board and its Committees which have mandatory application.

29. 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.

30. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

31. GENERAL

Your Directors state that during the financial year 2018-19:

1. The Company did not accept/renew any deposits within the meaning of Section 73 of the Companies Act, 2013 and the rules made there under and as such,

no amount of principal or interest was outstanding as on the balance-sheet date.

2. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.
3. The Company has not issued any sweat equity shares during the year.
4. There are no significant and material orders passed against the Company by the Regulators or Courts or Tribunals, which would impact the going concern status of the Company and its future operations.

32. 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 shareholders is also greatly valued. Your Directors look forward to your continuing support.

For and on behalf of the Board

Prakarsh Gagdani

Whole Time Director & CEO
(DIN: 07376258)

Place: Mumbai

Date: April 16, 2019

Santosh Jayaram

Whole Time Director
(DIN: 07955607)

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	
1.	Name of the subsidiary	5paisa P2P Limited	5paisa Insurance Brokers Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 01, 2018 to March 31, 2019	October 27, 2018 to March 31, 2019
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR
4.	Share capital	20.50	0.50
5.	Reserves & surplus	(0.29)	(0.03)
6.	Total Assets	20.44	0.48
7.	Total Liabilities	0.23	0.01
8.	Investments	Nil	Nil
9.	Turnover	1.18	Nil
10.	Profit before taxation	(0.29)	(0.03)
11.	Provision for taxation	Nil	Nil
12.	Profit after taxation	(0.29)	(0.03)
13.	Proposed Dividend	Nil	Nil
14.	% of shareholding	100	100

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

- Names of subsidiaries which are yet to commence operations – **5paisa P2P Limited and 5paisa Insurance Brokers Limited**
- Names of subsidiaries which have been liquidated or sold during the year. - **Not Applicable**



Annexure – I to Directors' Report (Contd.)

PART "B": ASSOCIATES AND JOINT VENTURES

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

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

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

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

For and on behalf of the Board

Prakarsh Gagdani

Whole Time Director & CEO
DIN: 07376258

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
DIN: 07955607

Roshan Dave

Company Secretary

Place: Mumbai

Date: April 16, 2019

ANNEXURE – II TO DIRECTORS' REPORT

FORM NO. MGT-9

Extract of Annual Return

as on the financial year ended on March 31, 2019

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN:	L67190MH2007PLC289249
ii) Registration Date	July 10, 2007
iii) Name of the Company	Spaisa Capital Limited
iv) Category / Sub-Category of the Company	Listed Public Company Limited by shares
v) Address of the Registered office and contact details	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane-400604 Tel No.: 022-62727000 Fax No.: 022- 26847077
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400083. Tel: +91 22 49186000 Fax: +91 22 2594 6969 E-mail : mumbai@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
Stock Broking	66120	86.52
Fund based Activities and distribution of financial products	66190	13.48

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

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

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held*	Applicable section
1	Spaisa P2P Limited	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604.	U67120MH2017PLC302564	Wholly Owned Subsidiary	100	2(87)
2	Spaisa Insurance Brokers Limited	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604.	U66020MH2018PLC316449	Wholly Owned Subsidiary	100	2(87)

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

Annexure – II to Directors’ Report (Contd.)
IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)
i) Category-wise Share Holding

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (As on April 01, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% Change during the year*
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	3,662,977	Nil	3,662,977	28.7540	3,712,977	Nil	3,712,977	29.1465	0.3925
(b)	Central Government / State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corp.	160,000	Nil	160,000	1.2560	160,000	Nil	160,000	1.2560	Nil
(d)	Financial Institutions / Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub Total (A)(1)	3,822,977	Nil	3,822,977	30.0100	3,872,977	Nil	3,872,977	30.4025	0.3925
[2]	Foreign									
(a)	NRI – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Other-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Banks/ FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub Total (A)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(A)	Total Shareholding of Promoter and Promoter Group(A)= (A)(1)+(A)(2)	3,822,977	Nil	3,822,977	30.0100	3,872,977	Nil	3,872,977	30.4025	0.3925
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	51,344	Nil	51,344	0.4030	Nil	Nil	Nil	0.0000	(0.4030)
(b)	Financial Institutions / Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(g)	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i)	Foreign Portfolio Investor	2,525,616	Nil	2,525,616	19.8258	2,437,417	Nil	2,437,417	19.1335	(0.6923)
(j)	Any Other (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-total (B)(1):-	2,576,960	Nil	2,576,960	20.2289	2,437,417	Nil	2,437,417	19.1335	(1.0954)

Annexure – II to Directors' Report (Contd.)

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (As on April 01, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% Change during the year*
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2	Non-Institutions									
a	Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i)	Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii)	Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b)	Individuals									
	(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.	839,704	3,213	842,917	6.6168	837,034	2309	839,343	6.5888	(0.0280)
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	908,563	Nil	908,563	7.1321	1,282,876	Nil	1,282,876	10.0704	2.9383
c)	NBFCs registered with RBI	Nil	Nil	Nil	Nil	200	Nil	200	0.0016	0.0016
d)	Any Others									
	Trusts	248	Nil	248	0.0019	90	Nil	90	0.0007	(0.0012)
	Hindu Undivided Family	60,093	Nil	60,093	0.4717	64,359	Nil	64,359	0.5052	0.0335
	NRI (Repatriable)	695,499	9000	704,499	5.5302	450,098	9000	459,098	3.6039	(1.9263)
	NRI(Non Repatriable)	266,082	Nil	266,082	2.0887	280,543	Nil	280,543	2.2022	0.1135
	Foreign Nationals	9,871	Nil	9,871	0.0775	5,000	Nil	5,000	0.0392	(0.0383)
	Clearing Member	15,825	Nil	15,825	0.1242	26,411	Nil	26,411	0.2073	0.0831
	Foreign Companies	3,385,657	Nil	3,385,657	26.5771	3,385,657	Nil	3,385,657	26.5771	0.0000
	Bodies Corporate	142,330	Nil	142,330	1.1173	82051	Nil	82,051	0.6441	(0.4732)
	Foreign Portfolio Investor (Individual)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub Total (B)(2)	6,323,872	12,213	6,336,085	49.7376	6,414,319	11,309	6,425,628	50.4405	0.7029
	Total Public Shareholding(B)= (B)(1)+(B)(2)	8,900,832	12,213	8,913,045	69.9665	8,851,736	11,309	8,863,045	69.5740	(0.3925)
(C)	Shares held by the Custodian for GDRs & ADRs									
[1]	Custodian/DR Holder	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	3,000	0	3,000	0.0235	3,000	Nil	3,000	0.0235	Nil
	Sub Total (C)	3,000	0	3,000	0.0235	3,000	Nil	3,000	0.0235	Nil
	Total (A)+(B)+(C)	12,726,809	12213	12,739,022	100.0000	12,727,713	11,309	12,739,022	100.0000	

Annexure – II to Directors’ Report (Contd.)

ii) Shareholding of Promoters:-

Shareholder's Name	Shareholding at the beginning of the year (As on April 01, 2018)			Shareholding at the end of the year (As on March 31, 2019)			% change in share holding during the year*
	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
Nirmal Jain	2,178,600	17.10	Nil	2,228,600	17.49	Nil	0.39
Venkataraman Rajamani	436,377	3.42	Nil	436,377	3.42	Nil	Nil
Madhu N Jain	680,000	5.34	Nil	680,000	5.34	Nil	Nil
Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)	360,000	2.83	Nil	360,000	2.83	Nil	Nil
Ardent Impex Pvt Ltd	108,000	0.85	Nil	108,000	0.85	Nil	Nil
Orpheus Trading Pvt. Ltd.	52,000	0.41	Nil	52,000	0.41	Nil	Nil
Aditi Athavankar	8,000	0.06	Nil	8,000	0.06	Nil	Nil
Total	3,822,977	30.01	Nil	3,872,977	30.40	Nil	0.39

iii) Change in Promoters Shareholding

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
At the beginning of the year (April 01, 2018)	38,22,977	30.01	38,22,977	30.01
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
Increase in Promoters Shareholding during the year i.e. Mr. Nirmal Jain acquired equity shares through secondary market on December 26, 2018	50,000	0.39	38,72,977	30.40
At the end of the year (March 31, 2019)	38,72,977	30.40	38,72,977	30.40

Annexure – II to Directors' Report (Contd.)

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

Sr. No.	Name of shareholders	Shareholdings at the beginning of the year (As on April 01, 2018)		Change in Shareholdings (No. of shares)		Shareholdings at the end of the year (As on March 31, 2019)	
		No. of shares	% of total shares of the Company	Increase	Decrease	No. of shares	% of total shares of the Company*
1	FIH Mauritius Investments Ltd	33,85,657	26.58	Nil	Nil	33,85,657	26.58
2	HWIC Asia Fund Class A Shares	11,34,501	8.90	Nil	Nil	11,34,501	8.90
3	Bank Muscat India Fund	5,03,928	3.95	Nil	Nil	5,03,928	3.95
4	Bharat H Parajia	6,15,471	4.83	Nil	Nil	6,15,471	4.83
5	WF Asian Reconnaissance Fund Limited	2,64,253	2.07	Nil	Nil	2,64,253	2.07
6	Lobco Limited	2,16,722	1.70	Nil	Nil	2,16,722	1.70
7	Girish Nilkanth Kulkarni	1,39,201	1.09	Nil	Nil	1,39,201	1.09
8	Habrok India Master LP	1,27,543	1.00	8,459	Nil	1,36,002	1.07
9	Aniruddha Dange	84,905	0.67	50,000	Nil	1,34,905	1.06
10	Vasudev Jagannath Nuggehalli	81,160	0.64	50,000	Nil	1,31,160	1.03

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

Sr. No.	Name of Directors and KMP	Shareholding at the beginning of the year (As on April 01, 2018)		Change in Shareholding (No. of Shares)		Shareholding at the end of the year (As on March 31, 2019)	
		No. of shares	% of total shares of the Company	Increase	Decrease	No. of shares	% of total shares of the Company#
1.	Dr. Archana Niranjan Hingorani	Nil	Nil	Nil	Nil	Nil	Nil
2.	Ms. Nirali Sanghi	Nil	Nil	Nil	Nil	Nil	Nil
3.	Mr. Prakarsh Sharad Gagdani	2490	0.02	6500	0.05	8990	0.07
4.	Mr. Santosh Jayaram	Nil	Nil	Nil	Nil	Nil	Nil
5.	Mr. Sarbeswar Lenka	Nil	Nil	Nil	Nil	Nil	Nil
6.	Mr. Roshan Bhanuprakash Dave – Company Secretary	1	Nil	Nil	Nil	1	0
7.	Ms. Ankita Lakhota*	Nil	Nil	Nil	Nil	Nil	Nil
8.	Mr. Mahesh Shetty#	N.A.	N.A.	Nil	Nil	Nil	Nil
9	Mr. Gourav Munjal®- Chief Financial Officer	N.A	N.A.	Nil	Nil	Nil	Nil

Note:-

@ Mr. Gourav Munjal was appointed as Chief Financial Officer w.e.f. January 16, 2019.

Mr. Mahesh Shetty was appointed on July 18, 2018 and he resigned as a Chief Financial Officer w.e.f. January 16, 2019.

* Ms. Ankita Lakhota resigned as a Chief Financial Officer w.e.f. July 17, 2018.

Annexure – II to Directors’ Report (Contd.)

V. INDEBTEDNESS

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

(Amount in ₹)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of year as on April 01, 2018				
(i) Principal amount	16,14,69,666	Nil	Nil	16,14,69,666
(ii) Int. due but not paid	Nil	Nil	Nil	Nil
(iii) Int. accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Changes in Indebtedness during the year				
Addition	69,36,46,228	2,78,35,79,000	Nil	3,47,72,25,228
Reduction	22,50,00,000	2,49,35,79,000	Nil	2,71,85,79,000
Net Change	46,86,46,228	29,00,00,000	Nil	75,86,46,228
Indebtedness at the end of the financial year March 31, 2019				
(i) Principal amount	63,00,22,401	29,00,00,000	Nil	92,00,22,401
(ii) Int. due but not paid	93,493	Nil	Nil	93,493
(iii) Int. accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	63,01,15,894	29,00,00,000	Nil	92,01,15,894

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Particulars of Remuneration	Name of MD/WTD/ Manager		Total
Name of MD/WTD/Manager	Mr. Prakarsh Sharad Gagdani	Mr. Santosh Jayaram	
Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	76,26,800	23,62,100	99,88,900
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	Nil	39,600
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
Stock Option (in quantity)*	1,25,000	20,000	Nil
Sweat Equity	Nil	Nil	Nil
Commission			
- as % of profit	Nil	Nil	Nil
-others, specify	Nil	Nil	Nil
Others [Provident Fund, Pension Fund and NPS]	Nil	Nil	Nil
Total (A)	76,66,400	23,62,100	1,00,28,500
Ceiling as per the Act**	1,68,00,000	1,68,00,000	3,36,00,000

*Stock options were issued on January 29, 2018 under Spaisa Capital Limited Employee Stock Option Scheme 2017.

** In view of loss, the ceiling is applicable as per Schedule V and other applicable provisions of the Companies Act, 2013 with related Rules thereto.

Annexure – II to Directors' Report (Contd.)

B. Remuneration to other directors:

(Amount in ₹)

Particulars of Remuneration	Name of Directors			Total
	Mr. Sarbeswar Lenka (Non-Executive Director)	Dr. Archana Niranjan Hingorani (Independent Directors)	Ms. Nirali Sanghi (Independent Directors)	
Independent Directors				
- Fees for attending board/ committee meetings	NA	4,05,000	4,05,000	8,10,000
- Commission	NA	Nil	Nil	Nil
- Other	NA	Nil	Nil	Nil
Total (1)	NA	4,05,000	4,05,000	8,10,000
Other Non-Executive Directors				
- Fees for attending board/ committee meetings	2,10,000	Nil	Nil	2,10,000
- Commission	Nil	Nil	Nil	Nil
- Others	Nil	Nil	Nil	Nil
Total (2)	Nil	Nil	Nil	Nil
Total (B)=(1+2)	2,10,000	4,05,000	4,05,000	10,20,000
(A+B)	Total Managerial Remuneration			1,10,48,500
Overall Ceiling as per the Act	Overall Ceiling as per the Companies Act, 2013 for sitting fees is upto ₹ 1.00 Lac to be paid to directors for attending the each Board or Committee meetings.			

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

(Amount in ₹)

Particulars of Remuneration	Name of the Key Managerial Personnel				Total
	**Mr. Gourav Munjal (Chief Financial Officer)	Mr. Roshan Dave (Company Secretary)	^Mr. Mahesh Shetty (Chief Financial Officer)	#Ms. Ankita Lakhota (Chief Financial Officer)	
Gross Salary					
a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	6,32,500	15,20,304	10,32,951	5,87,102	37,72,857
b. Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil
c. Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	Nil	Nil	Nil	Nil	Nil
Stock Option (in quantity) *	Nil	5,000	Nil	Nil	Nil
Sweat Equity	Nil	Nil	Nil	Nil	Nil
Commission - as % of profit	Nil	Nil	Nil	Nil	Nil
Others, please specify [Provident Fund, Pension Fund and NPS]	Nil	60924	Nil	24405	85,329
Total	6,32,500	15,81,228	10,32,951	6,11,507	38,58,186

*Stock options were issued on January 29, 2018 under Spaisa Capital Limited Employee Stock Option Scheme 2017.

** Mr. Gourav Munjal was appointed as Chief Financial Officer w.e.f. January 16, 2019.

^ Mr. Mahesh Shetty was appointed on July 18, 2018 and he resigned as a Chief Financial Officer w.e.f. January 16, 2019.

Ms. Ankita Lakhota resigned as a Chief Financial Officer w.e.f. July 17, 2018.



Annexure – II to Directors' Report (Contd.)

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

For and on behalf of the Board

Prakarsh Gagdani

Whole Time Director & CEO

DIN: 07376258

Santosh Jayaram

Whole Time Director

DIN: 07955607

Place: Mumbai

Date: April 16, 2019

ANNEXURE – III TO DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[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 **March 31, 2019**, 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 March 31, 2019 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009 (to the extent applicable) up to September 10, 2018 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 w.e.f. September 11, 2018;
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (f) 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 and Participant) Regulations, 1996;
 - (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;

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

Annexure – III to Directors' Report (Contd.)

We have also examined compliance with the applicable clauses of:

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

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

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

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Company has appointed one Non-Executive Director w.e.f. July 18, 2018 and other changes in the composition of the Board of Directors that took place during the period under review were carried out, in compliance with the provisions of the Act.

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

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

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

We further report that during the audit period under review, there were no events / actions having major bearing on the Company's affairs save and except as mentioned below:

- The Board at its Meetings held on July 17, 2018 and September 12, 2018 approved the proposal of issue of equity shares by way of a Rights Issue to the existing shareholders of the Company in the ratio of 1 equity share of ₹ 10 each for every 1 equity share of ₹ 10 each held in the Company at a premium of ₹ 70 per equity share i.e. issue price of ₹ 80 each aggregating to ₹ 101.91 Cr. in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, subject to receipt of relevant approvals from regulatory authorities, as may be required. Further, the Company has filed the Draft Letter of Offer with SEBI, NSE and BSE on September 17, 2018. The Company has received the in-principle approval from both stock exchanges and is awaiting the observation letter from SEBI on the proposed Rights Issue.

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

Date:- April 16, 2019

Place:- Mumbai

Signature:-

Name: Nilesh Shah

For Nilesh Shah & Associates

Company Secretaries

FCS : 4554

C.P. : 2631

'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. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date:- April 16, 2019

Place:- Mumbai

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

ANNEXURE – IV TO DIRECTORS' REPORT

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

CONSERVATION OF ENERGY

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

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

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

Technology

Technology is the backbone of 5paisa. Our focus has always been to leverage technology to deliver a better, faster, and secure trading and investment experience. While this has helped to add several new internal products and enhance features of our existing trading platforms, this year's focus has also been on opening up our technology ecosystem to external tech-focused solution providers in the trading and investments space. This has enabled us to widen our bouquet of offerings even further. There has been a lot of focus on enabling better decision making using technology for our traders and investors. Below mentioned are the key achievements of FY2019.

Technology in research

During the year, the Company concentrated on introducing research driven products to its customers. The product suite combines expert research with proven methodologies to measurably help investors and traders participate in financial markets.

3rd Party Integrations: The Company launched three new research integrations in association with external parties including well established institutional quality research providers as well as new-age start-ups with very unique offerings.

- Swing Trader, in partnership with Marketsmith India - a research company owned by Legendary US investor and author William O'Neil, is an equity research tool suitable for short-term traders.
- Smallcase offers investors a chance to buy an entire portfolio of stocks, built around a curated theme or idea, in one single click.
- Sensibull is options trading platform, offering everything from simplified options trading for new investors to powerful trading tools for the pros, making options trading safe, accessible, and profitable for all.

Open eco-system: One of the key focus areas for this year was to open up access to our APIs for various processes like registrations, account opening and trading. In view of the rising number of start-ups that are providing unique ways for customers to discover market opportunities, we have created an open eco-system by providing our APIs to enable these platforms to directly integrate with 5paisa and allow their own customers to login and place orders directly from the convenience of their platforms. This allows them the flexibility to customize the user experience based on the kind of research products being offered by them.

Technology in trading

The Company's focus on technology has helped in streamlining trading with constant addition of new features and tech upgrades on its platform.

Features and enhancements: The Company introduced bracket and cover order to help customers take maximum exposure; and started offering trade in MCX for all its customers. It also introduced auto square off to mitigate naked risk both for the customer as well as the organisation;

Payment integration: In order to make monetary transactions smooth and effortless, the Company integrated with Yes Bank and HDFC Bank for real-time payment credits through NEFT, IMPS and UPI modes of transfer. Additionally, UPI payments helped in instant transfer money to ledger account without the need to enter any bank account information or net banking credentials every time. The Company also integrated with Google Pay to offer a wider payment options to its customers.

Technology to enhance customer experience

Giving customers a seamless experience has been the Company's priority, and in this direction 5paisa's emphasis on technology has remained vital in making it possible.

Stable Platform: The Company from its onset focused on building a flexible, reliable and scalable infrastructure model

Annexure – IV to Directors' Report (Contd.)

with an aim of zero downtime. To keep pace with the ballooning volumes of trade, the Company recently updated its system links with NSE to a higher bandwidth. Moreover, while the Company's infrastructure is regularly upgraded to meet the growing customer demand, looking ahead it has already planned for 40% additional capacity for servers to connectivity.

User experience: The Company had made significant enhancements to improve user experience of its Trade Station - web platform, mobile application and e-account opening process, among others to enhance ease of access and usability.

Forum: The Company created platform for its customers to help them learn, share and connect with like-minded investors; and get timely updates on enhancements, product features and processes in the form of announcements.

Data analytics: Another key area of focus was data analytics to understand customers better and provide them right offers at the right time. Through this practice, the Company was successful in

cross-selling products and offering customised loan products as per customer requirements.

FOREIGN EXCHANGE EARNINGS/OUTGO OF THE STANDALONE COMPANY

- a) The foreign exchange earnings: NIL
- b) The foreign exchange expenditure: ₹ 16,124,466/-

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, 2019	March 31, 2018
Capital	Nil	Nil
Revenue	Nil	Nil

For and on behalf of the Board**Prakarsh Gagdani**

Whole Time Director & CEO
DIN: 07376258

Place: Mumbai

Date: April 16, 2019

Santosh Jayaram

Whole Time Director
DIN: 07955607

ANNEXURE – V TO DIRECTORS' REPORT

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

Sr. No.	Requirement	Disclosure
I	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year	Prakarsh Gagdani – WTD & CEO
		33.92X
		Santosh Jayaram – WTD
		10.45X
		Non-Executive Director@
		Dr. Archana Niranjn Hingorani
		NA
		Mr. Sarbeswar Lenka
		NA
		Mr. Nirali Sanghi
		NA
		Executive Directors
II	The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year	Prakarsh Gagdani – WTD & CEO
		20%
		Santosh Jayaram – WTD
		15%
		Non-Executive Director@
		Dr. Archana Niranjn Hingorani
		NA
		Mr. Sarbeswar Lenka
		NA
		Mr. Nirali Sanghi
		NA
		CFO, CEO and CS
		Prakarsh Gagdani – WTD & CEO
		20%
		Chief Financial Officer (CFO) *
		NA
		Company Secretary (Roshan Dave)
		17%
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 648 employees on the rolls as on March 31, 2019.
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 2018-19, there is an average increase of 10% in the remuneration other than managerial personnel as compared to increase of 19% in the remuneration of managerial personnel.
VI	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes it is confirmed

Note:

- *Mr. Mahesh Shetty was appointed as Chief Financial Officer of the Company w.e.f. July 18, 2018 in place of Ms. Ankita Lakhotia, who resigned on July 17, 2018. Mr. Gourav Munjal was appointed as Chief Financial Officer of the Company w.e.f. January 16, 2019 in place of Mr. Mahesh Shetty, who resigned on January 16, 2019.
- @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 & CEO

DIN: 07376258

Place: Mumbai

Date: April 16, 2019

Santosh Jayaram

Whole Time Director

DIN: 07955607

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report relating to the year ended on March 31, 2019 has been issued in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendment thereof and forms a part of the Report of the Directors to the Members of the Company.

1. OUR COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Spaisa Capital Limited ('the Company') follows the highest standards of governance and disclosure. The company firmly believes that adherence to business ethics and sincere commitment to corporate governance will help the Company achieve its vision of being the most respected Fintech Company in the financial services space in India. Since inception, the promoters have demonstrated exemplary track record of governance and utmost integrity. The Company is in compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.

Our Board has Independent Directors, highly respected for their professional integrity as well as rich financial experience and expertise.

2. BOARD OF DIRECTORS

(a) Composition of the Board of Directors as on March 31, 2019:

The Board of Directors ("Board") of the Company has an optimum combination of executive and non-executive directors (including two women directors). The Board provides leadership, strategic guidance and discharges its fiduciary duties of safeguarding the interest of the Company and its stakeholders. None of the Directors of the Company are related to each other.

The composition of the Board is as follows:

Category	Name of the Directors
Executive Directors	Mr. Prakarsh Gagdani (Whole Time Director & Chief Executive Officer)
	Mr. Santosh Jayaram (Whole Time Director)
Non-Executive Non Independent Director	Mr. Sarbeswar Lenka
Independent Non – Executive Directors	Dr. Archana Niranjana Hingorani
	Ms. Nirali Sanghi

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

- DR. ARCHANA NIRANJAN HINGORANI** – Chairman and Independent Director
Dr. Archana Niranjana Hingorani is a Chairperson and Independent Director of the Company.

She holds a Bachelor's degree in Arts from the University of Mumbai, a Master's degree in Business Administration from the Graduate School of Business, University of Pittsburgh, USA and a doctorate degree in philosophy from the Joseph M. Katz Graduate School of Business, University of Pittsburgh, USA. She has 23 years of experience in financial services and private equity fund investment. Prior to joining the Company, she was associated with the IL&FS Group until 2017, in various capacities, including being the CEO of IL&FS Investment Managers Limited. She has been the recipient of various awards such as 'Ten most influential women in private real estate investing' by PERE in 2010, 'Most Powerful Women' in 2014, 2015, 2016 and 2017 by Fortune India, 'Most Powerful Women' in 2011, 2012 and 2013 by Business Today, '25 Most Influential Women in Asia Asset Management' by Asian Investor in May, 2014, and 'Distinguished International Alumnus' in the year 2016 by the Katz Graduate School of Business, University of Pittsburgh, USA.

She is a member of the Audit Committee, the Nomination and Remuneration Committee and Stakeholders the Relationship Committee of the Board. She is Chairman of the Audit Committee of the Board.

Expertise in specific functional areas	Business Management and Finance	
List of Directorship held in other Companies	Name of the Company	Category of Directorship
	Edmobile Labs Private Limited	Non-Executive Independent Director
	Alembic Pharmaceuticals Limited	Non-Executive Independent Director
	DEN Networks Limited	Non-Executive Independent Director
	PNB Metlife India Insurance Company Limited	Non-Executive Independent Director
	SIDBI Venture Capital Limited	Non-Executive Independent Director
No of shares held in the Company	Nil	

Corporate Governance Report (Contd.)

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

Mr. Prakarsh Gagdani is the Whole Time Director and Chief Executive Officer of the Company. He holds a post graduate diploma degree in business management and has done his bachelors in Business Management from Mulund College of Commerce, Mumbai University. He has about seventeen (17) years of cross functional experience in sales, advisory, product development and business development. He has gained expertise in retail equity broking domain and is a keen strategist with expertise in managing the entire business and ensuring optimal utilisation of resources. In the past, he was associated with Angel Broking Limited for about twelve (12) years.

He is a Member of the Stakeholders Relationship Committee of the Board.

Expertise in Specific Functional Areas	Business Management, Corporate Strategy and Retail Equity Broking	
List of Directorship held in other Companies	Name of the Company	Category of Directorship
	Spaisa P2P Limited	Non-Executive Director
	Spaisa Insurance Brokers Limited	Non-Executive Director
No. of shares held in the Company	8,990	

- **MR. SARBESWAR LENKA** - Non-Executive Director

Mr. Sarbeswar Lenka is an Additional Director of the Company designated as Non-Executive Non-Independent Director. He is master in physics and also an associate member of The Indian Institute of Bankers. He has around 34 years of banking & financial services experience and has been associated with the State Bank of India and SBICAP Securities Limited. He was associated with Chhattisgarh Rajya Gramin Bank – Raipur as its Chairman from July 2012 to August 2015.

He is a Member of the Audit Committee and the Nomination & Remuneration Committee of the Board.

Expertise in Specific Functional Areas	Banking & Financial services experience with a strong domain knowledge of Forex, Money and Capital Market
List of Directorship held in other Companies	Nil
No of shares held in the Company	Nil

- **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 years in the United States where she received her Bachelors in Economics and Computer Science from Barnard College, Columbia University (New York, USA) and M.B.A in Finance and Marketing from Columbia Business School (New York, USA).

She is a member of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee of the Board. She is the Chairman of the Nomination & Remuneration Committee and Stakeholders Relationship Committee of the Board.

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

- **MR. SANTOSH JAYARAM** - Whole Time Director

Mr. Santosh Jayaram is Whole Time Director of the Company. He holds a B. Tech degree and a Master's degree in business management from NMIMS University, Mumbai. He has been associated with Spaisa Capital Limited and IIFL Group since May 2011. He has an experience in area of business process re-engineering,

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digitisation, product development, mobile application development and user experience management.

Expertise in Specific Functional Areas Operations and Business Development

List of Directorship held in other Companies	Name of the Company	Category of Directorship
	Spaisa P2P Limited	Non-Executive Director
Spaisa Insurance Brokers Limited	Non-Executive 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. It 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, Board of Directors have identified the following Core Skills/ Practical Experience/ Special Knowledge/ Competencies as required in the context of its business(es) and sector(s) for it to function effectively:

- 1) Knowledge of Sector
- 2) Accounting and Finance

- 3) Corporate Governance & Compliances
- 4) Marketing Experience
- 5) Strategy development and Implementation
- 6) Information Technology
- 7) Stakeholders Relationship
- 8) Risk Management System
- 9) CEO/Senior Management Experience Leadership

The Board of the Company has the necessary Skills/ Expertise/ Competence in all the above mentioned areas.

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

During the F.Y. 2018-2019, Five (5) Board Meetings were held on the following dates: April 17, 2018, July 17, 2018, September 12, 2018, October 17, 2018 and January 16, 2019.

As mandated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendment thereof none of the Directors on the Board of the Company is Member of more than ten (10) specified Committees and none is a Chairman of more than Five (5) specified Committees across all the Indian Public Limited companies in which they are Directors. The Company has received necessary disclosures from all the Directors regarding Committee positions held by them in other Companies. The table below gives the details of the names of the members of the Board, their status, their attendance at the Board Meetings and the last AGM, their Directorships, Committee Memberships and Chairmanships in Indian Companies as on March 31, 2019. 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 Spaisa Capital Limited)	Membership of Committees (including of Spaisa Capital Limited)^	Member	Chairman@
Dr. Archana Niranjani Hingorani (DIN: 00028037)	07/06/2017	Independent Director	05	Yes	05	04	02	

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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 Spaisa Capital Limited)	Membership of Committees (including of Spaisa Capital Limited)^	
						Member	Chairman@
#Mr. Prakarsh Gagdani (DIN: 07376258)	22/12/2018	Whole Time Director and Chief Executive Officer	05	Yes	03	01	Nil
Ms. Nirali Sanghi (DIN:00319389)	11/01/2018	Independent Director	05	Yes	01	01	01
*Mr. Sarbeswar Lenka (DIN: 07306325)	18/07/2018	Additional Non – Executive Director	03	N.A.	01	01	Nil
Mr. Santosh Jayaram (DIN: 07955607)	11/01/2018	Whole Time Director	05	Yes	03	Nil	Nil

Note:

1. *Mr. Sarbeswar Lenka was appointed as an Additional Non-Executive Director of the Company w.e.f. July 18, 2018. The Board has confirmed the directorship of Mr. Sarbeswar Lenka as a Non-Executive Director subject to approval of the shareholders at the ensuing Annual General Meeting.
2. ^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.
3. @This is in addition to the number of committees in which the director is designated as a committee member.
4. #Mr. Prakarsh Gagdani was reappointed by the shareholder at the 11th Annual General Meeting held on July 17, 2018 as Whole Time Director for the three year w.e.f. December 22, 2018.

(e) Board Level Performance Evaluation:

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

The criteria for performance evaluation are as under:

For Chairman:

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

For Executive Directors:

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

For Non-Executive Directors (including Independent Directors):

The criteria for evaluation of Non-Executive Directors, *inter alia*, includes attendance at the meetings, study

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of agenda and active participation, contribution to discussions on strategy, participate constructively and actively in committees of the Board, exercise of skills and diligence with due and reasonable care and to bring independent judgment to the Board, ability to bring in best practices from his / her experience, adherence to the code of conduct.

For Board as a whole:

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

(f) Separate meetings of the Independent Directors:

In compliance with the provisions of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Company was held on March 18, 2019, *inter alia*, to discuss the following:

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

Upon the conclusion of the meeting, the Independent Directors expressed their satisfaction over the performance of the other directors and the Board 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.

(g) Familiarisation 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 familiarisation programmes of the Company may be accessed on the Company's website at the link <https://www.5paisa.com/investor-relations>.

(h) 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,

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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.

(i) Information Supplied to the Board / Committees:

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

- (a) Annual operating plans of the businesses and budgets and any update thereof.
- (b) Capital budgets and any updates thereof.
- (c) Quarterly and half yearly results of the Company as per the format prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (d) Minutes of the Meetings of the Board and all other Committees of the Board.
- (e) The information on recruitment and remuneration of senior officers just below the Board level, including the appointment or removal, if any, of Chief Financial Officer and Company Secretary.
- (f) Status of important/material litigations etc.
- (g) Show cause, demand, prosecution notices and penalty notices, which are materially important.
- (h) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- (i) Any material default in financial obligations to and by the Company
- (j) 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.

- (k) Details of any joint venture or collaboration agreement.
- (l) Transactions that involve substantial payment towards royalty, goodwill, brand equity or intellectual property.
- (m) Any significant development in human resources / industrial relations front, as and when it occurs.
- (n) Sale of material nature of investments, assets which are not in the normal course of business.
- (o) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- (p) 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.

(j) 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.

(k) Post meeting follow-up mechanism: The Company has an effective post meeting follow-up review and reporting process for the decisions taken by the Board and Committee(s) thereof. The important decisions taken at the Board / Committee(s) Meetings which calls for actions to be taken are promptly initiated and wherever required, communicated to the concerned departments/ divisions. The action taken report is placed at the immediately succeeding Meeting of the Board / Committee(s) for information and review by the Board/ Committee(s).

3. AUDIT COMMITTEE

- (i) The present Audit Committee of your Company comprises of two Independent Directors (Dr. Archana Niranjana Hingorani and Ms. Nirali Sanghi) and one Non-Executive Director (Mr. Sarbeswar Lenka). Dr. Archana Niranjana Hingorani, an Independent Director, is the Chairman of the Committee. All the members of the Audit Committee are financially

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literate and possess thorough knowledge of the financial services industry.

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

- a) Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of our Company;
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - i) Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - iii) Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv) Significant adjustments made in the financial statements arising out of audit findings;
 - v) Compliance with listing and other legal requirements relating to financial statements;
 - vi) Disclosure of any related party transactions; and
 - vii) Qualifications/ modified opinions in the draft audit report.
- e) Reviewing, the quarterly financial statements with the management before submission to the Board for approval;
- f) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of our Company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of our Company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Monitoring the end use of funds raised through public offers and related matters, if any;
- m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- o) Discussion with internal auditors of any significant findings and follow up there on;
- p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- q) Discussion with statutory auditors before the commencement of the audit, about the

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- nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- r) The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company;
- s) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- t) To establish and review the functioning of the whistle blower mechanism;
- u) Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- v) Related Party Transactions:
- i) all related party transactions shall require prior approval of the Audit Committee.
 - ii) the Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions, namely:
 - 1 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;
 - 2 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;
 - 3 such omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- iii) the omnibus approval shall specify:
- 1 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;
 - 2 the extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - 3 the indicative base price or current contracted price and the formula for variation in the price if any;
 - 4 such other conditions as the Audit Committee may deem fit.
- Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction;
- iv) the Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
- v) such omnibus approvals shall be valid for a period not exceeding one (1) financial year and shall require fresh approvals after the expiry of such financial year;
- vi) however such prior and omnibus approval shall not be required in case of the transactions entered into between the company and its wholly owned subsidiary/ subsidiaries whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.
- w) Review of:
- i) management discussion and analysis of financial condition and results of operations;
 - ii) statement of significant related party transactions (as defined by the audit committee), submitted by management;

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- 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;
- x) The Audit Committee shall have authority to investigate into any matter in relation to the items specified above and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company;
- y) Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority.

During the period under review, the Audit Committee of the Company met Five (5) times on April 17, 2018, July 17, 2018, September 12, 2018, October 17, 2018 and January 16, 2019. The necessary quorum was present at the meetings. The gap between two Audit Committee Meetings was not more than 120 days.

The Audit Committee was constituted on March 31, 2017 and the same was last reconstituted on July 18, 2018. The attendance of each member of the committee at the Meeting of Committee as on March 31, 2019 is given below:

Name of the members	Designation	Non-Executive/ Executive / Independent	No. of committee meetings held	Committee meeting attended
Dr. Archana Niranjana Hingorani	Chairman	Independent	05	05
Ms. Nirali Sanghi	Member	Independent	05	05
*Mr. Prakarsh Gagdani	Member	Executive	05	02
#Mr. Sarbeswar Lenka	Member	Non-Executive	05	03

Note:

- (a) *Mr. Prakarsh Gagdani resigned as a member of the Committee w.e.f. July 18, 2018 and he was eligible to attend for two meetings during the year.
- (b) #Mr. Sarbeswar Lenka was appointed as a member of the Committee w.e.f. July 18, 2018 and he was eligible to attend for three meetings during the year;

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 was present at the last Annual General Meeting of the Company held on July 17, 2018.

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4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of your Company comprises of two Independent Directors (Dr. Archana Niranjana Hingorani and Ms. Nirali Sanghi) and one Non-Executive Director (Mr. Sarbeswar Lenka). Ms. Nirali Sanghi, an Independent Director, is the Chairman of the Committee.

The scope of activities of the Nomination and Remuneration Committee is as set out in Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended, read with Section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee are broadly as follows:

- (a) Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (b) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and while formulating this policy ensure that:
 - (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;

(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.

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

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

During the year under review, the Nomination and Remuneration Committee of the Company met Four (4) times during the last financial year on April 17, 2018, July 17, 2018, September 12, 2018 and January 16, 2019. The necessary quorum was present at the meetings.

The Nomination and Remuneration Committee was constituted on March 31, 2017 and the same was last reconstituted on July 18, 2018.

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	Chairman	Independent	04	04
Dr. Archana Niranjana Hingorani	Member	Independent	04	04
*Mr. Prakarsh Gagdani	Member	Executive	04	02
#Mr. Sarbeswar Lenka	Member	Non-Executive	04	02

Note:

1. *Mr. Prakarsh Gagdani resigned as a member of the Committee w.e.f. July 18, 2018 and he was eligible to attend two meeting during the year.
2. #Mr. Sarbeswar Lenka was appointed as a member of the Committee w.e.f. July 18, 2018 and he was eligible to attend for two meetings during the year;

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

The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company held on July 17, 2018.

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

(a) Nomination and Remuneration Policy:

I. OBJECTIVE:

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been approved by the Nomination and Remuneration Committee (the Committee) and Board of Directors.

II. DEFINITIONS:

1. "Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
2. "Board" means Board of Directors of the Company.
3. "Key Managerial Personnel" (KMP) means:
 - Managing Director, or Chief Executive Officer or Manager;
 - Whole-time Director;
 - Chief Financial Officer;
 - Company Secretary; and such other officer as may be prescribed.
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" means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 / Listing agreement (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;
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.

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IV. APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:

1. Appointment Criteria and Qualifications:

a) A person being appointed as director, KMP or in senior management should possess adequate qualification, expertise and experience for the position he/she is considered for appointment.

b) Independent Director:

(i) Qualifications of Independent Director:

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

(ii) Positive attributes of Independent Directors:

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

2. Removal:

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

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

3. Retirement:

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

V. REMUNERATION:

A. Directors:

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

(i) At the time of appointment or re-appointment, the Executive Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) within the overall limits prescribed under the Companies Act, 2013.

(ii) The remuneration shall be subject to the approval of the Members of the Company in General Meeting as per the requirement of the Companies Act, 2013.

(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

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performance bonus), the Committee shall consider the following:

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

2. Non-Executive Director:

- (i) The Non-Executive Independent Director may receive fees for attending meeting of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- (ii) A Non-Executive Director may be paid commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee.
- (iii) The Committee may recommend to the Board, the payment of commission, to reinforce the principles of collective responsibility of the Board.
- (iv) In determining the quantum of commission payable to the

Directors, the Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.

- (v) The total commission payable to the Directors shall not exceed prescribed limits as specified under Companies Act, 2013.
- (vi) The commission shall be payable on prorata basis to those Directors who occupy office for part of the year.

B. KMP & Senior Managerial Personnel:

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

1. Maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
2. Compensation should be reasonable and sufficient to attract, retain and motivate KMP and senior management;
3. Remuneration payable should comprise of a fixed component and a performance linked variable based on the extent of achievement of individual performance *vis-a-vis* overall performance of the company;
4. Remuneration shall be also considered in the form of long-term incentive plans for key employees, based on their contribution, position, and length of service, in the nature of ESOPS/ESPS.

C. Research Analysts:

- (i) The compensation of all individuals employed as Research Analyst shall be reviewed, documented and approved at least annually by the Committee,

Corporate Governance Report (Contd.)

- (ii) 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.

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 2018-19 and details of number of shares and convertible instruments held by Directors as on March 31, 2019 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	7,666,400	Nil	Nil	Nil	125,000	8,990
Mr. Santosh Jayaram	Whole-Time Director (Executive Director)	2,362,100	Nil	Nil	Nil	20,000	Nil
^Mr. Sarbeswar Lenka	Non-Executive Director	Nil	Nil	210,000	Nil	Nil	Nil
Dr. Archana Niranjani Hingorani	Independent Director	Nil	Nil	405,000	Nil	Nil	Nil
Ms. Nirali Sanghi	Independent Director	Nil	Nil	405,000	Nil	Nil	Nil

Note:

- ^Mr. Sarbeswar Lenka was appointed as an additional Non-Executive Director with effective from July 18, 2018 and he shall be confirmed as Non-Executive Director subject to approval of shareholders at the ensuing Annual General Meeting.
- The Shareholders at the 11th Annual General Meeting held on July 17, 2018 have approved, the re-appointment of Mr. Prakarsh Gagdani as the Whole Time Director for three years and as per terms and conditions, his term will conclude on December 21, 2021 and appointment of Mr. Santosh Jayaram as the Whole Time Director for three years and as per terms and conditions, his term will conclude on January 10, 2021. Their employment shall be deemed to be terminated on the occurrence of death, on expiration of tenure, permanent disability or on resignation.
- 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.

Corporate Governance Report (Contd.)

(c) Remuneration to Non-Executive/ Independent Directors:

During the year under review, the Independent Directors and Non-Executive Director were paid ₹ 30,000/- (Rupees Thirty Thousand only) towards sitting fees for attending each of the Board Meeting, Audit Committee Meeting and Independent Director's Meeting and also were paid ₹ 15,000/- (Rupees Fifteen Thousand only) towards attending each of the other committee meetings plus the reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them. The Company has not granted any Employee Stock Options to the Independent Directors and Non-Executive Director. There are no pecuniary relationships or transaction of the Non-Executive directors with the Company.

The Company has obtained a Directors and Officers Liabilities Insurance policy covering all Directors and Officers of the Company in respect of any legal action that might be initiated against any Director or Officer of the Company.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

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 Chairman and Dr. Archana Niranjan Hingorani, Independent Director and Mr. Prakarsh Gagdani, Executive Director as the Members. The broad terms of reference of the committee are as under:

- To consider and resolve stakeholders and investors grievances;
- 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;
- 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;
- 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;
- 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;

- 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;
- To monitor and expedite the status and process of dematerialisation and dematerialisation of shares, debentures and securities of the Company;
- 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;
- To review the status of unpaid dividend, interest and undelivered share certificates and measures taken by the Company to resolve or reduce them;
- To ensure compliance of transfer of unpaid dividend and shares to IEPF on or before due date;
- 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;
- To review the results of any investigation or audit conducted by any statutory authority.
- Review the effectiveness of the system for monitoring compliance with laws and regulations.
- Review the mechanism of handling investor's complaints and the status of any pending complaints which remain unresolved or unattended.
- Any significant or important matters affecting the interest of the Company.

During the year 2018-19, the Company received six (6) complaints from investors including complaints received through SEBI's scores portal. Complaints were redressed to the satisfaction of the shareholders. The details of the Complaints are given below.

Sr. No.	Particulars	No. of Complaints
1	Investor complaints pending at the beginning of the year	Nil
2	Investor Complaints received during the year	06
3	Investor complaints disposed of during the year	06
4	Investor complaints remaining unresolved at the end of the year	Nil

Corporate Governance Report (Contd.)

The chairman of the Committee was present at the last Annual General Meeting of the Company held on July 17, 2018.

No pledge has been created over the equity shares held by the Promoters as on March 31, 2019.

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 20, 2019 is given below:

Name of the members	Designation	Non-Executive/ Independent / Executive	No. of committee meetings held	Committee meeting attended
Ms. Nirali Sanghi	Chairman	Independent Director	01	01
Dr. Archana Niranjani 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:	Mr. Roshan Dave, Company Secretary & Compliance Officer
Corporate Office Address:	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, Thane Industrial Estate, Wagle Estate, Thane – 400604
Contacts:	Tel: +91 22 6272 7000 E-mail: csteam@5paise.com

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

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
July, 17, 2018	Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018	4.00 p.m.	Yes. Five (5) Special Resolution were passed.
July 19, 2017	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B -23, Thane Industrial Estate, Wagle Estate, Thane – 400604	04.30 pm	Yes. One (1) Special Resolution was passed.
July 21, 2016	143, MGR Road, Perungudi, Chennai – 600096	12.00 noon	Yes. Six (6) Special Resolution were passed.

No business was required to be transacted through Postal Ballot at the above meetings and none is required to be transacted through Postal Ballot at the ensuing Annual General Meeting.

Corporate Governance Report (Contd.)

8. DISCLOSURES**(i) Disclosure on materially significant related party transactions that may have potential conflict with the interest of company at large:**

The Company has put in place a policy for Related Party Transactions (RPT Policy) which has been approved by the Board of Directors. The Policy provides for identification of RPTs, necessary approvals by the Audit Committee/Board/Shareholders, reporting and disclosure requirements in compliance with Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 are considered material in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 at the Annual General Meeting of the Company held on July 17, 2018. 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 link <https://www.5paisa.com/investor-relations>. You may refer to Note no. 27 to the financial statement which contains related party disclosures. No materially significant related party transactions have been entered into during FY 2018-19 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 2018-19.

(iii) Whistle Blower Policy/ Vigil Mechanism

In Compliance of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for employees to report

genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Policy also provides for adequate safeguard against victimisation of Whistle Blower who avails of such mechanism and provides for the access to the Chairman of Audit Committee. None of the Whistle Blowers has been denied access to the Audit Committee.

(iv) Disclosure of accounting treatment

There was no deviation in following the treatments prescribed in any of Accounting Standards (AS) in the preparation of the financial statements of your Company.

(v) The Board has accepted all the recommendations of the committees of the Board.**(vi) Disclosure in relation to sexual harassment of Women at Work place (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

(vii) 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.

During the year under review, the Company and its subsidiaries paid total fees of ₹ 9,74,602/- to the statutory auditor on a consolidated basis.

(viii) 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://www.5paisa.com/investor-relations>.

(ix) 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

Corporate Governance Report (Contd.)

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 (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.

(x) Compliance with Mandatory and Non-Mandatory Provision

Your Company has adhered to all the mandatory requirements of Corporate Governance norms as prescribed by Regulations 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable to the Company.

The status on the Compliance with the Non - mandatory recommendation in the SEBI Regulations is as under

- Submission of Internal Audit Report to the Audit Committee.
- The Company follows a robust process of communicating with the shareholders which has been explained earlier in the report under "Means of Communication"

(xi) Disclosure from Board of Directors

The Board does hereby confirm that in their opinion, the Independent Directors fulfil the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 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 Holdings 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 Holdings 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 Holdings Limited, on October 20, 2017. Accordingly, 9,405 unclaimed shares in IIFL Holdings Limited were also allotted 376 equity shares of the Company.

(xiii) Details of unclaimed fractional shares entitlements

Pursuant to Scheme of Arrangement with respect to demerger of 5paisa digital Undertaking of IIFL Holdings Limited into 5paisa Capital Limited. The Company allotted fresh 1,27,39,022 equity share of ₹ 10 each to the shareholders of IIFL Holdings 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 Holdings Limited. Consequent to allotment of fresh equity shares, 12,707 equity shares arose as fractional entitlements to the fractional shareholders. Pursuant to the Scheme, the shares were deposited into the account of Mr. Prakarsh Gagdani- Whole Time Director & Chief Executive Officer and the same were sold in the market on December 29, 2017. The amount realised thereunder was transferred to separate Bank account and were distributed to the fractional shareholder as the fractional entitlements. As on the March 31, 2019, ₹ 177,764.94/- is lying as the unclaimed fractional entitlements in the said bank account.

9. MEANS OF COMMUNICATION TO THE STAKEHOLDERS

The primary source of information to the shareholders, customers, analysts and other stakeholders of your Company and to public at large is through the website of your Company www.5paisa.com. The Annual Report, quarterly results, shareholding pattern, material events, corporate actions, copies of press releases, schedule of analysts/investor meets, among others, are regularly sent to Stock Exchanges and uploaded on the Company's website. Quarterly/annual financial results are regularly submitted to the Stock Exchanges in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Corporate Governance Report (Contd.)

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, Chief Financial Officer and the Company Secretary of the Company are empowered to decide on the materiality of the information for the purpose of making disclosure to the Stock Exchanges.

All the disclosures made to the stock exchanges are also available on the Company's website at the link <https://www.5paisa.com/investor-relations>.

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.

10. GENERAL SHAREHOLDERS' INFORMATION

1.	Annual General Meeting	Monday, September 30, 2019 at Hall of Harmony, Ground Floor, Nehru Centre, Discovery of India, Dr. A. B. Road, Worli, Mumbai-400018 at 4.30 P.M.
2.	Financial calendar (2019-20)	April 1, 2019 to March 31, 2020 Results for the quarter ended June 30, 2019 – within 45 days from the end of the quarter Results for the quarter ended September 30, 2019 – within 45 days from the end of the quarter Results for the quarter ended December 31, 2019 – within 45 days from the end of the quarter Results for the quarter and year ended March 31, 2020 – within 60 days from the end of the quarter
3.	Book closure date	September 24, 2019 to September 30, 2019 (both day inclusive)
4.	Dividend	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.	Listing of equity shares on stock exchanges at	<p>1. National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai-400 051</p> <p>2. BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001</p> <p>The Listing Fees for the FY 2018-2019 shall be paid timely to the aforesaid Stock Exchanges.</p>
6.	Stock code	National Stock Exchange of India Limited – 5PAISA BSE Limited – 540776
7.	Stock market data	Table below gives the monthly high and low quotations of shares traded at BSE Limited and the National Stock Exchange of India Limited for the financial year 2018-2019. 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, 2019.

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April, 2018	406.80	317.55	23,392	404.65	327.00	170,885
May, 2018	507.40	361.20	95,767	509.85	355.80	382,339
June, 2018	419.55	306.20	14,369	414.95	314.00	111,344
July, 2018	353.10	271.85	28,166	356.10	272.25	192,426
August, 2018	420.90	300.00	16,269	415.00	295.00	124,895
September, 2018	319.00	223.00	13,049	320.00	220.00	173,551
October, 2018	240.00	171.25	19,944	239.50	170.05	202,683
November, 2018	214.00	171.30	7,483	208.00	178.00	78,775
December, 2018	245.50	185.70	264,698	245.65	180.00	100,549
January, 2019	328.85	238.30	37,458	329.00	239.00	312,372
February, 2019	249.95	210.25	4,521	248.00	202.10	79,397
March, 2019	250.00	209.80	12,219	247.05	209.60	133,774

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8.	Demat ISIN numbers in NSDL and CDSL for equity shares	INE618L01018
9.	Registrar & Transfer Agent	Link Intime India Private Limited C-101, 247, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai -400083. Tel: 022-49186000 Email: rnt.helpdesk@linkintime.co.in
10.	Share transfer system	Your Company's shares are compulsorily traded in dematerialized form. In the case of transfers in physical form, which are lodged at the Registrar and Transfer Agent's Office, these are processed within a period of 30 days from the date of receipt. All share transfers and other share related issues are approved in the Stakeholders Relationship Committee Meeting, which is normally convened as and when required.
11.	Dematerialisation of shares	As on March 31, 2019, 99.91% of the paid-up share capital of the Company was in dematerialized form. Trading in equity shares of the Company is permitted only in dematerialized form through CDSL and NSDL as per notifications issued by the Securities and Exchange Board of India.
13.	Correspondence for dematerialisation, transfer of shares, non-receipt of dividend on shares and any other query relating to the shares of the Company	Link Intime Private Limited C-101, 247, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai- 400083. Contact Person: Ms. Sharmila Amin Tel: 022-49186000
14.	Any query on Annual Report contact at corporate office	Mr. Roshan Dave, Company Secretary and Compliance Officer IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, Thane Industrial Estate, Wagle Estate, Thane - 400604 Email: csteam@5paisa.com
15.	Outstanding GDRs/ ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity	The Company does not have any outstanding GDRs/ADRs/Warrants as on date. The Company has outstanding unexercised ESOPs of 2,00,000 stock options as on March 31, 2019 under its ESOP plans which may be exercised by the grantees as per the vesting period. Each option granted is convertible into one equity share of the Company. Upon exercise of options by grantees, the paid-up share capital of the Company will accordingly increase.

11. SHAREHOLDING PATTERN

Categories of Equity Shareholders as on March 31, 2019:

Category	Number of equity shares held	Percentage of holding
Promoters & Promoters Group	3,872,977	30.40
Indian Public & others	2,216,079	17.41
Bodies Corporates	82,051	0.64
Foreign Institutional Investors	2,437,417	19.13
Foreign Company	3,385,657	26.58
Non Resident Indian's	459,098	3.60
Non Resident Indian's (Non-Repatriable)	280,543	2.20
Foreign Nationals	5,000	0.04
NBFCs registered with RBI	200	0.00
Grand Total	12,739,022	100

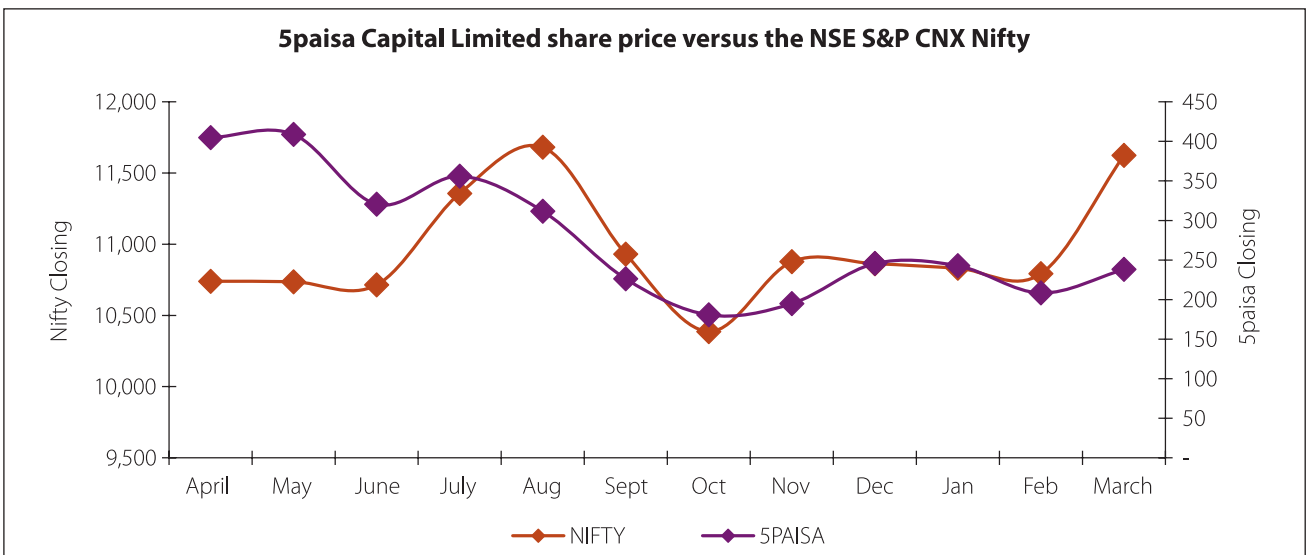
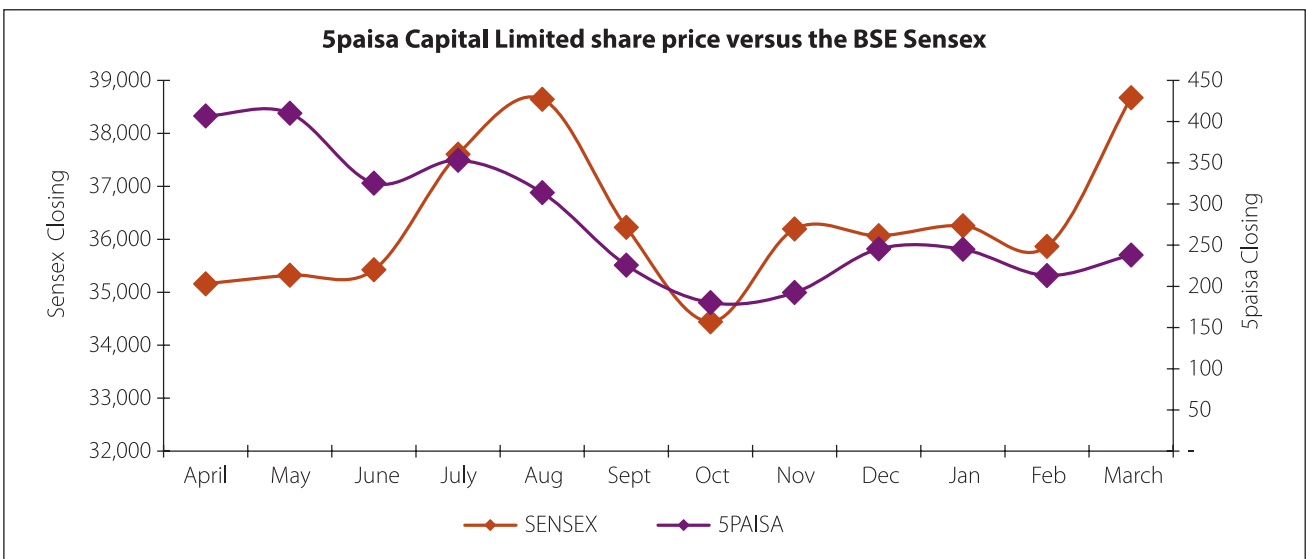
Corporate Governance Report (Contd.)

12. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2019

The distribution of shareholders as on March 31, 2019 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	23,565	98.4377	354,370	2.7818
2	501 to 1000	121	0.5055	91,839	0.7209
3	1001 to 2000	92	0.3843	137,056	1.0759
4	2001 to 3000	38	0.1587	92,208	0.7238
5	3001 to 4000	16	0.0668	56,161	0.4409
6	4001 to 5000	15	0.0627	68,749	0.5397
7	5001 to 10000	41	0.1713	320,166	2.5133
8	10001 and more	51	0.2130	11,618,473	91.2038
Total		23,939	100.0000	12,739,022	100.0000

13. PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES SUCH AS BSE SENSEX AND NSE S&P CNX NIFY



Corporate Governance Report (Contd.)

14. PROCEEDS FROM PUBLIC ISSUES, RIGHT ISSUES AND PREFERENTIAL ISSUE, AMONG OTHERS

The Board at its Meeting held on July 17, 2018 and September 12, 2018 approved the proposal of issue of equity shares by way of a Rights Issue ("Issue") to the existing shareholders of the Company in the ratio of 1 equity share of ₹ 10 each for every 1 equity share of ₹ 10 each held in the Company at a premium of ₹ 70 per share i.e. issue price of ₹ 80 each aggregating to ₹ 101.91 Cr. in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended. The Company has filed the Draft Letter of Offer with SEBI, NSE and BSE on September 17, 2018. The Company has received the in-principle approval from NSE, BSE and is awaiting the observation letter from SEBI.

During the year under review, the Company did not raise money through any public issue, right issue or preferential issue during the F.Y. 2018-19.

15. SUBSIDIARY COMPANIES

During the year under review the Company had Two (2) wholly owned subsidiaries namely 5paisa Insurance Brokers Limited and 5paisa P2P Limited.

1. 5paisa Insurance Brokers Limited

The Company incorporated 5paisa Insurance Brokers Limited on October 27, 2018. The Company is in process of filing an application for registration as Insurance Broker with Insurance Regulatory and Development Authority. On receipt of the approval, 5paisa Insurance Brokers Limited will commence the operations.

2. 5paisa P2P Limited

5paisa P2P Limited has received the in-principle approval from RBI or registration as NBFC Peer-to-Peer Lending Platform (NBFC-P2P) from Reserve Bank of India (RBI). In terms of the said approval, 5paisa P2P

is required to set up the systems and processes and to comply with the other terms and conditions within a period of 12 months for obtaining final approval from RBI and commencement of P2P activities. The Company is in process of setting up necessary system and process. On receipt of registration from RBI, 5paisa P2P Limited will commence the operations.

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.

16. CEO/CFO CERTIFICATE

The Certificate required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly signed by the CEO and CFO was submitted to the Board and the same is annexed to this Report.

17. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

The Company has obtained the certificate from M/s. Nilesh Shah & Associates, Company Secretary in practice as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming that none of the Directors on Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The certificate would be placed at the Annual General Meeting for inspection by members.

18. CODE OF CONDUCT

The confirmation from the Chief Executive Officer regarding compliance with the code by all the Board Members and Senior Management forms part of the Report. The Code of Conduct is displayed on the website of the Company at www.5paisa.com

For and on behalf of the Board

Prakarsh Gagdani

Whole Time Director & CEO
DIN: 07376258

Place: Mumbai

Date: April 16, 2019

Santosh Jayaram

Whole Time Director
DIN: 07955607

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
5paise Capital Limited

We Certify that;

- (a) We have reviewed the financial statements and the cash flow statement of 5paise Capital Limited for the year ended March 31, 2019 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.
- (b) 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.
- (c) 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.
- (d) 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 Director
DIN: 07376258

Place: Mumbai

Date: April 16, 2019

Gourav Munjal
Chief Financial Officer



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, 2019, 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 Spaisa Capital Limited

Prakarsh Gagdani

Whole Time Director &
Chief Executive Officer
DIN: 07376258

Place: Mumbai
Date: April 16, 2019

Corporate Governance Report (Contd.)**INDEPENDENT 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 31st March 2019, 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.

The Company has appointed a Non-Executive Director to the Board and nominated him as the member of Nomination & Remuneration Committee with effect from July 18, 2018.

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 Directors and the Management, 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
 Firm's Registration No. 109208W

G Sankar
 Partner
 Membership No. 046050

Place: Mumbai
 Date: April 16, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMY OVERVIEW

Indian Economy has emerged as one of the fastest growing major economy around the world. Businesses have adjusted to the new regime after the impact of introduction of GST and demonetisation has settled down and benefits have started to reap. According to Asian Development Bank, Indian economy grew at 7.2% in FY19 on revived rural consumption and continued growth in private investment. This is mainly in response to improved bank and corporate balance sheets and moderate growth in net exports.

The inflation rate in India was at 2.57% in February 2019 as compared to 4.28% in March 2018 previous year and 1.97% in January 2019 (Source: CSO). Retail inflation has dropped below 3% from more than 10% in 2013. However, for the same six-year period, average bank borrowing costs for manufacturers and retailers have declined only marginally by about 1% from over 13%.

In urban areas, consumption demand is expected to get a boost by interest rate cuts, continued low prices of food and declining fuel prices. In rural areas, steps to reduce agricultural distress such as income support to farmers and strong hikes to procurement prices of food grains are expected to raise demands. Growth is expected to remain at 7.3% in FY20 due to moderation in global demand and likely shortfall in domestic revenue. However, reforms to improve business conditions, plans for capitalising banks, and reducing agricultural distress are expected to aid in higher growth.

In March 2019, credit rating agency Fitch reaffirmed India's 'Long-Term Foreign-Currency Issuer Default Rating' (IDR) at 'BBB-' with a stable outlook. India's rating shows a strong medium-term growth outlook and an improved capacity to recover with the help of strong foreign reserve buffers.

FINANCIAL SERVICES INDUSTRY

The Indian financial services industry is vast and diverse consisting of banks, NBFCs, capital markets, insurance sector and the new payment banks. According to a report by KPMG-CII, India's banking sector is on the way to becoming the fifth largest in the world by 2020. The opportunity in India is very high especially in the rural areas. As per the 2011 census, 833 million people stay in rural areas and a significant part of that population has little awareness of new-age banking services such as payment banks even if they have accounts. The country's life insurance sector is the biggest in the world, and the market size is expected to touch about US\$400 billion by 2020. The asset management industry in India is among the fastest growing in the world. In December 2018, corporate investors AUM stood at US\$ 127.65 billion, while HNWI and retail investors reached US\$ 99.05 billion and US\$ 82.03 billion, respectively. In the Asia-Pacific, India is among the top five countries in terms of HNWI.

The financial service industry in India is in the midst of a digital transformation. The traditional financial services industry is

inherently offline, time-consuming, manual, inaccessible and cost heavy. This is primarily because of the dependency on human capital for every process. Governmental has been effective in its efforts towards promoting digitization of financial systems and reducing cash transactions in the economy. It has helped in shifting consumer focus towards digital alternatives for financial transactions and services. In rural areas, access to financial services has considerably improved due to initiatives such as Jan Dhan Yojana enabling bank accounts for everyone. Aadhaar and the emergence of UPI provides a good foundation for fintech companies to function effectively and boost financial inclusion across the country. Fintech is essentially a combination and application of technology in the financial services industry. There are various categories of fintech firms such as financial lending firms consisting of P2P lending, marketplace for loans, investment platforms consisting of trading and mutual fund platforms, crowdfunding, wealth and asset management platforms, online financial advisors etc and payments firms such as mobile wallets, merchant payments, PoS and payment gateway services.

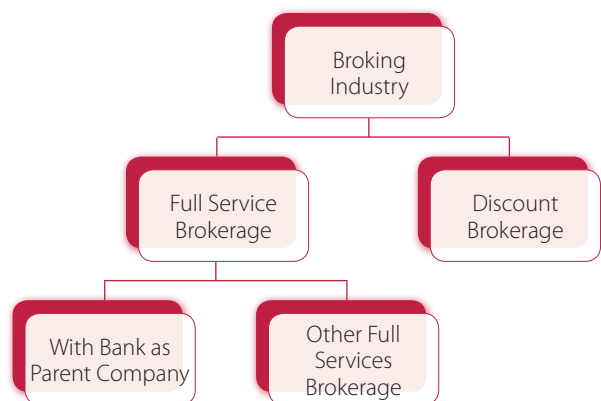
The outlook for the sector continues to be positive with growing inclination towards financial inclusion, positive investor sentiment and active government support.

OVERVIEW OF CAPITAL MARKETS

A positive investment scenario supported by robust macroeconomic performance, easing inflationary pressures, stable FDI inflows, regulatory and structural reforms by the government has improved the business confidence and attracted investors to the Indian capital market. Indian stock market scaled new peaks on the back of positive domestic and global sentiments despite the fact that a pick up in the GDP growth was restricted in FY19.

STOCK BROKING SECTOR

The Indian brokerage sector can be classified in terms of type of brokerage service, nature of parent company and business diversification. The following chart describes the market structure:

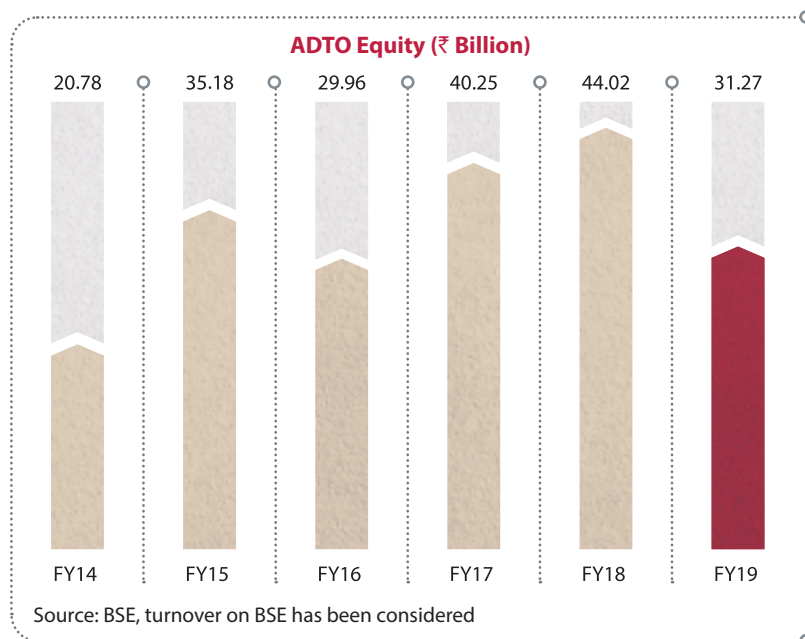
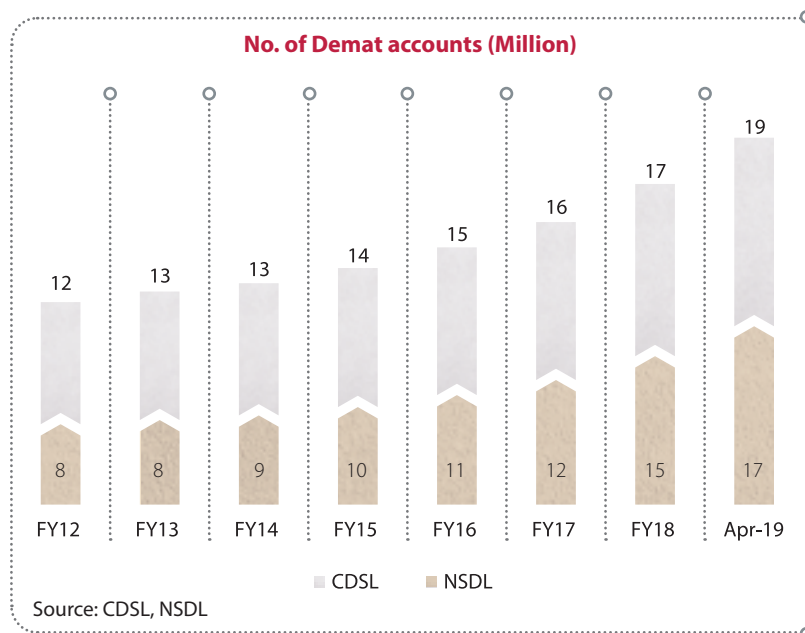


Management Discussion and Analysis (Contd.)

There are primarily two types of brokers in India:

- Full-service brokers: These brokers offer a wide range of services like offline and online trading, Demat accounts, investment advisory and other customized services. Further, full service broker provides research reports, relationship managers for personalised services, portfolio management services, Insurance, etc.
- Discount brokers: These brokers offer services at low and fixed brokerage fees, irrespective of size of order and provide such services via an online platform.

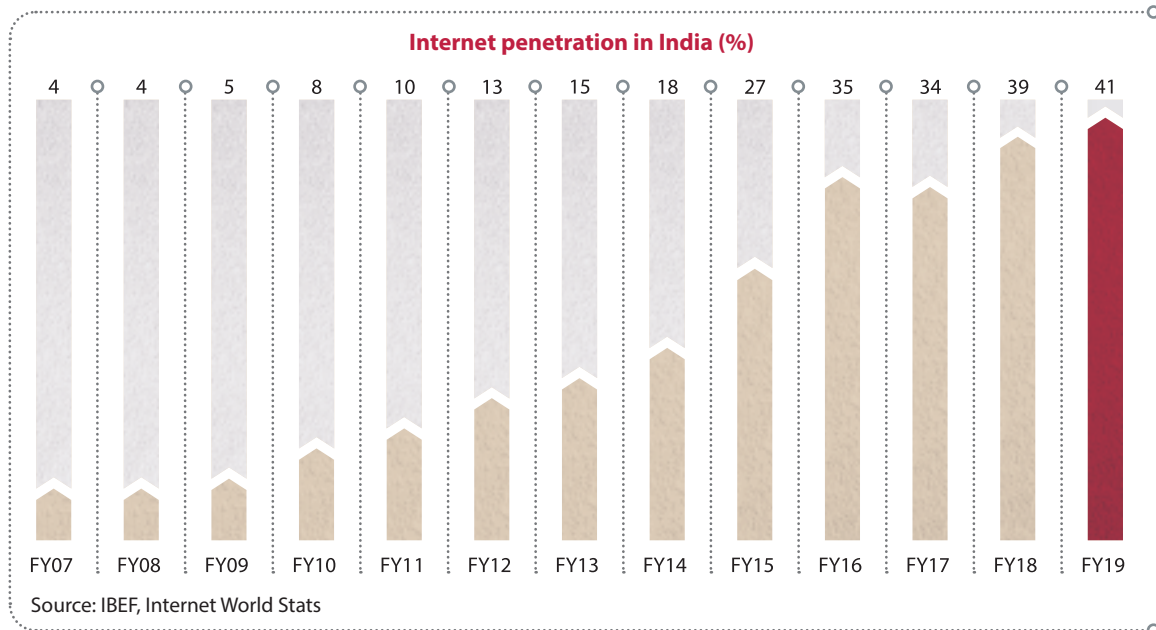
Business of brokers grows in direct proportion to the growth in capital markets. The past 4-5 years have witnessed a steady structural shift of savings from physical assets such as real estate and gold into financial assets. As a result, the number of Demat accounts in India has grown to 36.2 million by April, 2019 from 20 million in FY12. The rising equity participation can also be witnessed by higher Average Daily Turnover (“ADTO”) on BSE. The equity ADTO on BSE increased from ₹ 20.78 billion in FY14 to approximately ₹ 31.27 billion in FY19.



Management Discussion and Analysis (Contd.)

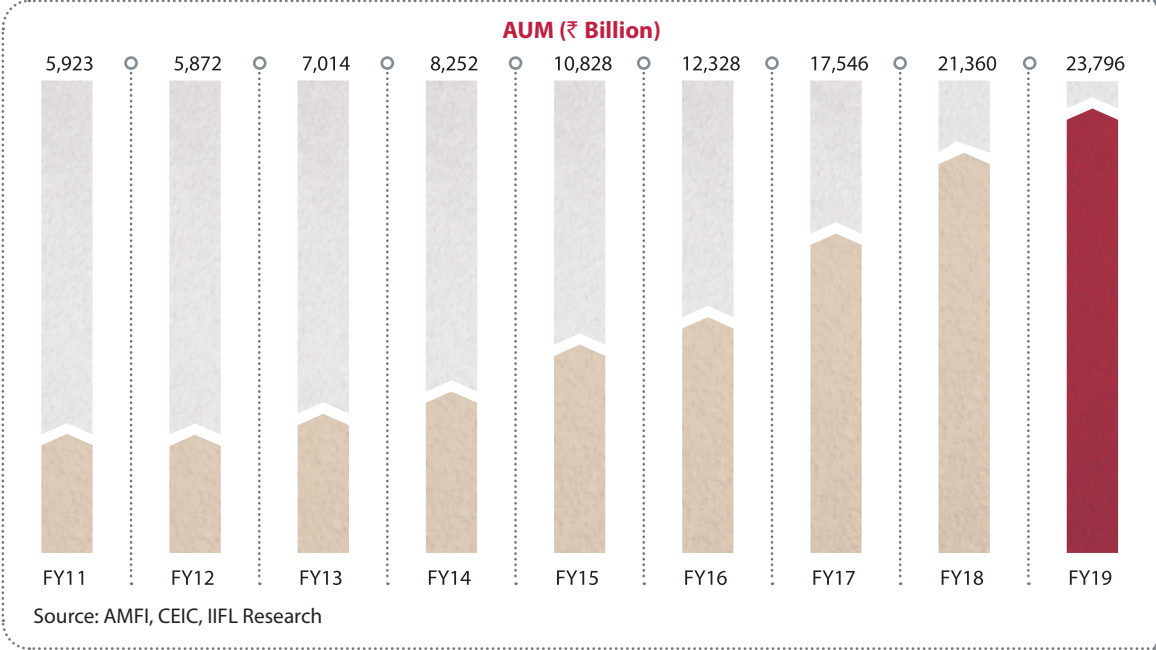
Mobile trading, aiding in increasing the participation from the investors

Due to the introduction of mobile trading, day to day investing can be done from any remote location as well. All the brokers have their own mobile trading platforms. This is aided by higher internet penetration in India. Internet penetration in India has increased from 4% in 2007 to 41% by March, 2019. Rising internet penetration is expected to drive the growth of the financial sector going forward.



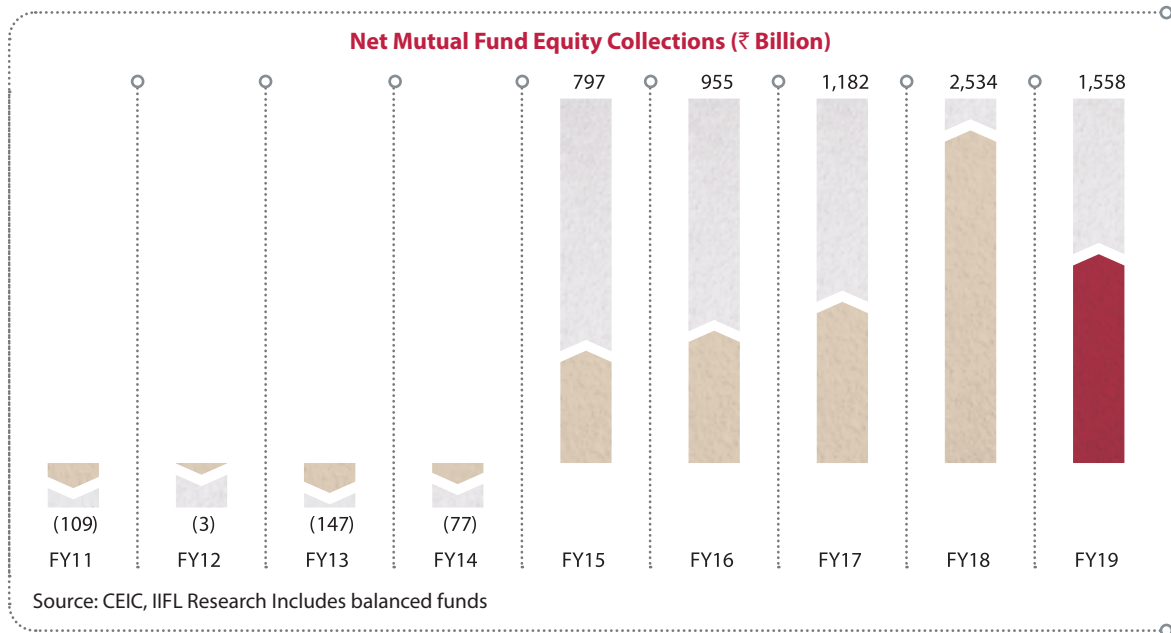
MUTUAL FUND INDUSTRY

From the year 2017, the Mutual Fund (MF) industry in India has seen rapid growth in total Assets Under Management (AUM). However, the total AUM of the industry increased marginally by 11% y-o-y to hit a record ₹ 23,796 billion at the end of March 2019. According to AMFI, investments in equity-oriented mutual fund schemes in FY19 were at ₹ 1.11 trillion, a decline of 35% compared to ₹ 1.71 trillion inflows in FY18. But despite that the current inflows of ₹ 1.11 trillion is a substantial investment by the mutual fund industry into the equities segment which is more than FII investments into the country. This was the fifth successive year of net inflows in equity mutual funds. In FY19, the markets were very volatile due to various factors such as steep correction in small and mid-cap stocks, border tensions with Pakistan etc.



Considering the balanced fund category also, the net inflows were at ₹ 1,558 billion in FY19.

Management Discussion and Analysis (Contd.)



DISCOUNT BROKERAGE INDUSTRY

There is a tremendous shift in the customer base characteristics for the brokerage industry over the years. The millennial investors, especially first time investors who are tech savvy and more price conscious, have favoured the discount brokers over the traditional brokers. Discount brokerages charge almost low to nil commission, along with independent advisory services offering quality knowledge content for free to those interested.

As technology is growing and increase in use of internet, smartphones, and mobile apps as well as the evolvement of lower brokerage has led discount brokers to gain momentum in the market in the coming future. Discount broking, which, till recently was looked upon as an evolving industry in India, is now gaining pace and is soon expected to be on par with full-service broking before even gaining a majority share of the market. The largest discount brokers in the US- Schwab, Fidelity, TD Ameritrade, and Pershing already control ~62% of the broking market. In India, discount brokerages’ market share (in terms of active clients) in the industry has rapidly grown to almost 15.97% as of May 2019 with an active client base of 89L against a share of 9.36% as of March 2018.

Before the onset of discount broking, brokers as members and owners controlled the exchanges around the world. Exchanges were run as utilities to support their members. Exchanges had monopoly on liquidity and brokers controlled access to these exchanges. Brokers earned commissions and also received trading fee rebates from the exchange by providing investors access to markets. Brokers competed on the basis of service and relationships, rather than price wherever the brokerage commissions were fixed.

The biggest advantage of discount brokers is that they are unbiased. They empower customers with information and automated analysis, based on parameters like investment goals and risk profiles, thereby allowing the customers to make informed decisions without influencing them with advice. With the growing customer base of discount brokers and the announced entry plan of Paytm Money, the low fixed rate broking model is poised to grow further.

With increasing costs of technology, real estate, human resources, increasing regulatory requirements and compliances as well as downward trends in revenues owing to competition and regulatory intervention, traditional full service brokerages are burdened. Discount brokerages, especially with a digital focus are best placed to thrive in such a scenario.

One of the major reasons for growth of the discount brokerage industry is that on a macro level, digital penetration is expanding rapidly in the country. People have started exploring all services digitally including financial services as a result of low cost data, cheaper smart phones and rollout of 4G services all across India. Digital transactions offer a massive opportunity and can spur the financial inclusion journey in India as it lowers the cost of financial services that are being provided to the poor along with increased convenience and security. Innovative technology is the way forward for increasing digital transactions as it not only reduces costs but can also lead to increased distribution, especially in the rural areas. Financial institutions looking to cut labour costs, and also lowering investment and financial planning costs can make use of Robo advisory. While Algorithmic trading is already being used in India, increased AI and alternate data analytics is likely to be used in trading. Machine learning-based algorithms can be developed that scans a vast amount of trading data to create a strategy based on learning from market patterns.

Management Discussion and Analysis (Contd.)

OPPORTUNITY

With the discount brokerage industry growing strong, the customers opting for it are predominantly the millennials. It is an attractive platform for first time investors. New customers are sensitive about trading cost and research before opting for brokerages. According to 2011 census, around 190 million of the Indian population is in the age group of 25-35. World bank has projected that this figure will go up to 230 million by 2021. Currently, only around 20-25 million people invest in stock markets which is hardly 2% of the population. In the coming future, with more investor awareness, financial literacy and the burgeoning proportion of millennials, the future opportunities for discount brokerage industry looks very bright. The growing shift from traditional instruments of savings to financialisation of savings is also a great opportunity for capital market participants.

With growing government initiatives for promoting digital transactions across the country, growing popularity for mobile and internet based transactions, online financial services, introduction of artificial intelligence and blockchain etc. all contribute to scope for growth.

THREATS

While the overall market for potential customers may seem very high on the demographic front, the number customers trading in direct equity investment is still very low. The immediate market for acquisition of new customers is people who currently invest only in mutual funds. With increasing number of players entering the discount brokerage industry and small market size of immediate customers, the competition is very high in the long run. Also, the traditional brokerages are slowly starting their own discount brokerage division to keep up with the change.

The financial services industry has seen drastic technology-led changes over the past few years. One of the biggest threats apart from competition faced by discount brokerages is redundancy due to constant technological and digital advancement. New market entrants always are breaking through established markets, coming up with more customer friendly solutions developed from the scratch and unencumbered by legacy systems. Customers always demand better services, seamless experiences regardless of channel, and more value for their money. Thus change is constant and discount brokerages have to keep up with constant innovation and new services for customers.

Changes in regulatory environment are also a considerable threat to discount brokers. Any change in the regulatory

environment can adversely affect the business. Discount brokers run on a strictly controlled cost which is also one of their major competitive advantages. Sudden changes in regulatory compliance may pose operational challenges as well as risk of rise in operating costs.

COMPANY OVERVIEW

5paisa Capital Limited was originally incorporated on July 10, 2007. 5paisa Capital Limited is a technology driven company having mainly an online presence. It is engaged in providing financial products through its online technology platform and mobile applications. Its services are targeted at retail investors and high volume traders who actively invest and trade in securities markets and seek DIY (Do-it-Yourself) services at a low cost. The Company's consistent effort in building a robust trading platform, advanced mobile app, Artificial Intelligence powered Robo Advisory platform, and Paperless Account opening platform are some examples of Tech superiority. It is focused on innovation based on understanding customer behaviour and this gives it a significant competitive advantage in its industry.

Products				
Broking	Cash	Derivative		
Mutual Funds	Direct Funds	SIP	Robo Advisory	
Research	Swing Trader	Smart Investor	Smallcase	Sensibull
Insurance	Health	Life	Motor	
Algo Trading				
Commodities				
Personal Loans				
Gold				

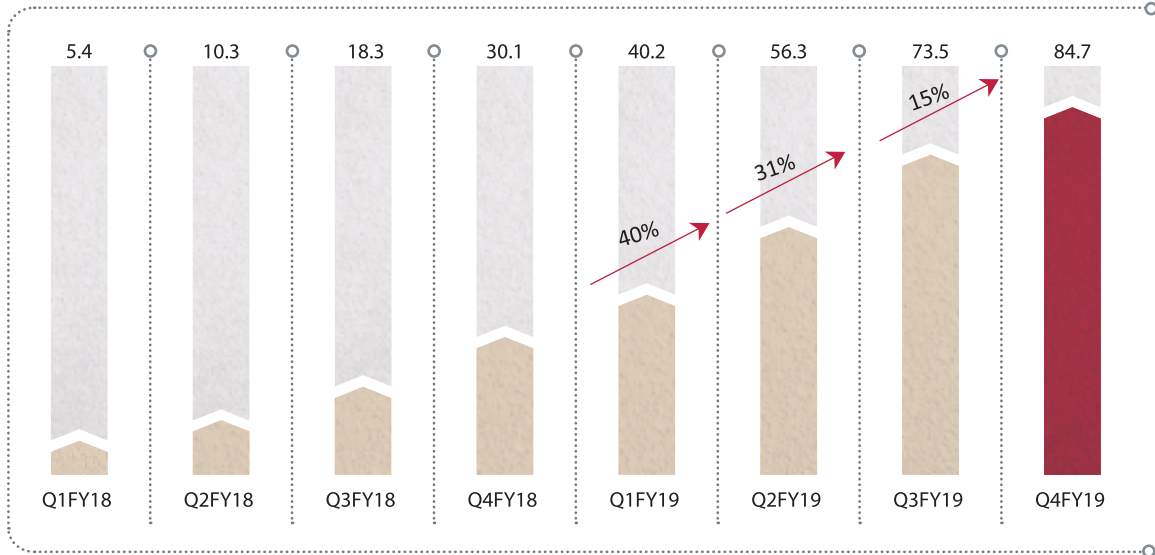
FINANCIAL PERFORMANCE

Revenues have seen strong and sustained growth, recording a leap of 3 times over the previous year. Revenue from operations for FY19 has grown 219% y-o-y to ₹ 626.4 million. Since the company is still in the initial stages of business, it is yet to achieve break-even.

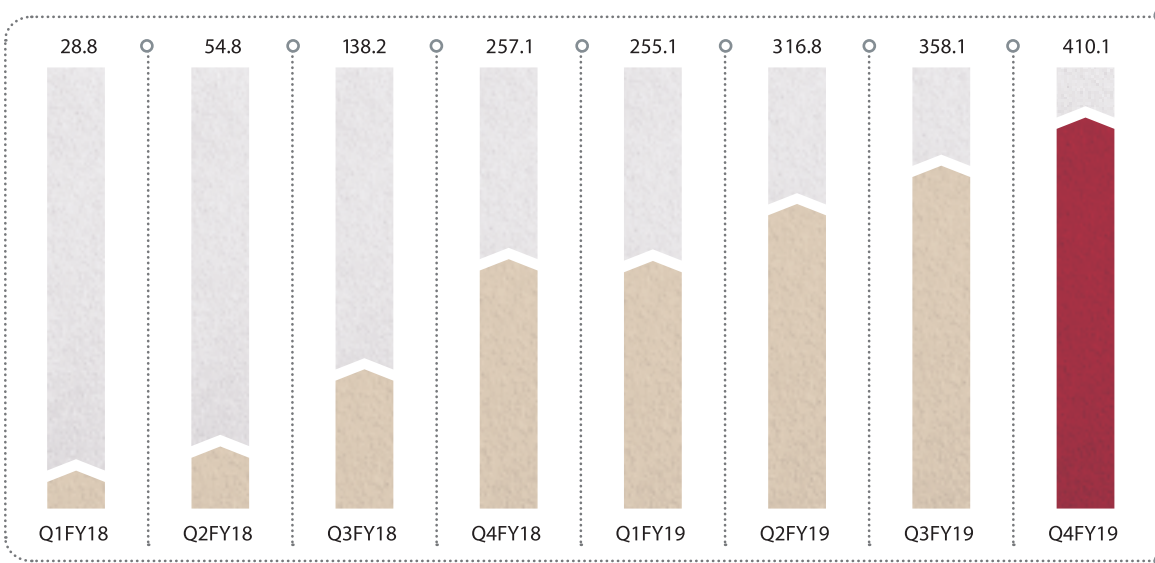
The Company's healthy performance has led it to achieve more than 2% share of daily cash turnover within a short span of three years. The 5paisa Mobile App has over 31,00,000 downloads till date with a sustained 4 Star rating on Playstore. 70% Customers trade through mobile app, 53% through web browser.

Management Discussion and Analysis (Contd.)

The average quarterly brokerage stood at ₹ 84.7 million. This is an increase of 14.5% q-o-q.



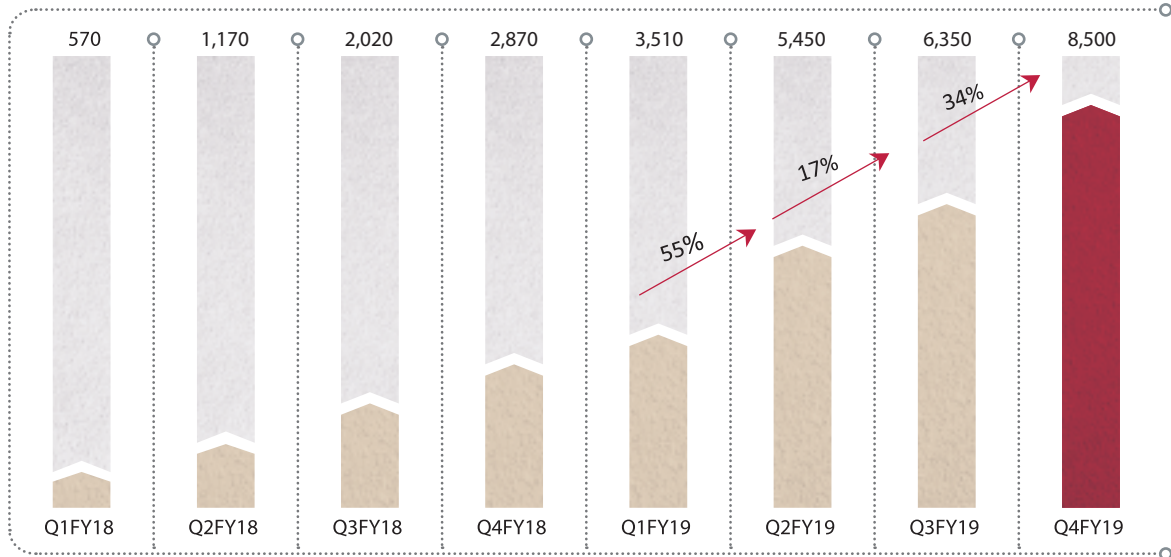
The AUM Book size grew at 15% q-o-q, and is at ₹ 410 million for the period ended FY19.



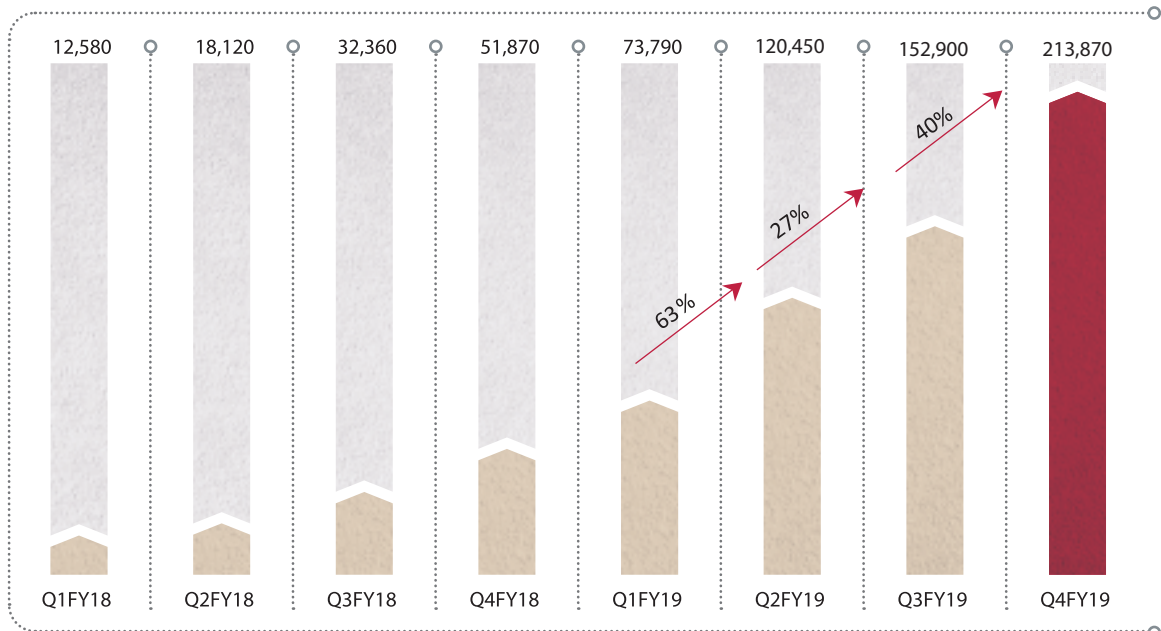
Management Discussion and Analysis (Contd.)

OPERATIONAL PERFORMANCE

The average daily cash turnover stood at ₹ 8,500 million, up 34% q-o-q whereas exchange cash turnover (NSE + BSE) was up by only 1% for the quarter ended March 2019.



Average daily total turnover of the Company was at ₹ 213,870 million, up 40% q-o-q whereas the exchange total turnover was down 4% for the quarter ended March 2019.



Management Discussion and Analysis (Contd.)

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

Particulars	March 31, 2018	March 31, 2019
Debt/Equity Ratio	0.26	1.98
Return on Net Worth	(33%)	(30%)
Interest Coverage Ratio	(39.92)	(2.08)
Net Profit Ratio	(129%)	(26%)
Return on Capital Employed	(38%)	(14%)

Explanation:

- Debt Equity Ratio increased from 0.26 in FY2018 to 1.98 in FY2019 primarily due to a increase in short-term borrowings from ₹ 161.47 million in FY2018 to ₹ 920.12 million in FY2019 for buisness purpose and decrease in shareholder's equity (share capital and other equity) from ₹ 629.36 million in FY2018 to ₹ 463.66 million in FY2019 due to loss for the year.
- Return on Net Worth improved from (33%) for FY2018 to (30%) for FY2019 mainly on account of increase in revenue from ₹ 196.52 million in FY2018 to ₹ 626.40 million in FY2019 and decrease in losses from ₹ (252.99) million in FY 2018 to ₹ (165.70) million in FY 2019
- Interest coverage ratio imporved from (39.92) in FY 2018 to (2.08) in FY 2019 due to improvement in EBITDA from ₹ (317.48) million in FY 2018 to ₹ (142.14) million in FY 2019.
- Net profit ratio improved from (129%) for FY2018 to (26%) for FY2019 mainly on account of increase in revenue from ₹ 196.52 million in FY2018 to ₹ 626.40 million in FY2019 and decrease in losses from ₹ (252.99) million in FY2018 to ₹ (165.70) million in FY2019
- Return on capital employed improved from (38%) for FY2018 to (14%) for FY2019 due to improvement in EBIT from ₹ (324.15) million in FY2018 to ₹ (156.57) million in FY2019 and on account of increase in revenue from ₹ 196.52 million in FY2018 to ₹ 626.40 million in FY2019

• Customer acquisitions

The Company has seen a steady and robust growth in customer acquisitions, recording a 185% growth amounting to 130K client acquisitions in FY19. Customer acquisition continues to be a key focus for the Company along with superior customer experience and service.

The Company's clients are typically technology-driven and open to innovative financial products/services. The company has been successful in reducing its cost of acquisition substantially YoY. Main focus is currently on organic clients, who account for 50% of overall client acquisition for FY19.

The Company uses marketing techniques like social media campaigns, Search Engine Optimization (SEO) and online advertisements to increase awareness and expand customer base. Further, clientele growth has also occurred owing to general word of mouth. About 70% of the customers are new to market and over 71% are from Tier II/III locations.

The Company's approach of offering very low cost of service, complete paperless trading experience, multi product offering under one umbrella including research and advisory offerings and an open API structure to accommodate newer products, and usage of advanced analytics for personalized financial planning led to more than 5X growth in our Customer Acquisition. Our Customer acceptability was so good that in no time the company became one of the fastest growing broking companies in the country.

• Technology upgrades

The Company has enhanced its technological offerings by introducing functionalities such as completely paperless instant account opening process, instant SIP - which facilitates paperless and online commencement of SIP and Mutual Fund investments, and launched the 5P School – an online investor education series; which further gives our platform a competitive edge.

The Company has a Robo Advisory system, which is an online advisory tool customized for investors based on multiple factors such as users' investment pattern, risk appetite, and investment objectives. One of the objectives of the advisory tool is to engage customers from various age groups and investment ranges to make informed investments

Another technological investment that the Company has made is Algo-trading, which is an automated trading platform that uses computer programs to analyse market data based on pre-defined parameters. This is hugely popular with experienced and professional traders who fully understand the risk and rewards involved in the use of Algo trading. Few strategies which are commonly used and recommended by trading experts are Amibroker linked execution strategy, Jobbing strategy, Pivot strategy, Pair/ Spread trading strategy etc.

The Advanced Research solution is a one of a kind offering in the Broking industry which is based on the expertise of the legendary William O'Neil's CAN SLIM methodology. It is a one-stop, online destination to find and evaluate stocks. The Company has invested in this research and decision-making tool, which helps customers in uncovering promising ideas, and conduct efficient analysis.



Management Discussion and Analysis (Contd.)

HUMAN RESOURCE

Spaisa's human resource department has been constantly striving to align with business, implement digital solutions, and build a strong culture of transparency and service orientation within the organisation. The Company put in place people-friendly policies and practices in the past year and continues to focus on adopting best practices for its HR policies

Strong Management Team

The Company continues to attract professional and experienced talent from various sectors including, BFSI, Technology, Software and Start-ups. This has created a transparent, meritocratic and performance driven culture. With the right leadership at the helm, we are able to attract and create a professional team driven by a sense of purpose.

Technology Enablement

The Company uses 'Adrenalin' as a one-stop employee interface for all human resource related requirements. The system is easily accessible 24X7 through intranet and as a mobile app. We further implemented our recruitment solution – 'Hirecraft' and integrated the same with Adrenalin, which has facilitated our employees to access all features and activities from on-boarding to exit through a single system.

Training and Development

The Company has a dedicated training and development team which caters to areas of providing knowledge, building skills and supporting in areas of functional and technical development. With a strong focus on digital learning, our learning interventions right from Induction to functional training and refresher courses, have been developed and deployed online, supported by technology enablers to enhance the user experience of anytime anywhere learning. The Company is using multiple learning methodologies like e-learning modules, video based modules, simulation learning, mobile based micro learning etc. to support our employees on the quest for professional development.

Sensitivity towards driving a compliant business is ensured through learning aids/ modules covering topics such as Anti Money laundering, Prevention of Sexual Harassment, Anti Bribery & Corruption, Information Security etc.

Leadership acumen at various levels in hierarchy are developed through programs designed specifically to address real time business challenges.

Encouraging Performance

Spaisa, as an organisation, considers performance and potential to determine employee growth and promotions. Individual

Performance Measures (IPMs) for employees is used to set expectations across clearly demarcated parameters. Thereafter, an effective feedback mechanism is used to guide the employees from time to time. This helps in alignment of the organizational objectives and employees' personal goals. An effective performance management system helped the Company in recognizing and rewarding people's performance.

Fast Track Career Path

In line with our meritocratic culture we have introduced the 'Role Elevation Panel Process' to fast track careers of high-performers through a fair and transparent panel process. This has encouraged employees to perform their best and grow rapidly in their career within the organisation.

Management Connect

Considering the importance of management interaction, our CEO has a periodic live connect session with all employees through Facebook @Work. During this session the management discusses the company overview, goals and future plans, opportunities and challenges etc. The sessions are also opened to live questions from employees which are answered by the management. These sessions have enabled all employees to be aligned with the company's vision, get clarification or bring to the management's notice any concerns and helped enhance management connect across hierarchy.

Employee Engagement

Spaisa believes in engaging its work force, nurturing their careers and grooming them to become leaders of tomorrow.

Apart from regular interactive forums like virtual townhalls, skip level communication meetings etc. we effectively connect with every employee throughout the organisation.

We receive employee feedback through internal and external employee survey programs, which enables us to continue doing the things going well and improve on the areas where we need to improve. These engagement scores are tracked to monitor improvement.

A special fast track program has been formulated for the recognized High Potential employees. These include programs towards honing their skills and competencies, and special learning and development initiatives which will enable them to meet their career aspirations within the organisation.

Monthly, Quarterly and Annual Rewards and Recognition programs are conducted to not only appreciate the exemplary contributions of performing employees, but also to make it aspirational for the others to leverage their potential.

Management Discussion and Analysis (Contd.)

Other engagement activities like sports events, cultural and festive celebrations, health and wellness workshops etc. are regularly conducted which bring about a new spurt of exuberance and enable employees to de-stress and improve team bonding.

The Company as on FY19 has a strong workforce of 648 employees.

RISK MANAGEMENT

Risk management is a key element of Spaisa'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 lines-of-defence' (3 LOD) model, wherein 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, commodity broking and mutual funds. The Company has highly digitized 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 services company, our business is materially affected by conditions in the domestic and global equity, debt, currency and financial markets and economic conditions in India and throughout the world. Our revenue, level of operations and, consequently, our profitability are largely dependent on favourable market conditions, a conducive regulatory and political environment, investor sentiment and other factors that affect the volume of trading in India and the level of interest in Indian business developments. A market downturn would likely lead to a decline in the volume of transactions that we execute for our customers and will result in decline in our revenues received from our business.

The company aims to mitigate inherent market risks by using sound investment policies, dedicated product advisory teams, Investment Committees, requirement of investment justifications and regular monitoring of performance.

- **Technology risk**
Our information technology systems may be vulnerable to computer viruses, piracy, hacking or similar disruptive problems. Computer viruses or problems caused by third parties could lead to disruptions in our services to our customers. Moreover, we may not operate an adequate disaster recovery system. Fixing such problems caused by computer viruses or security breaches may require interruptions, delays or temporary suspension of our services, which could result in lost revenue and dissatisfied customers. Breaches of our information technology systems, including through piracy or hacking may result in unauthorized access to our content. Such breaches of our information technology systems may require us to incur further expenditure to put in place more advanced security systems to prevent any unauthorized access to our networks. This may have a material adverse effect on our earnings and financial condition.
Management periodically reviews various Technology risks such as protecting sensitive customer data, identity theft, cybercrimes, data leakage, business continuity, access controls, etc. We have put in place processes, systems and tools for ensuring vigilant monitoring, audit logging and suspicious activity reporting. Audit logs are reviewed for any anomalies and pattern deviations on a periodic basis. We have also implemented tools for mitigating various security risks - privileged identity management, advanced malware detection and protection, end-point encryption, mobile device management and secured internet access. We also successfully completed the ISO 27001:2013 annual certification in January 2019.
- **Reputation risk**
We believe that continuing to build our brand, particularly in our business like financial services provider. Promoting and positioning our brand will depend largely on the success of our marketing efforts and our ability to provide high quality services. Brand promotion activities may not yield increased revenues, and even if they do, any increased revenue may not offset the expenses we incur in building our brand. If we fail to promote and maintain our brand, our business, financial condition and results of operations could be adversely affected.

Management Discussion and Analysis (Contd.)

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 close monitoring and strict disciplinary actions against those deviating from the same. The organization pays special attention to issues that may create a reputational risk. Events that can negatively impact the organization position are handled cautiously ensuring utmost compliance and in line with the values of the organization.

- Human resource risk

We are exposed to the risk arising from misconduct, fraud or trading errors by our employees such as indulgence in unauthorized 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 or misappropriation of cash, and the precautions we take 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 our business operations, future financial performance and/or reputation.

The Company has a strong focus on ensuring that employees are adequately trained in their job functions and on all compliance related trainings. The HR department ensures all statutory compliances with labour laws and other relevant statutes are strictly adhered to. We have in place strong background screening standards are in place to minimise any risk of fraud 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 and internal compliances. It lays emphasis to check on process controls, measures undertaken by the Company to monitor risk and to check on leakages or frauds. The Company has invested in ensuring that its internal audit and control systems are adequate and commensurate with the nature of business, regulatory prescriptions and the size of its operations.

The internal control system is supplemented by concurrent and internal audits, as well as special audits and regular reviews by the management. For Company-wide internal audits, the Company has distributed the audit of major businesses to separate top audit firm to have wider and heterogeneous verification approach and inputs, and derive larger value from the audit process. In this regard, the Company has in place Mahajan and Aibara for the purpose.

The Company also retains specialised audit firms to carry out specific / concurrent audit of some critical functions, such as half-yearly internal audit mandated by SEBI/ Exchanges, DP processes, Know Your Customer (KYC) verifications, demat transfers, pay-outs verifications, systems audit, end use verification audits and verification of related party transactions, among others. In addition, the Company complies with several specific audits mandated by regulatory authorities such as SEBI / Exchanges / Depositories, and the reports are periodically submitted to the regulators.

The Board/Audit Committee reviews the overall risk management framework and the adequacy of internal controls instituted by the management team. The Audit Committee reviews major instances of fraud on a quarterly basis and actions are taken on the same. It also focuses 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, regulatory compliances at every stage. Internal audit team carries out a risk-based audit of these processes to provide assurance on the adequacy and effectiveness of internal controls for prevention, detection, reporting and remediation of frauds.

INTERNAL FINANCIAL CONTROLS

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

OUTLOOK

Despite softer growth, the Indian economy remains one of the fastest growing and possibly the least affected by global turmoil. In fact, the effects of external shocks such as rising global volatility, largely from financial volatility, normalized monetary policy in advanced economies, externalities from trade disputes, and investment rerouting were contained

Management Discussion and Analysis (Contd.)

in part by India's strong macroeconomic fundamentals and policy changes including amendments to the policy related to insolvency and bankruptcy, bank recapitalization, and foreign direct investment.

The outlook is positive for India, one of the fastest-growing economies. Fostering private investment and careful management of public finances could help the economy go a long way.

Our Company during the financial year gone by has made substantial investments in people, processes and technology and continues to focus on delivering steady performance. We are cognizant of the changes in the capital market and brokerage segment and well prepared to overcome challenges and sustain performance.

INDEPENDENT AUDITOR'S REPORT

To the Members of 5paisa Capital Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the standalone financial statements of 5paisa Capital Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, loss and cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter

The company has incurred losses which are mainly due to sales promotion and advertisement expenditure incurred in the last 3 years. Under Accounting Standard 22 – Accounting for taxes on Income, deferred tax assets can be recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Determination of such virtual certainty is a matter of judgement based on convincing evidence. As a result, the recognition of the deferred tax asset was significant to our audit.

Response to Key Audit Matter

Our audit procedures included among others examining the future projections which are based on the judgement of the management taking into account that the company's volume of operations has substantially increased in the last year and the expenditure on sales promotion and advertisement is likely to be less in future. The management has also determined that the profits which will be earned in the future will be sufficient for setting off the carried forward losses in accordance with the provisions of the Income Tax Act, 1961.

Accordingly we have found the future projections made by management for the purpose of recognition of deferred tax asset in the financial statements to be appropriate.

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 Annexure to Board's Report and other information included in the Annual 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.

Independent Auditor's Report (Contd.)

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 the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards 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 Board of Directors 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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 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, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the financial statements.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss 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 Accounting Standards specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 Notes to the Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Place: Mumbai
Date: 16th April, 2019

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

ANNEXURE A TO AUDITOR'S REPORT

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF SPAISA CAPITAL LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the assets have been physically verified by the management in accordance with a phased programme of verification which in our opinion is reasonable considering the size of the Company and nature of its fixed assets. According to the information and explanations given to us, no material discrepancies have been noticed on such physical verification.
- (c) The Company does not have any immovable property. Therefore, paragraph 3(i)(c) of the Order is not applicable to the Company.
- (ii) The company is trading in securities on proprietary basis and the securities held at the year-end has been classified as inventory and such inventory is verified by the management during the year with reference to third party evidence like Demat statement. There were no material discrepancies noticed during such verification.
- (iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the company has not granted any loans, investments, guarantees and security to which provisions of section 185 and 186 of the Act apply. Therefore, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.
- (vi) According to the information and explanations given to us, in respect of the class of industry the company falls under, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act. Therefore, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, service tax, sales tax, value added tax, goods and services tax, cess and other statutory dues as applicable to the Company with the appropriate authorities. Further as explained, there are no undisputed statutory dues outstanding for more than six months as at 31st March 2019 from the date they became payable.
- (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of Income Tax, Wealth Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Services Tax, Excise Duty, Customs Duty and Cess which have not been deposited on account of any dispute.
- (viii) According to the information and explanation given to us, the company has not defaulted in repayment of loans or borrowing to banks or financial institutions. The Company has not taken any loans or borrowings from Government and does not have any dues to debenture holders.
- (ix) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, and based on the audit procedures performed and the representations obtained from the management, we report that no fraud by the company or on the Company by its officers or employees, having a material misstatement on the financial statements has been noticed or reported during the period under audit.
- (xi) According to the information and explanations given to us and based on verification of records, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence clause (xii) of the order is not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on verification of the records and approvals of the Audit Committee, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the company is not a Non Banking Finance Company and therefore is not required to be registered under Sec 45-IA of the Reserve Bank of India Act, 1934.

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

Place: Mumbai
Date: 16th April, 2019

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

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 ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of 5paisa Capital Limited ("the Company") as of March 31st, 2019 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.

Annexure B to Auditor's Report (Contd.)**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, 2019 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)

Place: Mumbai
Date: 16th April, 2019

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

STANDALONE BALANCE SHEET

as at March 31, 2019

(₹ in Millions)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
I EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share Capital	3	127.39	127.39
(b) Surplus	4	336.27	501.97
Sub Total		463.66	629.36
(2) Non Current Liabilities			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long-Term Liabilities		-	-
(d) Long-Term Provisions	5	6.00	2.07
Sub Total		6.00	2.07
(3) Current Liabilities			
(a) Short-Term Borrowings	6	920.12	161.47
(b) Trade Payables	7		
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		0.71	20.69
(c) Other Current Liabilities	8	1,360.56	446.90
(d) Short-Term Provisions	9	64.38	52.02
Sub Total		2,345.77	681.09
Total		2,815.43	1,312.52
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	10		
(i) Property, Plant and Equipment		16.00	12.49
(ii) Intangible Assets		5.81	8.77
(iii) Capital Work-in-progress		0.75	0.05
Sub Total		22.56	21.31
(b) Non-Current Investments	11	21.00	20.50
(c) Deferred Tax Assets (Net)	12	208.43	149.29
(d) Long-Term Loans & Advances	13	120.58	325.98
(e) Other Non-Current Assets	14	3.25	7.25
Sub Total		353.26	503.01
(2) Current Assets			
(a) Current Investments		-	-
(b) Inventories	15	32.64	36.00
(c) Trade Receivables	16	19.96	5.61
(d) Cash and Cash Equivalents	17	1,130.06	279.22
(e) Short-Term Loans & Advances	18	247.89	38.15
(f) Other Current Assets	19	1,009.06	429.22
Sub Total		2,439.61	788.20
Total		2,815.43	1,312.52

See accompanying notes forming part of Standalone Financial Statements

1 to 36

As per our attached report of even date

For V Sankar Aiyar & Co

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors

Prakarsh Gagdani

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave

Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

(₹ in Millions)

Particulars	Note No.	For the Year ended March 31, 2019	For the Year ended March 31, 2018
INCOME			
I. Revenue from Operations	20	626.40	196.52
II. Other Income		-	-
Total Income		626.40	196.52
EXPENSES			
a. Employee Benefits Expense	21	258.35	193.18
b. Finance Costs	22	68.27	7.95
c. Depreciation and Amortisation Expense	23	14.43	6.67
d. Other Expenses	24	510.19	320.82
Total Expenses		851.24	528.62
Profit Before Tax		(224.84)	(332.10)
Tax Expenses:			
Current Tax		-	-
Deferred Tax		(59.14)	(79.12)
Short/Excess Provision for Tax		-	(0.00)
Total Tax Expenses		(59.14)	(79.12)
Profit/(Loss) for the Year		(165.70)	(252.99)
Earnings per equity share of face value of ₹ 10 each	25		
Basic in (₹)		(13.01)	(19.86)
Diluted in (₹)		(13.01)	(19.86)
See accompanying notes forming part of Standalone Financial Statements	1 to 36		

As per our attached report of even date**For V Sankar Aiyar & Co**

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors**Prakarsh Gagdani**

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave

Company Secretary

STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2019

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash Flows From Operating Activities		
Net profit before taxation and extraordinary item	(224.84)	(332.10)
Adjustments for:		
Net Loss/(Gain) on Sale of Current Investments	(0.19)	(14.39)
Depreciation and Amortisation Expense	14.43	6.67
(Profit)/Loss on sale of Fixed Assets	(0.00)	-
Interest Income	(26.52)	(9.34)
Gratuity	2.30	0.61
Leave Encashment	2.77	0.81
Interest Expenses	64.91	6.23
Dividend Income	(0.03)	(0.20)
	57.66	(9.60)
Operating Profit before Working Capital Changes	(167.18)	(341.70)
Changes in Working Capital:		
(Increase)/Decrease in Long Term Loan and Advances	201.14	(286.31)
Increase/(Decrease) in Other Current Liabilities	913.66	290.66
Decrease/(Increase) in Short Term Loans and Advances	(209.74)	(24.79)
(Increase)/Decrease in Trade Inventories	3.36	(10.46)
Decrease/(Increase) in Other Current Assets	(579.84)	(313.81)
Increase/(Decrease) in Short Term Provision	7.30	10.00
Decrease/(Increase) in Other Non Current Assets	4.00	(7.25)
Increase/(Decrease) in Long Term Provision	3.94	(1.08)
Increase/(Decrease) in Short Term & Long Term Borrowings	758.65	161.47
Decrease/(Increase) in Trade Receivable	(14.35)	(1.56)
Increase/(Decrease) in Trade Payable	(19.99)	16.19
Cash generated from/(Used) Operations	900.95	(508.63)
Net Income Tax (paid)/refunds	4.25	1.43
Net Cash from/(used in) Operating Activities (a)	905.20	(507.20)
Cash Flows from Investing Activities		
Purchase of Current Investments	(752.61)	(39,742.70)
Sale of Current Investments	752.80	39,757.09
Interest received	26.52	9.34
Dividend Income	0.03	0.20
Fixed Deposit with Bank (Maturity from 3 months to 12 months)	(400.00)	(50.00)
Payments for purchase of equity instruments of other entity	(0.50)	(20.50)
Purchase/Sale of fixed assets (includes intangible assets) (net)	(15.67)	(22.00)
Net Cash from/(used in) investing activities (b)	(389.43)	(68.58)
Cash Flows From Financing Activities		
Increase in share capital	-	-
Interest Paid	(64.91)	(6.23)
Net Cash from/(used in) financing activities (c)	(64.91)	(6.23)
Net increase/(decrease) in Cash and Cash Equivalents (a + b + c)	450.84	(582.02)
Cash and Cash Equivalents at beginning of year	174.22	756.23
Cash and Cash Equivalents at end of year (Refer Note 17)	625.06	174.22
Net increase/(decrease) in Cash and Cash Equivalents	450.84	(582.02)

See accompanying notes forming part of Standalone Financial Statements (1 to 36)

As per our attached report of even date

For V Sankar Aiyar & Co

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors

Prakarsh Gagdani

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal
Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave
Company Secretary

NOTES forming part of Standalone Financial Statements for year ended March 31, 2019

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 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:

2.1 Basis of accounting and preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable Accounting Standards notified under section 133 of companies Act 2013 (Act) read with Rule 7 of the Companies Accounts Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year by the Company.

2.2 Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles which requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

2.3 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted

for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Fixed Assets and Depreciation and Amortisation:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. 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.

Estimated useful life of the assets is as under:

Class of assets	Useful life in years
Buildings*	20
Computers*	3
Electrical equipment*	5
Office equipment	5
Furniture and fixtures *	5
Vehicles*	5
Software	3

* 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.

Capital work-in-progress:

Projects under which property, plant and equipment are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.6 Translation of foreign currency items:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Exchange difference, if any, arising out of transactions settled during the year are recognised in the statement of Profit and Loss. Foreign currency monetary assets and liabilities are

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

translated at the exchange rate prevailing on the Balance Sheet date. The exchange gains or losses, if any, are recognised in the statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

2.7 Revenue Recognition:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

- (a) Brokerage income earned on secondary market operations are accounted on trade dates.
- (b) Income from arbitrage comprises profit/loss on sale of securities held as stock-in-trade and profit/loss on equity derivative instruments is accounted as follows:
 - (i) Profit / loss on sale of securities is determined based on the FIFO cost of the securities sold.
 - (ii) Profit / loss on arbitrage transactions is accounted for as explained below:

Initial and additional margin paid over and above initial margin for entering into contracts for Equity Index / Stock Futures / Currency Futures and or Equity Index / Stock Options / Currency Options which are released on final settlement/squaring-up of underlying contracts are disclosed under other current assets. "Mark-to-market margin- Equity Index / Stock Futures / Currency Futures" representing the amounts paid in respect of mark to market margin is disclosed under 'other current assets.'

"Equity Index / Stock Option / Currency Option Premium Account" represents premium paid or received for buying or selling the Options, respectively.

On final settlement or squaring up of contracts for Equity Index / Stock Futures / Currency Future, the realised profit or loss after adjusting the unrealised loss already accounted, if any, is recognised in the Statement of Profit and Loss. On settlement or squaring up of Equity Index / Stock Options / Currency Option before expiry, the premium prevailing in "Equity Index / Stock Option / Currency Option Premium Account" on that date is recognised in the Statement of Profit and Loss.

As at the Balance Sheet date, the Mark to Market / Unrealised Profit / (Loss) on all outstanding Arbitrage portfolio comprising of Securities and Equity/Currency Derivatives positions is determined on scrip basis (e.g. Nifty, SBI, HDFC etc.) with net unrealised losses on scrip basis being recognised in the Statement of Profit and Loss and the net unrealised gains on scrip basis are ignored.

2.8 Other Income Recognition:

- (a) Interest Income is recognised on accrual basis.
- (b) Dividend income is recognised when the right to receive payment is established.

2.9 Employee Benefits:

Defined contribution plans

The Company's contribution towards Provident Fund and Family Pension Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

Long-term employee benefits

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

2.10 Provisions, Contingent Liabilities and Contingent Assets:

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

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

Contingent Assets are neither recognised nor disclosed in the financial statements.

2.11 Taxes on Income:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Company re-assesses unrecognised deferred tax assets. Deferred tax liability is recognised as and when arisen.

2.12 Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance with Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India.

2.13 Investments:

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or fair value. Non – current investments are carried at cost. Provision for diminution in value of non – current investments is made, if in the opinion of the management such diminution is other than temporary. For investment in mutual funds, the net assets value (NAV) declared by the mutual funds at the Balance Sheet date is considered as the fair value.

2.14 Inventories:

Closing stock is valued at cost or market value whichever is lower. Cost is computed on FIFO basis. The comparison of cost and market value for arbitrage portfolio is done separately for each script.

2.15 Impairment of assets:

The carrying amount of the assets at each Balance Sheet date is reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance Sheet date, there is an indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.16 Operating Cycle:

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.17 Earnings Per Share:

Basic earnings per share for equity shareholders have been calculated by dividing the Net Profit after Tax or loss by the weighted average number of equity shares outstanding during the period.

The diluted earnings per share for equity shareholders have been computed by dividing the Net Profit after Tax or loss by the weighted average number of shares after giving dilutive effect of all potential equity shares.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL:

a. The Authorised, Issued, Subscribed and fully paid up share capital comprises equity shares as follows:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised :		
30,000,000 (PY 30,000,000) Equity Shares of ₹10 each	300.00	300.00
Issued , Subscribed and Paid Up :		
12,739,022 (PY 12,739,022) Equity Shares of ₹10 each fully paid-up	127.39	127.39
Total	127.39	127.39

b. Reconciliation of the shares outstanding

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
At the Beginning of the Year	12,739,022	127.39	-	-
Add:- Issued during the Year	-	-	12,739,022	127.39
Outstanding at the end of the year	12,739,022	127.39	12,739,022	127.39

c. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

d. Equity Shares held by Holding company / Ultimate holding company and their subsidiaries

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹10 each fully paid	-	-	-	-

e. Detail of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹10 each fully paid				
FIH Mauritius Investments Ltd	3,385,657	26.58	3,385,657	26.58
Nirmal Bhanwarlal Jain	2,228,600	17.49	2,178,600	17.10
Hwic Asia Fund Class A Shares	1,134,501	8.91	1,134,501	8.91
Madhu N Jain	680,000	5.34	680,000	5.34

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 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 no 32 for details of shares reserved for issue under Employee Stock Option Plan of the Company.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 4. SURPLUS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Securities premium account:		
Opening balance	823.33	823.33
Addition during the year	-	-
Closing Balance	823.33	823.33
Capital Reserve:		
Opening balance	47.71	47.71
Addition during the year	-	-
Closing Balance	47.71	47.71
Profit and Loss Account:		
Opening balance	(369.07)	(116.08)
Addition/(Deduction) during the year	(165.70)	(252.99)
Closing Balance	(534.77)	(369.07)
Total	336.27	501.97

NOTE: 5. LONG TERM PROVISIONS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Gratuity	3.65	1.36
Provision for Leave Encashment	2.35	0.71
Total	6.00	2.07

NOTE: 6. SHORT TERM BORROWINGS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured Loans		
Bank Overdrafts*	630.12	161.47
Unsecured Loans		
Inter-Corporate Deposit (Refer Note 27)	290.00	-
Total	920.12	161.47

*Secured by term deposits of ₹750.00 Millions pledged by other related parties.

NOTE: 7. TRADE PAYABLE:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
- Outstanding dues of micro & small enterprises*	-	-
- Outstanding dues of creditors other than micro & small enterprises	0.71	20.69
Total	0.71	20.69

* 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:

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

(₹ in Millions)

Particulars	2018-19	2017-18
Amount due and payable at the year end		
Principal	-	-
Interest on above Principal	-	-
Payment made during the year after due date		
Principal	-	-
Interest	-	-
Interest due and payable for principal already paid	-	-
Total Interest accrued and remained unpaid at year end	-	-

NOTE: 8. OTHER CURRENT LIABILITIES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Client and other payables	1,344.87	433.89
Statutory Liabilities Payable	13.34	10.19
Accrued Salaries & Benefits	0.08	2.17
Advances from customers	-	0.65
Payable to Related Parties (Refer Note 27)	2.09	-
Other Liabilities	0.18	-
Total	1,360.56	446.90

NOTE: 9. SHORT TERM PROVISIONS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Expenses	50.98	47.80
Bonus and Staff Incentives Payable	11.32	2.91
Provision for Leave Encashment	1.26	0.54
Provision for Gratuity	0.82	0.77
Total	64.38	52.02

NOTE :10 FIXED ASSETS

Property, Plant & Equipment

(₹ in Millions)

Particulars	Computers	Electrical Equipments	Furniture & Fixtures	Office Equipments	Total
Cost or Valuation					
At April 1, 2018	12.34	1.10	3.25	2.19	18.88
Addition/Adjustments	8.45	1.74	1.48	1.65	13.32
Deductions/Adjustments during the year	-	-	0.01	0.00	0.01
At March 31, 2019	20.79	2.84	4.72	3.84	32.19

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

Particulars	Computers	Electrical Equipments	Furniture & Fixtures	Office Equipments	Total
Accumulated Depreciation					
At April 1, 2018	2.73	0.33	1.84	1.49	6.39
Depreciation/Adjustments For the year	6.84	0.53	0.81	1.63	9.81
Deductions/Adjustments during the year	-	-	0.01	0.00	0.01
At March 31, 2019	9.57	0.86	2.64	3.12	16.19
Net Block					
At March 31, 2019	11.22	1.98	2.08	0.72	16.00
At March 31, 2018	9.61	0.78	1.41	0.71	12.49

Note: - Capital work in progress ₹ 0.75 Million (Previous year ₹ 0.05 Million) pertains to assets not yet capitalised.

Intangible Assets

(₹ in Millions)

Particulars	Software	Total
Cost or Valuation		
At April 1, 2018	12.12	12.12
Addition/Adjustments	1.67	1.67
Deductions/Adjustments during the year	-	-
At March 31, 2019	13.79	13.79
Accumulated Depreciation		
At April 1, 2018	3.36	3.36
Depreciation/Adjustments For the year	4.62	4.62
Deductions/Adjustments during the year	-	-
At March 31, 2019	7.98	7.98
Net Block		
At March 31, 2019	5.81	5.81
At March 31, 2018	8.77	8.77

NOTE: 11. NON-CURRENT INVESTMENTS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Investment in Subsidiaries - Equity Instruments (Unquoted)		
Spaisa P2P Limited (w.e.f. 07th Dec 2017) (2,050,000 Equity Shares of ₹ 10/- each)	20.50	20.50
Spaisa Insurance Brokers Limited (w.e.f 27th Oct 2018) (50,000 Equity Shares of ₹ 10/- each)	0.50	--
Total	21.00	20.50

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 12. DEFERRED TAX ASSETS (NET):

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Depreciation	0.89	0.02
Deferred Tax Asset for Gratuity	1.16	0.55
Provision for Doubtful debts	1.53	0.29
Deferred Tax Asset for Leave Encashment	0.94	0.32
Short term/Long Term Capital losses/ Business Loss	203.91	148.11
Total	208.43	149.29

"Considering the future projections and that the carried forward losses are only for the last 3 years primarily on account of expenditure on sales promotion and advertisement incurred in the early years which is likely to be less in future, the Company is of the opinion that sufficient taxable income will be available in future against which the deferred tax assets arising from carried forward business loss can be utilised"

NOTE: 13. LONG TERM LOANS & ADVANCES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good :		
Deposit with Exchange / Clearing Corporation	103.96	322.48
Advance Income Tax & TDS (Net of provision ₹ Nil/- as on 31st Mar 2019) (Previous Year ₹ Nil/-)	4.25	1.43
Security Deposit with related parties (Refer Note 27)	10.31	-
Security Deposit with Others	2.06	2.07
Total	120.58	325.98

NOTE: 14. OTHER NON-CURRENT ASSET:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposit with bank (Maturity remaining more than 12 months)*	3.25	7.25
Total	3.25	7.25

*Fixed deposits to the extent of ₹ 3.25 Millions (PY ₹ 7.25 Millions) pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 15. INVENTORIES - (AT LOWER OF COST OR NET REALISABLE VALUE):

(₹ in Millions)

Script Name	As at March 31, 2019			As at March 31, 2018		
	Strike Price in ₹	Number	₹ in millions	Strike Price in ₹	Number	₹ in millions
Exchange Traded Fund/Shares						
EQ-SBISENSEXETF	373.23	3,097	1.16	342.16	6,212	2.13
EQ-SETFBANK EQ	276.70	5,542	1.53	244.72	1,595	0.39
EQ-SETFBS	114.98	12,399	1.43	105.42	20,630	2.18
EQ-SETFNIFTYNEXT 50 EQ	275.63	10,285	2.83	287.15	1,601	0.46
EQ-SETFNIFTY EQ	115.47	44,185	5.10	101.94	34,474	3.51
EQ-UTINIFTYETF	1,198.18	6,324	7.58	1,054.30	7,359	7.76
EQ-UTISENSEXETF	378.61	5,646	2.14	341.43	8,473	2.89
EQ-UTINEXT50	280.50	29,541	8.29	290.25	56,816	16.49
EQ-SETFSN50	314.41	5,691	1.79	-	-	-
EQ- SBIETFQLTY	94.32	8,415	0.79	-	-	-
EQ- UTISXN50	331.00	24	0.00	-	-	-
DLF LTD	-	-	-	201.05	911	0.18
SUZLON ENERGY LTD	-	-	-	10.70	1,261	0.01
Total		131,149	32.64		139,332	36.00
Aggregate Market Value-Stock			33.67			36.11

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

NOTE: 16. TRADE RECEIVABLES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good, unless otherwise stated		
Outstanding for a period exceeding six months from date they are due for payment.	-	-
Others	19.96	5.61
Total	19.96	5.61

NOTE: 17. CASH AND CASH EQUIVALENTS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash & Cash Equivalents:		
Balances with schedule banks:		
In current accounts		
Client bank accounts	612.89	163.65
Other Bank accounts #	8.17	10.57
In Deposit account (Maturity less than 3 months)*	4.00	-
Total Cash & Cash Equivalent (a)	625.06	174.22
Other Balances		
In Deposit account (Maturity more than 3 months to 12 months)*	505.00	105.00
Total Other Balances (b)	505.00	105.00
Total (a + b)	1,130.06	279.22

Includes Cheque on hand ₹ 0.15 Million (PY ₹ 0.17 Million)

*Includes fixed deposits to the extent of ₹ 509.00 Million (PY ₹ 105.00 Million) pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 18. SHORT-TERM LOAN AND ADVANCES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good :		
Advances recoverable in cash or in kind or for value to be received	4.75	6.90
Balance with Government authorities		
GST Input Credit	2.55	31.25
Other Loans & Advance		
Margin Trading Facility Balances	240.59	-
Total	247.89	38.15

NOTE: 19. OTHER CURRENT ASSETS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid Expenses	5.70	3.44
Interest Accrued on Fixed Deposit	3.66	0.08
Receivable from Related Parties (Refer Note 27)	0.50	-
Client & Exchange Receivables	1,005.07	426.83
Less : Provision for doubtful client receivables	(5.87)	(1.13)
Total	1,009.06	429.22

NOTE: 20. REVENUE FROM OPERATIONS:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Capital Market activities	541.97	152.21
Fund Based activities	24.38	29.81
Financial Products distribution	60.05	14.50
Total	626.40	196.52

NOTE: 21. EMPLOYEE BENEFITS EXPENSE:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and Bonus	234.58	179.44
Contribution to provident and other funds	14.42	10.54
Gratuity*	2.30	0.61
Staff Welfare Expenses	4.28	1.78
Leave Encashment	2.77	0.81
Total	258.35	193.18

* The Company is recognising and accruing the employee benefit as per accounting standard (AS) – 15 on "Employee Benefits" the disclosures of which are as under.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 21. EMPLOYEE BENEFITS EXPENSE (CONT.):

(₹ in Millions)

Assumptions	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Discount rate previous year	7.35%	6.65%
Salary Escalation previous year	8.00%	5.00%
Discount rate current year	7.07%	7.35%
Salary Escalation Current year	10.00%	8.00%
Change in Benefit Obligation		
Liability at the beginning of the year	2.13	1.51
Interest Cost	0.15	0.10
Current Service Cost	0.70	0.58
Past Service Cost	-	(0.03)
Benefit paid	(0.07)	-
Actuarial (gain)/ Loss on obligations	1.45	(0.04)
Liability Transferred in/(out)	0.11	0.01
Liability at the end of the year	4.47	2.13

(₹ in Millions)

Assumptions	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Amount Recognised in the Balance Sheet		
Liability at the end of the year	(4.47)	(2.13)
Fair value of plan Assets at the end of the year	-	-
Funded Status (Surplus/deficit)	(4.47)	(2.13)
Amount of liability Recognised in the Balance Sheet	(4.47)	(2.13)

(₹ in Millions)

Expenses Recognised in the Income statement	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Current Service cost	0.69	0.58
Interest Cost	0.16	0.10
Past Service Cost	-	(0.03)
Actuarial Gain or Loss	1.45	(0.04)
Expense Recognised in P&L	2.30	0.61
Balance Sheet reconciliation		
Opening Net liability	2.13	1.51
Expense as above	2.30	0.61
Liability Transferred in/(out)	0.11	0.01
Benefit paid	(0.07)	-
Amount Recognised in Balance Sheet	4.47	2.13

Defined Contribution Plans:

The Company has also recognised the following amounts as an expense.

(₹ in Millions)

Particulars	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Contribution to provident fund and EPS	10.58	7.64

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 22. FINANCE COSTS:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expenses	64.91	6.23
Other Borrowing Cost	3.36	1.72
Total	68.27	7.95

NOTE: 23. DEPRECIATION AND AMORTISATION EXPENSE:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation - Property, Plant and Equipment	9.81	3.98
Amortisation - Intangible Assets	4.62	2.69
Total	14.43	6.67

NOTE: 24. OTHER EXPENSES:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Advertisement	220.26	155.70
Books & Periodicals	0.01	0.02
Exchange and Statutory Charges	1.23	0.71
Brokerage Related Expense	12.73	17.73
Marketing & Commission Expenses	58.32	10.34
Directors Remuneration/Sitting Fees	1.02	0.66
Bank Charges	1.60	0.61
Communication	19.38	7.03
Electricity	12.59	9.84
Legal and Professional Charges	85.63	29.53
Miscellaneous Expenses	0.87	0.22
Office Expenses	20.63	9.16
Meeting Seminar & Subscription	0.74	1.27
Postage and Courier	0.49	0.40
Printing and Stationery	1.50	0.58
Provision for doubtful debts and bad debts	4.77	1.14
Rent	29.56	30.45
Insurance	0.31	0.39
Rates & taxes	1.46	7.51
Repairs & Maintenance	-	-
Computer	0.65	0.62
Others	3.27	3.33
Remuneration to Auditors :		
As auditors - Statutory Audit	0.25	0.10
Certification Work - Statutory Audit	0.67	0.01
Out of pocket expenses	0.04	-
Software Charges	24.97	26.59
Travelling and conveyance	7.24	6.88
(Profit)/Loss on sale of assets@	(0.00)	-
Total	510.19	320.82

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

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 25. EARNINGS PER SHARE (EPS):

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Profit/(Loss) after tax for the Year	(165.70)	(252.99)
Weighted Average No. of Shares to be issues under scheme of arrangement	1,27,39,022	1,27,39,022
Basic Earnings per Shares in ₹	(13.01)	(19.86)
Diluted Earnings per Shares in ₹	(13.01)	(19.86)
Face Value per Equity Shares in ₹	10.00	10.00

*The Employee Stock Options granted by the Company which are potential equity shares are ignored for purpose of computation of diluted earnings per share since they are anti-dilutive, considering that the company has incurred losses.

NOTE: 26.

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.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 27.

A) Disclosures in respect of AS – 18 Related Party Disclosures:

Nature of relationship	Name of party
Subsidiaries	Spaisa P2P Limited
	Spaisa Insurance Brokers Limited w.e.f 27.10.2018
	IIFL Holdings Limited
	IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)
	India Infoline Media & Research Services Limited
	India Infoline Finance Limited
	IIFL Securities Limited (Formerly known as India Infoline Limited)
	IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)
	IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)
	IIFL Wealth Management Limited**
	IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)
	IIFL Wealth UK Limited
	IIFL Capital Inc
	India Infoline Foundation
	IIFL Assets Reconstruction Limited
	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
	Samasta Microfinance Limited
Ayusha Dairy Private Limited (amalgamated w.e.f. 06.08.2018)	
IIFL Capital Pte. Ltd	
IIFL Securities Pte. Limited	
Other Related Parties	IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)
	IIFL Alternate Asset Advisors Limited
	IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)
	IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited)
	IIFL Distribution Services Limited (Formerly IIFL Distribution Services Private Limited)
	IIFL Investment Advisers & Trustee Services Limited (Formerly IIFL Trustee Services Limited)
	IIFL Asia Pte Limited
	IIFL Private Wealth (Hong Kong) Limited**
	IIFL Asset Management (Mauritius) Limited {Formerly IIFL Private Wealth (Mauritius) Ltd}
	IIFL Private Wealth Management (Dubai) Limited
	IIFL Inc.
	IIFL Private Wealth (Suisse) SA.**
	Clara Developers Private Limited
	IIFL Capital (Canada) Limited
	IIFL Wealth Securities IFSC Limited
	IIFL Securities Services IFSC Limited
	IIFL Securities IFSC Limited
IIFL Altiore Advisors Private Limited (Formerly Altiore Advisors Private Limited)	
IIFL Wealth Advisors (India) Limited (Formerly Wealth Advisors (India) Private Limited)	
Key Managerial Personnel	Mr. Prakarsh Gagdani
	Mr. Santosh Jayaram
Others	Mr. R Venkataraman
	Mr. Nirmal Jain
	Orpheus Trading Pvt. Limited
	Ardent Impex Pvt. Limited

Note**

- i) IIFL Private Wealth (Hong kong) Limited has ceased to carry its business operations and is in process of winding up.
- ii) IIFL Wealth Management Limited has dis-invested from IIFL Private Wealth (Suisse) SA and accordingly does not hold any stake in IIFL Private Wealth (Suisse) SA (Effective date : February 27, 2019).

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

B) Significant Transaction with Related Parties

(₹ in Millions)

Nature of Transaction	Other Related parties	Key Managerial Person	Subsidiaries	Total
ICD Received				
India Infoline Finance Limited	800.00	-	-	800.00
	(100.00)	(-)	(-)	(100.00)
IIFL Holdings Limited	1010.00	-	-	1010.00
	(460.00)	(-)	(-)	(460.00)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	973.58	-	-	973.58
	(60.00)	(-)	(-)	(60.00)
ICD Received (Return)				
India Infoline Finance Limited	800.00	-	-	800.00
	(100.00)	(-)	(-)	(100.00)
IIFL Holdings Limited	880.00	-	-	880.00
	(460.00)	(-)	(-)	(460.00)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	813.58	-	-	813.58
	(60.00)	(-)	(-)	(60.00)
Interest Expenses (ICD)				
India Infoline Finance Limited	6.64	-	-	6.64
	(0.46)	(-)	(-)	(0.46)
IIFL Holdings Limited	15.76	-	-	15.76
	(4.13)	(-)	(-)	(4.13)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	6.20	-	-	6.20
	(0.18)	(-)	(-)	(0.18)
Allocation/Reimbursement of Expenses Paid				
IIFL Securities Limited (Formerly known as India Infoline Limited)	40.16	-	-	40.16
	(26.03)	(-)	(-)	(26.03)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	15.13	-	-	15.13
	(12.37)	(-)	(-)	(12.37)
India Infoline Finance Limited	2.66	-	-	2.66
	(0.26)	(-)	(-)	(0.26)
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.03	-	-	0.03
	(0.01)	(-)	(-)	(0.01)
IIFL Holdings Limited	0.85	-	-	0.85
	(1.73)	(-)	(-)	(1.73)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	0.12	-	-	0.12
	(0.01)	(-)	(-)	(0.01)
Allocation / Reimbursement of Expenses Received				
IIFL Securities Limited (Formerly known as India Infoline Limited)	0.33	-	-	0.33
	(0.15)	(-)	(-)	(0.15)
India Infoline Finance Limited	0.02	-	-	0.02
	(-)	(-)	(-)	(-)
Rent Expense				
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	20.00	-	-	20.00
	(26.33)	(-)	(-)	(26.33)

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

Nature of Transaction	Other Related parties	Key Managerial Person	Subsidiaries	Total
IIFL Holdings Limited	4.82	-	-	4.82
	(-)	(-)	(-)	(-)
Remuneration				
Prakarsh Gagdani	-	7.67	-	7.67
	(-)	(5.28)	(-)	(5.28)
Santosh Jayaram	-	2.36	-	2.36
	(-)	(0.45)	(-)	(0.45)
Others Paid				
IIFL Securities Limited	0.12	-	-	0.12
(Formerly known as India Infoline Limited)	(0.24)	(-)	(-)	(0.24)
India Infoline Finance Limited	0.06	-	-	0.06
	(-)	(-)	(-)	(-)
India Infoline Insurance Brokers Limited	-	-	-	-
	(0.04)	(-)	(-)	(0.04)
IIFL Holdings Limited	-	-	-	-
	(2.05)	(-)	(-)	(2.05)
Others Received				
IIFL Securities Limited	0.40	-	-	0.40
(Formerly known as India Infoline Limited)	(0.10)	(-)	(-)	(0.10)
IIFL Insurance Brokers Limited	-	-	-	-
(Formerly Known as India Infoline Insurance Brokers Limited)	(0.10)	(-)	(-)	(0.10)
India Infoline Finance Limited	0.15	-	-	0.15
	(0.05)	(-)	(-)	(0.05)
IIFL Holdings Limited	-	-	-	-
	(0.00)	(-)	(-)	(0.00)
India Infoline Media & Research Services Limited	0.02	-	-	0.02
	(-)	(-)	(-)	(-)
Service Income				
IIFL Securities Limited	4.56	-	-	4.56
(Formerly known as India Infoline Limited)	(4.83)	(-)	(-)	(4.83)
IIFL Insurance Brokers Limited	1.05	-	-	1.05
(Formerly Known as India Infoline Insurance Brokers Limited)	(4.86)	(-)	(-)	(4.86)
Brokerage/Commission Income/Referral Fee				
IIFL Asset Management Limited	0.00	-	-	0.00
(Formerly India Infoline Asset Management Company Limited)	(0.10)	(-)	(-)	(0.10)
India Infoline Finance Limited	1.17	-	-	1.17
	(-)	(-)	(-)	(-)
Security Deposit (Received)				
IIFL Holdings Limited	-	-	-	-
	(0.20)	(-)	(-)	(0.20)
Security Deposit (Repaid)				
IIFL Holdings Limited	-	-	-	-
	(0.20)	(-)	(-)	(0.20)

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

Nature of Transaction	Other Related parties	Key Managerial Person	Subsidiaries	Total
Security Deposit (Given)				
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	11.05 (-)	- (-)	- (-)	11.05 (-)
IIFL Holdings Limited	2.50 (-)	- (-)	- (-)	2.50 (-)
Security Deposit (Received Back)				
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	3.23 (-)	- (-)	- (-)	3.23 (-)
Investment in Subsidiaries				
5paisa Insurance Brokers Limited	- (-)	- (-)	0.50 (-)	0.50 (-)
5paisa P2P Limited	- (-)	- (-)	- (20.50)	- (20.50)

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

C. Closing balance

(₹ in Millions)

Nature of Transaction	Other Related parties	Key Managerial Person	Subsidiaries	Total
ICD Payable				
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	160.00 (-)	- (-)	- (-)	160.00 (-)
IIFL Holdings Limited	130.00 (-)	- (-)	- (-)	130.00 (-)
Others Receivables				
India Infoline Finance Limited	0.50 (-)	- (-)	- (-)	0.50 (-)
Others Payables				
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	1.43 (-)	- (-)	- (-)	1.43 (-)
IIFL Securities Limited (Formerly known as India Infoline Limited)	0.64 (-)	- (-)	- (-)	0.64 (-)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	0.02 (-)	- (-)	- (-)	0.02 (-)
Security Deposit				
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	7.81 (-)	- (-)	- (-)	7.81 (-)
IIFL Holdings Limited	2.50 (-)	- (-)	- (-)	2.50 (-)

Note: Figures in bracket represent previous year's figure.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 28. SEGMENT REPORTING:

In the opinion of the management, there is only one reportable business segment as envisaged by AS 17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

NOTE: 29. CONTINGENT LIABILITIES:

The Company is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Company's management does reasonably expect that these legal actions, when ultimately concluded and determined, will not have material and adverse effect on the Company's financial position. As on March 31, 2019 the company has following contingent liability:

(₹ in Millions)		
Particulars	As at March 31, 2019	As at March 31, 2018
Claims against the company not acknowledged as debt	0.47	-
Total	0.47	-

NOTE: 30. CAPITAL AND OTHER COMMITMENTS AT BALANCE SHEET DATE

There are outstanding commitments to the tune of ₹ 0.94 Million (PY ₹ 1.11 Million) (net of advances) of the total contractual obligations entered by the Company.

NOTE: 31. EARNINGS AND EXPENSES IN FOREIGN CURRENCY

(₹ in Millions)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Earnings in Foreign Currency		
Total Income	-	-
Expenses in Foreign Currency		
Advertisement Expenses	16.12	3.02
Total Expenses	16.12	3.02

NOTE: 32.

The shareholders of the Company have approved two ESOP scheme(s) having a pool size of 600,000 options each i.e. 5paisa Capital Limited Employee Stock Option Scheme 2017 and 5paisa Capital Limited Employee Stock Option Trust Scheme 2017. The Nomination and Remuneration Committee of the Board of Directors of the Company granted 220,000 options under 5paisa Capital Limited Employee Stock Options Scheme 2017 to the eligible employees of the Company on January 29, 2018. Further, the Scheme(s) has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	ESOP 2017
Method of Accounting	Intrinsic Value
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

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

b) Movement of options during the year ended March 31, 2019

Particulars	Option Outstanding	Exercise price (in ₹)	Weight average remaining contractual life(Years)
Outstanding as on April 01, 2017	-	-	-
Granted during the year	220,000	308	7.0
Forfeited during the year	-	-	
Expired/Lapsed during the year	-	-	
Exercised during the year	-	-	
Outstanding as on March 31, 2018	220,000	308	6.8
Exercisable as on March 31, 2018	220,000	308	
Granted during the year	-	-	
Forfeited during the year	-	-	
Expired/Lapsed during the year	20,000	308	
Exercised during the year	-	-	
Outstanding as on March 31, 2019	200,000	308	5.8
Exercisable as on March 31, 2019	200,000	308	

c) Pro-forma Profit after Tax:

Particulars	(₹ in Millions)	
	2018-2019	2017-2018
Net profit (as reported)	(165.70)	(252.99)
Add: Intrinsic Value Compensation Cost	-	-
Less: Stock based compensation expenses determined under fair value method (pro-forma)	10.98	2.14
Net Profit (pro-forma)	(176.68)	(255.13)
Basic earnings per share (as reported) - Total operations	(13.01)	(19.86)
Basic earnings per share (pro-forma) - Total operations	(13.87)	(20.03)
Diluted earnings per share (as reported) - Total operations	(13.01)	(19.86)
Diluted earnings per share (pro-forma) - Total operations	(13.87)	(20.03)
Weighted average exercise price of Options granted during the year whose:		
(a) exercise price equals market price (₹)	N.A	N.A
(b) exercise price is greater than market price (₹)	308	308
(c) exercise price is less than market price (₹)	N.A	N.A
Weighted average fair value of Options granted during the year whose:		
(a) exercise price equals market price (₹)	N.A	N.A
(b) exercise price is greater than market price (₹)	145.72	145.72
(c) exercise price is less than market price (₹)	N.A	N.A

Description of method and significant assumption used to estimate the fair value of Options 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.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)

(d) The Company has not granted any options during the year.

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 annualised 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: 33.

The Company has taken office premises on operating lease at various locations. Lease rent in respect of the same has been charged to Statement of Profit and Loss. The agreements are executed for a period ranging 1 to 5 years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 90 days. The Company has also taken some other assets under operating lease. The minimum Lease rentals outstanding as at March 31, 2019 are as under:

	(₹ in Millions)	
Minimum Lease Rentals	As at March 31, 2019	As at March 31, 2018
Up to one year	5.87	2.23
One to five years	-	-
Over five years	-	-

NOTE: 34.

The Board at its Meetings held on July 17, 2018 and September 12, 2018 approved the proposal of issue of equity shares by way of a Rights Issue ("Issue") to the existing shareholders of the Company in the ratio of 1 equity share of ₹ 10 each for every 1 equity share of ₹ 10 each held in the Company at a premium of ₹ 70 per share i.e. issue price of ₹ 80 each aggregating to ₹ 101.91 Cr. in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, and the record date for determining the entitlement will be announced in due course, subject to receipt of relevant approvals from regulatory authorities, as may be required. Further, the Company has filed the Draft Letter of Offer with SEBI, NSE and BSE on September 17, 2018. The Company has received the in-principle approval from NSE and BSE is awaiting the observation letter from SEBI.

Notes forming part of Standalone Financial Statements for year ended March 31, 2019 (Contd.)**NOTE: 35.**

1. The wholly owned subsidiary of the Company namely 5paisa P2P Limited has received in-principle approval for registration as NBFC Peer-to-Peer Lending Platform (NBFC-P2P) from Reserve Bank of India (RBI). In terms of the said approval, 5paisa P2P is required to set up the systems and processes and to comply with the other terms and conditions within a period of 12 months for obtaining final approval from RBI and commencement of P2P activities.
2. The Wholly owned subsidiary of the Company namely 5paisa Insurance Brokers Limited is in process of making an application with IRDA for undertaking the activities of Insurance Brokers.

NOTE: 36. Previous year figures are re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation.

As per our attached report of even date**For V Sankar Aiyar & Co**

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors**Prakarsh Gagdani**

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave

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, 2019, and the consolidated statement of Profit and Loss and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including 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, 2019, of consolidated loss and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below

to be the key audit matters to be communicated in our report:

Key Audit Matter	Response to Key Audit Matter
The holding company has incurred losses which are mainly due to sales promotion and advertisement expenditure incurred in the last 3 years. Under Accounting Standard 22 – Accounting for taxes on Income, deferred tax assets can be recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Determination of such virtual certainty is a matter of judgement based on convincing evidence. As a result, the recognition of the deferred tax asset was significant to our audit.	Our audit procedures included among others examining the future projections which are based on the judgement of the management taking into account that the company's volume of operations has substantially increased in the last year and the expenditure on sales promotion and advertisement is likely to be less in future. The management has also determined that the profits which will be earned in the future will be sufficient for setting off the carried forward losses in accordance with the requirements of the Income Tax Act, 1961. Accordingly we have found the future projections made by management for the purpose of recognition of deferred tax asset in the financial statements to be appropriate.

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 Annexure to Board's Report and other information included in the Annual Report but does not include the standalone and consolidated financial statements and our auditor's report 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.

Independent Auditor's Report (Contd.)

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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

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

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

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

Independent Auditor's Report (Contd.)

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March,

2019 taken on record by the Board of Directors of the Holding Company and its subsidiary companies, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2019 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 28 to the consolidated financial statements.
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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

Place: Mumbai
Date: 16th April, 2019

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

ANNEXURE TO AUDITOR'S REPORT

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF 5PAISA CAPITAL LIMITED ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of 5Paisa Capital Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies (hereinafter collectively referred to as "the Group") as of March 31st, 2019 in conjunction with our audit of the consolidated financial statements of the Holding 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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with 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 of the Company 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 changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies 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, 2019 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)

Place: Mumbai
Date: 16th April, 2019

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

CONSOLIDATED BALANCE SHEET

as at March 31, 2019

(₹ in Millions)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
I EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share Capital	3	127.39	127.39
(b) Surplus	4	335.95	501.97
Sub Total		463.34	629.36
(2) Non Current Liabilities			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long-Term Liabilities		-	-
(d) Long-Term Provisions	5	6.00	2.07
Sub Total		6.00	2.07
(3) Current Liabilities			
(a) Short-Term Borrowings	6	920.12	161.47
(b) Trade Payables	7		
(A) Total outstanding dues of micro enterprises and small enterprises			
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		0.73	20.69
(c) Other Current Liabilities	8	1,360.58	446.90
(d) Short-Term Provisions	9	64.58	52.02
Sub Total		2,346.01	681.09
Total		2,815.35	1,312.52
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	10		
(i) Property, Plant and Equipment		16.00	12.49
(ii) Intangible Assets		5.81	8.77
(iii) Capital work in progress		0.75	0.05
Sub Total		22.56	21.31
(b) Non-Current Investments			-
(c) Deferred Tax Assets (Net)	11	208.43	149.29
(d) Long-Term Loans & Advances	12	120.72	325.98
(e) Other Non-Current Assets	13	3.25	7.25
Sub Total		332.40	482.51
(2) Current Assets			
(a) Current Investments		-	-
(b) Inventories	14	32.64	36.00
(c) Trade Receivables	15	19.96	5.61
(d) Cash and Cash Equivalents	16	1,150.75	299.72
(e) Short-Term Loans & Advances	17	247.89	38.15
(f) Other Current Assets	18	1,009.15	429.22
Sub Total		2,460.39	808.70
Total		2,815.35	1,312.52

See accompanying notes forming part of Consolidated Financial Statements

1 to 37

As per our attached report of even date

For V Sankar Aiyar & Co

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors

Prakarsh Gagdani

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS

for the year ended March 31, 2019

(₹ in Millions)

Particulars	Note No.	For the Year ended March 31, 2019	For the Year ended March 31, 2018
INCOME			
I. Revenue from Operations	19	627.57	196.52
II. Other Income			
Total Income		627.57	196.52
EXPENSES			
a. Employee Benefits Expense	20	258.35	193.18
b. Finance Costs	21	68.27	7.95
c. Depreciation and Amortisation Expense	22	14.43	6.67
d. Other Expenses	23	511.69	320.82
Total Expenses		852.74	528.62
Profit Before Tax		(225.17)	(332.10)
Tax Expenses:			
Current Tax		-	-
Deferred Tax		(59.14)	(79.12)
Short/Excess Provision for Tax		-	(0.00)
Total Tax Expenses		(59.14)	(79.12)
Profit/(Loss) for the Year		(166.02)	(252.99)
Earnings per equity share of face value of ₹ 10 each	24		
Basic in (₹)		(13.03)	(19.86)
Diluted in (₹)		(13.03)	(19.86)
See accompanying notes forming part of Consolidated Financial Statements	1 to 37		

As per our attached report of even date**For V Sankar Aiyar & Co**

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors**Prakarsh Gagdani**

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2019

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash Flows From Operating Activities		
Net profit before taxation and extraordinary item	(225.17)	(332.10)
Adjustments for:		
Net Loss/(Gain) on Sale of Current Investments	(0.19)	(14.39)
Depreciation and Amortisation Expense	14.43	6.67
(Profit)/Loss on sale of Fixed Assets	(0.00)	-
Interest Income	(27.70)	(9.34)
Gratuity	2.30	0.61
Leave Encashment	2.77	0.81
Interest Expenses	64.91	6.23
Dividend Income	(0.03)	(0.20)
	56.48	(9.60)
Operating Profit before Working Capital Changes	(168.69)	(341.70)
Changes in Working Capital:		
(Increase)/Decrease in Long Term Loan and Advances	200.89	(286.31)
Increase/(Decrease) in Other Current Liabilities	913.68	290.66
Decrease/(Increase) in Short Term Loans and Advances	(209.75)	(24.79)
(Increase)/Decrease in Trade Inventories	3.36	(10.46)
Decrease/(Increase) in Other Current Assets	(579.93)	(313.81)
Increase/(Decrease) in Short Term Provision	7.50	10.00
Decrease/(Increase) in Other Non Current Assets	4.00	(7.25)
Increase/(Decrease) in Long Term Provision	3.94	(1.08)
Increase/(Decrease) in Short Term & Long Term Borrowings	758.65	161.47
Decrease/(Increase) in Trade Receivable	(14.35)	(1.56)
Increase/(Decrease) in Trade Payable	(19.97)	16.19
Cash generated from/(Used) Operations	899.33	(508.63)
Net Income Tax (paid)/refunds	4.36	1.43
Net Cash from/(used in) Operating Activities (a)	903.69	(507.20)
Cash Flows from Investing Activities		
Purchase of Current Investments	(752.61)	(39,742.70)
Sale of Current Investments	752.80	39,757.09
Interest received	27.70	9.34
Dividend Income	0.03	0.20
Fixed Deposit with bank (Maturity from 3 months to 12 months)	(400.00)	(50.00)
Purchase/Sale of fixed assets (includes intangible assets) (net)	(15.67)	(22.00)
Net Cash from/(used in) investing activities (b)	(387.75)	(48.08)
Cash Flows from Financing Activities		
Increase in share capital	-	-
Interest Paid	(64.91)	(6.23)
Net Cash from/(used in) financing activities (c)	(64.91)	(6.23)
Net increase/(decrease) in Cash and Cash Equivalents (a + b + c)	451.03	(561.52)
Cash and Cash Equivalents at beginning of year	194.72	756.23
Cash and Cash Equivalents at end of year (Refer Note 16)	645.75	194.72
Net increase/(decrease) in Cash and Cash Equivalents	451.03	(561.52)

See accompanying notes forming part of Consolidated Financial Statements (1 to 37)

As per our attached report of even date

For V Sankar Aiyar & Co

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors

Prakarsh Gagdani

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave

Company Secretary

NOTES forming part of Consolidated Financial Statements for year ended March 31, 2019

NOTE: 1 CORPORATE INFORMATION:

The financial statements comprise financial statements of "5Paisa Capital Limited" ("the holding company") and its subsidiary companies for the year ended March 31, 2019.

5paisa Capital Ltd ["5PCL"] is engaged in providing an online technology platform for trading in National Stock Exchange of India Ltd & BSE Ltd 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.

One of the 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 said company has received in-principle approval for registration as NBFC Peer-to-Peer Lending Platform (NBFC-P2P) from Reserve Bank of India (RBI). In terms of the said approval, 5paisa P2P is required to set up the systems and processes and to comply with the other terms and conditions within a period of 12 months for obtaining final approval from RBI and commencement of P2P activities.

The Other 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. Currently, the said Company is in process of making an application with IRDA for undertaking the activities for Insurance Brokers".

NOTE: 2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of accounting and preparation of financial statements:

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable Accounting Standards notified under section 133 of companies Act 2013 (Act) read with Rule 7 of the Companies Accounts Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year by the Company.

2.2 Basis of Consolidation:

The consolidated financial statements relate to the holding company and its wholly-owned subsidiary companies. The financial statements of Companies and its wholly-owned subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

2.3 Use of Estimates:

The preparation of consolidated financial statements in conformity with the generally accepted accounting principles which requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the group are segregated based on the available information.

2.6 Fixed Assets and Depreciation and Amortisation:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. 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 other group companies, depreciation is charged over the

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

remaining useful life of the assets. Individual assets / group of similar assets costing up to ₹ 5,000 are depreciated in full in the year of purchase.

Estimated useful life of the assets is as under:

Class of assets	Useful life in years
Buildings*	20
Computers*	3
Electrical equipment*	5
Office equipment	5
Furniture and fixtures *	5
Vehicles*	5
Software	3

* 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.

Capital work-in-progress:

Projects under which property, plant and equipment are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.7 Translation of foreign currency items:

Foreign currency transactions entered into by the group are recorded at the exchange rates prevailing on the date of the transaction. Exchange difference, if any, arising out of transactions settled during the year are recognised in the statement of Profit and Loss. Foreign currency monetary assets and liabilities of the group are translated at the exchange rate prevailing on the Balance Sheet date. The exchange gains or losses, if any, are recognised in the statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

2.8 Revenue Recognition:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

- Brokerage income earned on secondary market operations are accounted on trade dates.
- Income from arbitrage comprises profit/loss on sale of securities held as stock-in-trade and profit/loss

on equity derivative instruments is accounted as follows:

- Profit / loss on sale of securities is determined based on the FIFO cost of the securities sold.
- Profit / loss on arbitrage transactions is accounted for as explained below:

Initial and additional margin paid over and above initial margin for entering into contracts for Equity Index / Stock Futures / Currency Futures and or Equity Index / Stock Options / Currency Options which are released on final settlement/squaring-up of underlying contracts are disclosed under other current assets. "Mark-to-market margin- Equity Index / Stock Futures / Currency Futures" representing the amounts paid in respect of mark to market margin is disclosed under 'other current assets'.

"Equity Index / Stock Option / Currency Option Premium Account" represents premium paid or received for buying or selling the Options, respectively.

On final settlement or squaring up of contracts for Equity Index / Stock Futures / Currency Future, the realised profit or loss after adjusting the unrealised loss already accounted, if any, is recognised in the Statement of Profit and Loss. On settlement or squaring up of Equity Index / Stock Options / Currency Option before expiry, the premium prevailing in "Equity Index / Stock Option / Currency Option Premium Account" on that date is recognised in the Statement of Profit and Loss.

As at the Balance Sheet date, the Mark to Market / Unrealised Profit / (Loss) on all outstanding Arbitrage portfolio comprising of Securities and Equity/Currency Derivatives positions is determined on scrip basis (e.g. Nifty, SBI, HDFC etc.) with net unrealised losses on scrip basis being recognised in the Statement of Profit and Loss and the net unrealised gains on scrip basis are ignored.

2.9 Other Income Recognition:

- Interest Income is recognised on accrual basis.
- Dividend income is recognised when the right to receive payment is established.

2.10 Employee Benefits:

Defined contribution plans

The Group contribution towards Provident Fund and Family Pension Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

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

2.11 Provisions, Contingent Liabilities and Contingent Assets:

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a

present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

Contingent Assets are neither recognised nor disclosed in the financial statements.

2.12 Preliminary Expenses:

Preliminary Expenses is written off in same financial year in which they are incurred.

2.13 Taxes on Income:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Group re-assesses unrecognised deferred tax assets. Deferred tax liability is recognised as and when arisen.

2.14 Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance with Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India.

2.15 Investments:

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or fair value. Non – current investments are carried

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

at cost. Provision for diminution in value of non – current investments is made, if in the opinion of the management such diminution is other than temporary. For investment in mutual funds, the net assets value (NAV) declared by the mutual funds at the Balance Sheet date is considered as the fair value.

2.16 Impairment of assets:

The carrying amount of the assets at each Balance Sheet date is reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance Sheet date, there is an indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.17 Operating Cycle:

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.18 Inventories:

Closing stock is valued at cost or market value whichever is lower. Cost is computed on FIFO basis. The comparison of cost and market value for arbitrage portfolio is done separately for each script.

2.19 Earnings Per Share:

Basic earnings per share for equity shareholders have been calculated by dividing the Net Profit after Tax or loss by the weighted average number of equity shares outstanding during the period.

The diluted earnings per share for equity shareholders have been computed by dividing the Net Profit after Tax or loss by the weighted average number of shares after giving dilutive effect of all potential equity shares.

NOTE: 3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL:

a. The Authorised, Issued, Subscribed and fully paid up share capital comprises equity shares as follows:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised :		
30,000,000 (PY 30,000,000) Equity Shares of ₹10 each	300.00	300.00
Issued , Subscribed and Paid Up :		
12,739,022 (PY 12,739,022) Equity Shares of ₹10 each fully paid-up	127.39	127.39
Total	127.39	127.39

b. Reconciliation of the shares outstanding

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
At the Beginning of the Year	12,739,022	127.39	-	-
Add:- Issued during the Year	-	-	12,739,022	127.39
Outstanding at the end of the year	12,739,022	127.39	12,739,022	127.39

c. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

d. Equity Shares held by Holding company / Ultimate holding company and their subsidiaries

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹10 each fully paid	-	-	-	-

e. Detail of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹10 each fully paid				
FIH Mauritius Investments Ltd	3,385,657	26.58	3,385,657	26.58
Nirmal Bhanwarlal Jain	2,228,600	17.49	2,178,600	17.10
Hwic Asia Fund Class A Shares	1,134,501	8.91	1,134,501	8.91
Madhu N Jain	680,000	5.34	680,000	5.34

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 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 no 31 for details of shares reserved for issue under Employee Stock Option Plan of the Company.

NOTE: 4. SURPLUS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Securities premium account:		
Opening balance	823.33	823.33
Addition during the year	-	-
Closing Balance	823.33	823.33
Capital Reserve:		
Opening balance	47.71	47.71
Addition during the year	-	-
Closing Balance	47.71	47.71
Profit and Loss Account:		
Opening balance	(369.07)	(116.08)
Addition/(Deduction) during the year	(166.02)	(252.99)
Closing Balance	(535.09)	(369.07)
Total	335.95	501.97

NOTE: 5. LONG TERM PROVISIONS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Gratuity	3.65	1.36
Provision for Leave Encashment	2.35	0.71
Total	6.00	2.07

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 6. SHORT TERM BORROWINGS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured Loans		
Bank Overdrafts*	630.12	161.47
Unsecured Loans		
Inter-Corporate Deposit (Refer Note 26)	290.00	-
Total	920.12	161.47

*Secured by term Deposit of ₹ 750.00 millions pledged by other related parties.

NOTE: 7. TRADE PAYABLE:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
- Outstanding dues of micro & small enterprises*	-	-
- Outstanding dues of creditors other than micro & small enterprises	0.73	20.69
Total	0.73	20.69

* 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, 2019	As at March 31, 2018
Amount due and payable at the year end		
Principal	-	-
Interest on above Principal	-	-
Payment made during the year after due date		
Principal	-	-
Interest	-	-
Interest due and payable for principal already paid	-	-
Total Interest accrued and remained unpaid at year end	-	-

NOTE: 8. OTHER CURRENT LIABILITIES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Client and Other Payables	1,344.87	433.89
Statutory Liabilities Payable	13.36	10.19
Accrued Salaries & Benefits	0.08	2.17
Advance from Customers	-	0.65
Payable to Related Parties (Refer Note 26)	2.09	-
Other Liabilities	0.18	-
Total	1,360.58	446.90

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 9. SHORT TERM PROVISIONS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Expenses	51.18	47.80
Bonus and Staff Incentives Payable	11.32	2.91
Provision for Leave Encashment	1.26	0.54
Provision for Gratuity	0.82	0.77
Total	64.58	52.02

NOTE :10 FIXED ASSETS

(₹ in Millions)

Property, Plant & Equipment

Particulars	Computers	Electrical Equipments	Furniture & Fixtures	Office Equipments	Total
Cost or Valuation					
At April 1, 2018	12.34	1.10	3.25	2.19	18.88
Addition/Adjustments	8.45	1.74	1.48	1.65	13.32
Deductions/Adjustments during the year	-	-	0.01	0.00	0.01
At March 31, 2019	20.79	2.84	4.72	3.84	32.19
Accumulated Depreciation					
At April 1, 2018	2.73	0.33	1.84	1.49	6.39
Depreciation/Adjustments For the year	6.84	0.53	0.81	1.63	9.81
Deductions/Adjustments during the year	-	-	0.01	0.00	0.01
At March 31, 2019	9.57	0.86	2.64	3.12	16.19
Net Block					
At March 31, 2019	11.22	1.98	2.08	0.72	16.00
At March 31, 2018	9.61	0.78	1.41	0.71	12.49

Note: - Capital work in progress ₹ 0.75 Million (Previous year ₹ 0.05 Million) pertains to assets not yet capitalised.

Intangible Assets

(₹ in Millions)

Particulars	Software	Total
Cost or Valuation		
At April 1, 2018	12.12	12.12
Addition/Adjustments	1.67	1.67
Deductions/Adjustments during the year	-	-
At March 31, 2019	13.79	13.79
Accumulated Depreciation		
At April 1, 2018	3.36	3.36
Depreciation/Adjustments For the year	4.62	4.62
Deductions/Adjustments during the year	-	-
At March 31, 2019	7.98	7.98
Net Block		
At March 31, 2019	5.81	5.81
At March 31, 2018	8.77	8.77

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 11. DEFERRED TAX ASSETS (NET):

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Depreciation	0.89	0.02
Deferred Tax Asset for Gratuity	1.16	0.55
Provision for Doubtful debts	1.53	0.29
Deferred Tax Asset for Leave Encashment	0.94	0.32
Short term/Long Term Capital losses/ Business Loss	203.91	148.11
Total	208.43	149.29

"Considering the future projections and that the carried forward losses are only for the last 3 years primarily on account of expenditure on sales promotion and advertisement incurred in the early years which is likely to be less in future, the Group is of the opinion that sufficient taxable income will be available in future against which the deferred tax assets arising from carried forward business loss can be utilised."

NOTE: 12. LONG TERM LOANS & ADVANCES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good :		
Deposit with Exchange / Clearing Corporation	103.98	322.48
Advance Income Tax & TDS (Net of provision ₹ Nil/- as on 31st Mar 2019) (Previous Year ₹ Nil/-)	4.37	1.43
Security Deposits with related parties (Refer Note 26)	10.31	-
Security Deposit with others	2.06	2.07
Total	120.72	325.98

NOTE: 13. OTHER NON-CURRENT ASSETS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposit with bank (Maturity remaining more than 12 months)*	3.25	7.25
Total	3.25	7.25

*Fixed deposits to the extent of ₹ 3.25 millions (PY ₹ 7.25 Millions) pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 14. INVENTORIES - (AT LOWER OF COST OR NET REALISABLE VALUE):

(₹ in Millions)

Script Name	As at March 31, 2019			As at March 31, 2018		
	Strike Price in ₹	Number	₹ in millions	Strike Price in ₹	Number	₹ in millions
Exchange Traded Fund/Shares						
EQ-SBISENSEXETF	373.23	3,097	1.16	342.16	6,212	2.13
EQ-SETFBANK EQ	276.70	5,542	1.53	244.72	1,595	0.39
EQ-SETFBS	114.98	12,399	1.43	105.42	20,630	2.18
EQ-SETFNIFTYNEXT 50 EQ	275.63	10,285	2.83	287.15	1,601	0.46
EQ-SETFNIFTY EQ	115.47	44,185	5.10	101.94	34,474	3.51
EQ-UTINIFTYETF	1,198.18	6,324	7.58	1,054.30	7,359	7.76
EQ-UTISENSEXETF	378.61	5,646	2.14	341.43	8,473	2.89
EQ-UTINEXT50	280.50	29,541	8.29	290.25	56,816	16.49
EQ-SETFSN50	314.41	5,691	1.79	-	-	-
EQ- SBIETFQLTY	94.32	8,415	0.79	-	-	-
EQ- UTISXN50	331.00	24	0.00	-	-	-
DLF LTD	-	-	-	201.05	911	0.18
SUZLON ENERGY LTD	-	-	-	10.70	1,261	0.01
Total		131,149	32.64		139,332	36.00
Aggregate Market Value-Stock			33.67			36.11

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

NOTE: 15. TRADE RECEIVABLES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good, unless otherwise stated		
Outstanding for a period exceeding six months from date they are due for payment.	-	-
Others	19.96	5.61
Total	19.96	5.61

NOTE: 16. CASH AND CASH EQUIVALENT

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash & Cash Equivalents:		
Balances with schedule banks:		
In current accounts		
Client bank accounts	612.89	163.65
Other bank accounts #	8.86	31.07
In Deposit account (Maturity less than 3 months)*	24.00	-
Total Cash & Cash Equivalent (a)	645.75	194.72
Other Balances		
In Deposit account (Maturity more than 3 months to 12 months)*	505.00	105.00
Total Other Balances (b)	505.00	105.00
Total (a + b)	1,150.75	299.72

Includes Cheque on hand ₹ 0.15 Million (PY ₹ 0.17 Million).

*Includes fixed deposits to the extent of ₹ 509.00 millions (PY ₹ 105.00 Millions) pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 17. SHORT TERM LOAN AND ADVANCES:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good :		
Advances recoverable in cash or in kind or for value to be received	4.74	6.89
Balance with Government authorities		
GST Input Credit	2.56	31.26
Other Loans & Advance		
Margin Trading Facility Balances	240.59	-
Total	247.89	38.15

NOTE: 18. OTHER CURRENT ASSETS:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid Expenses	5.70	3.44
Interest Accrued on Fixed Deposit	3.75	0.08
Receivable from Related Parties (Refer Note 26)	0.50	-
Client & Exchange Receivables	1,005.07	426.83
Less : Provision for doubtful client receivables	(5.87)	(1.13)
Total	1,009.15	429.22

NOTE: 19. REVENUE FROM OPERATIONS:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Capital Market activities	541.97	152.21
Fund Based activities	25.55	29.81
Financial Products distribution	60.05	14.50
Total	627.57	196.52

NOTE: 20. EMPLOYEE BENEFITS EXPENSE:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and bonus	234.58	179.44
Contribution to provident and other funds	14.42	10.54
Gratuity *	2.30	0.61
Staff Welfare Expenses	4.29	1.78
Leave Encashment	2.77	0.81
Total	258.36	193.18

* The group is recognising and accruing the employee benefit as per accounting standard (AS) – 15 on “Employee Benefits” the disclosures of which are as under.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 20. EMPLOYEE BENEFITS EXPENSE (CONT.):

(₹ in Millions)

Assumptions	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Discount rate previous year	7.35%	6.65%
Salary Escalation previous year	8.00%	5.00%
Discount rate current year	7.07%	7.35%
Salary Escalation Current year	10.00%	8.00%
Change in Benefit Obligation		
Liability at the beginning of the year	2.13	1.51
Interest Cost	0.15	0.10
Current Service Cost	0.70	0.58
Past Service Cost	-	(0.03)
Benefit paid	(0.07)	-
Actuarial (gain)/ Loss on obligations	1.45	(0.04)
Liability Transferred in/(out)	0.11	0.01
Liability at the end of the year	4.47	2.13

(₹ in Millions)

Assumptions	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Amount Recognised in the Balance Sheet		
Liability at the end of the year	(4.47)	(2.13)
Fair value of plan Assets at the end of the year	-	-
Funded Status (Surplus/deficit)	(4.47)	(2.13)
Amount of liability Recognised in the Balance Sheet	(4.47)	(2.13)

(₹ in Millions)

Expenses Recognised in the Income statement	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Current Service cost	0.69	0.58
Interest Cost	0.16	0.10
Past Service Cost	-	(0.03)
Actuarial Gain or Loss	1.45	(0.04)
Expense Recognised in P&L	2.30	0.61
Balance Sheet reconciliation		
Opening Net liability	2.13	1.51
Expense as above	2.30	0.61
Liability Transferred in/(out)	0.11	0.01
Benefit paid	(0.07)	-
Amount Recognised in Balance Sheet	4.47	2.13

Defined Contribution Plans:

The Group has also recognised the following amounts as an expense.

(₹ in Millions)

Particulars	For the year ended up to March 31, 2019	For the year ended up to March 31, 2018
Contribution to provident fund and EPS	10.58	7.64

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 21. FINANCE COSTS:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expenses	64.91	6.23
Other Borrowing cost	3.36	1.72
Total	68.27	7.95

NOTE: 22. DEPRECIATION AND AMORTISATION EXPENSE:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation- Property Plant and Equipment	9.81	3.98
Amortisation - Intangible Assets	4.62	2.69
Total	14.43	6.67

NOTE: 23. OTHER EXPENSES:

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Advertisement	220.26	155.70
Books & Periodicals	0.01	0.02
Exchange and Statutory Charges	1.23	0.71
Brokerage Related Expenses	12.76	17.73
Marketing & Commission Expenses	58.32	10.34
Bank Charges	1.60	0.61
Communication	19.38	7.03
Electricity	12.59	9.84
Legal and Professional charges	87.04	29.53
Office Expenses	20.63	9.16
Meeting Seminar & Subscription	0.74	1.27
Directors Remuneration/Sitting Fees	1.02	0.66
Postage and Courier	0.49	0.40
Printing and Stationery	1.50	0.58
Provision for bad and doubtful debts	4.77	1.14
Rent	29.56	30.45
Insurance	0.31	0.39
Rates & Taxes	1.49	7.51
Repairs & Maintenance :		
Computer	0.65	0.62
Others	3.27	3.33
Remuneration to Auditors :		
As auditors -Statutory Audit	0.27	0.10
Certification Work & other matters	0.67	0.01
Out of Pocket Expense	0.04	-
Software Charges	24.97	26.59
(Profit)/Loss on sale of assets@	(0.00)	-
Travelling and Conveyance	7.24	6.88
Miscellaneous Expenses	0.88	0.22
Total	511.69	320.82

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 24. EARNINGS PER SHARE (EPS):

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Profit/(Loss) after tax for the Year	(166.02)	(252.99)
Weighted Average No. of Shares issued under scheme of arrangement	1,27,39,022	1,27,39,022
Basic Earnings per Share in ₹	(13.03)	(19.86)
Diluted Earnings per Share in ₹	(13.03)	(19.86)
Face Value per Equity Share in ₹	10.00	10.00

*The Employee Stock Options granted by the Company which are potential equity shares are ignored for purpose of computation of diluted earnings per share since they are anti-dilutive, considering that the company has incurred losses.

NOTE: 25.

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.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 26.

A. Disclosures in respect of AS – 18 Related Party Disclosures:

Nature of relationship	Name of party
	IIFL Holdings Limited
	IIFL Commodities Limited (Formerly known as India Infoline Commodities Limited)
	India Infoline Media & Research Services Limited
	India Infoline Finance Limited
	IIFL Securities Limited (Formerly known as India Infoline Limited)
	IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)
	IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)
	IIFL Wealth Management Limited**
	IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)
	IIFL Wealth UK Limited
	IIFL Capital Inc
	India Infoline Foundation
	IIFL Assets Reconstruction Limited
	IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
	Samasta Microfinance Limited
	Ayusha Dairy Private Limited (amalgamated w.e.f. 06.08.2018)*
	IIFL Capital Pte. Ltd
	IIFL Securities Pte. Limited
Other Related Parties	IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)
	IIFL Alternate Asset Advisors Limited
	IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)
	IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited)
	IIFL Distribution Services Limited (Formerly IIFL Distribution Services Private Limited)
	IIFL Investment Advisers & Trustee Services Limited (Formerly IIFL Trustee Services Limited)
	IIFL Asia Pte Limited
	IIFL Private Wealth (Hong Kong) Limited**
	IIFL Asset Management (Mauritius) Limited {Formerly IIFL Private Wealth (Mauritius) Ltd.
	IIFL Private Wealth Management (Dubai) Limited
	IIFL Inc.
	IIFL Private Wealth (Suisse) SA.**
	Clara Developers Private Limited
	IIFL Capital (Canada) Limited
	IIFL Wealth Securities IFSC Limited
	IIFL Securities Services IFSC Limited
	IIFL Securities IFSC Limited
	IIFL Altiore Advisors Private Limited (Formerly Altiore Advisors Private Limited)
	IIFL Wealth Advisors (India) Limited (Formerly Wealth Advisors (India) Private Limited)
Key Managerial Personnel	Mr. Prakarsh Gagdani
	Mr. Santosh Jayaram
	Mr. R Venkataraman
Others	Mr. Nirmal Jain
	Orpheus Trading Pvt. Limited
	Ardent Impex Pvt. Limited

Note**

- i) IIFL Private Wealth (Hong kong) Limited has ceased to carry its business operations and is in process of winding up.
- ii) IIFL Wealth Management Limited has dis-invested from IIFL Private Wealth (Suisse) SA and accordingly does not hold any stake in IIFL Private Wealth (Suisse) SA (Effective date : February 27, 2019)

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

B. Significant Transaction with Related Parties

(₹ in Millions)

Nature of Transaction	Other Related parties	Key Managerial Person	Total
ICD Received			
India Infoline Finance Limited	800.00	-	800.00
	(100.00)	(-)	(100.00)
IIFL Holdings Limited	1010.00	-	1010.00
	(460.00)	(-)	(460.00)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	973.58	-	973.58
	(60.00)	(-)	(60.00)
ICD Received (Return)			
India Infoline Finance Limited	800.00	-	800.00
	(100.00)	(-)	(100.00)
IIFL Holdings Limited	880.00	-	880.00
	(460.00)	(-)	(460.00)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	813.58	-	813.58
	(60.00)	(-)	(60.00)
Interest Expenses (ICD)			
India Infoline Finance Limited	6.64	-	6.64
	(0.46)	(-)	(0.46)
IIFL Holdings Limited	15.76	-	15.76
	(4.13)	(-)	(4.13)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	6.20	-	6.20
	(0.18)	(-)	(0.18)
Allocation / Reimbursement of Expenses Paid			
IIFL Securities Limited	40.16	-	40.16
(Formerly known as India Infoline Limited)	(26.03)	(-)	(26.03)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	15.13	-	15.13
	(12.37)	(-)	(12.37)
India Infoline Finance Limited	2.66	-	2.66
	(0.26)	(-)	(0.26)
IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)	0.03	-	0.03
	(0.01)	(-)	(0.01)
IIFL Holdings Limited	0.85	-	0.85
	(1.73)	(-)	(1.73)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	0.12	-	0.12
	(0.01)	(-)	(0.01)
Allocation / Reimbursement of Expenses Received			
IIFL Securities Limited	0.33	-	0.33
(Formerly known as India Infoline Limited)	(0.15)	(-)	(0.15)
India Infoline Finance Limited	0.02	-	0.02
	(-)	(-)	(-)
Rent Expense			
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	20.00	-	20.00
	(26.33)	(-)	(26.33)

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

Nature of Transaction	Other Related parties	Key Managerial Person	Total
IIFL Holdings Limited	4.82	-	4.82
	(-)	(-)	(-)
Remuneration			
Prakarsh Gagdani	-	7.67	7.67
	(-)	(5.28)	(5.28)
Santosh Jayaram	-	2.36	2.36
	(-)	(0.45)	(0.45)
Others Paid			
IIFL Securities Limited	0.12	-	0.12
(Formerly known as India Infoline Limited)	(0.24)	(-)	(0.24)
India Infoline Finance Limited	0.06	-	0.06
	(-)	(-)	(-)
India Infoline Insurance Brokers Limited	-	-	-
	(0.04)	(-)	(0.04)
IIFL Holdings Limited	-	-	-
	(2.05)	(-)	(2.05)
Others Received			
IIFL Securities Limited	0.40	-	0.40
(Formerly known as India Infoline Limited)	(0.10)	(-)	(0.10)
IIFL Insurance Brokers Limited	-	-	-
(Formerly Known as India Infoline Insurance Brokers Limited)	(0.10)	(-)	(0.10)
India Infoline Finance Limited	0.15	-	0.15
	(0.05)	(-)	(0.05)
IIFL Holdings Limited @	-	-	-
	(0.00)	(-)	(0.00)
India Infoline Media & Research Services Limited	0.02	-	0.02
	(-)	(-)	(-)
Service Income			
IIFL Securities Limited	4.56	-	4.56
(Formerly known as India Infoline Limited)	(4.83)	(-)	(4.83)
IIFL Insurance Brokers Limited	1.05	-	1.05
(Formerly Known as India Infoline Insurance Brokers Limited)	(4.86)	(-)	(4.86)
Brokerage/Commission Income/Referral Fee			
IIFL Asset Management Limited	0.00	-	0.00
(Formerly India Infoline Asset Management Company Limited)	(0.10)	(-)	(0.10)
India Infoline Finance Limited	1.17	-	1.17
	(-)	(-)	(-)
Security Deposit (Received)			
IIFL Holdings Limited	-	-	-
	(0.20)	(-)	(0.20)
Security Deposit (Repaid)			
IIFL Holdings Limited	-	-	-
	(0.20)	(-)	(0.20)

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

Nature of Transaction	Other Related parties	Key Managerial Person	Total
Security Deposit (Given)			
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	11.05 (-)	- (-)	11.05 (-)
IIFL Holdings Limited	2.50 (-)	- (-)	2.50 (-)
Security Deposit (Received Back)			
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	3.23 (-)	- (-)	3.23 (-)

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

C. Closing balance

(₹ in Millions)

Nature of Transaction	Other Related parties	Key Managerial Person	Total
ICD Payable			
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	160.00 (-)	- (-)	160.00 (-)
IIFL Holdings Limited	130.00 (-)	- (-)	130.00 (-)
Others Receivables			
India Infoline Finance Limited	0.50 (-)	- (-)	0.50 (-)
Others Payables			
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	1.43 (-)	- (-)	1.43 (-)
IIFL Securities Limited (Formerly known as India Infoline Limited)	0.64 (-)	- (-)	0.64 (-)
IIFL Management Services Limited (Formerly known as India Infoline Insurance Services Limited)	0.02 (-)	- (-)	0.02 (-)
Security Deposit			
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	7.81 (-)	- (-)	7.81 (-)
IIFL Holdings Limited	2.50 (-)	- (-)	2.50 (-)

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

Note: Figures in bracket represent previous year's figure.

NOTE: 27. SEGMENT REPORTING:

In the opinion of the management, there is only one reportable business segment as envisaged by AS 17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 28. CONTINGENT LIABILITIES:

The Company is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Company's management does reasonably expect that these legal actions, when ultimately concluded and determined, will not have material and adverse effect on the Company's financial position. As on March 31, 2019 the company has following contingent liability:

(₹ in Millions)

Particulars	As at March 31, 2019	As at March 31, 2018
The claim against the company not acknowledged as debt	0.47	-
Total	0.47	-

NOTE: 29. CAPITAL AND OTHER COMMITMENTS AT BALANCE SHEET DATE

There are outstanding commitments to the tune of ₹ 0.94 Million (PY ₹ 1.11 Million) (net of advances) of the total contractual obligations entered by the company.

NOTE: 30. EARNINGS AND EXPENSES IN FOREIGN CURRENCY

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Earnings in Foreign Currency		
Total Income	-	-
Expenses in Foreign Currency		
Advertisement Expenses	16.12	3.02
Total Expenses	16.12	3.02

NOTE: 31. The shareholders of the Company have approved two ESOP scheme(s) having a pool size of 600,000 options each i.e. 5paisa Capital Limited Employee Stock Option Scheme 2017 and 5paisa Capital Limited Employee Stock Option Trust Scheme 2017. The Nomination and Remuneration Committee of the Board of Directors of the Company granted 220,000 options under 5paisa Capital Limited Employee Stock Options Scheme 2017 to the eligible employees of the Company on January 29, 2018. Further, the Scheme(s) has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	ESOP 2017
Method of Accounting	Intrinsic Value
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, 2019

Particulars	Option Outstanding	Exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2017	-	-	-
Granted during the year	220,000	308	7.0
Forfeited during the year	-	-	-
Expired/Lapsed during the year	-	-	-
Exercised during the year	-	-	-

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

Particulars	Option Outstanding	Exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on March 31, 2018	220,000	308	6.8
Exercisable as on March 31, 2018	220,000	308	
Granted during the year	-	-	
Forfeited during the year	-	-	
Expired/Lapsed during the year	20,000	308	
Exercised during the year	-	-	
Outstanding as on March 31, 2019	200,000	308	5.8
Exercisable as on March 31, 2019	200,000	308	

c) Pro-forma Profit after Tax:

Particulars	₹ in Millions	
	2018-2019	2017-2018
Net profit (as reported)	(166.02)	(252.99)
Add: Intrinsic Value Compensation Cost	-	-
Less: Stock based compensation expenses determined under fair value method (pro-forma)	10.98	2.14
Net Profit (pro-forma)	(177.00)	(255.13)
Basic earnings per share (as reported) - Total operations	(13.03)	(19.86)
Basic earnings per share (pro-forma) - Total operations	(13.89)	(20.03)
Diluted earnings per share (as reported) - Total operations	(13.03)	(19.86)
Diluted earnings per share (pro-forma) - Total operations	(13.89)	(20.03)
Weighted average exercise price of Options granted during the year whose:		
(a) exercise price equals market price (₹)	N.A	N.A
(b) exercise price is greater than market price	308	308
(c) exercise price is less than market price	N.A	N.A
Weighted average fair value of Options granted during the year whose:		
(a) exercise price equals market price (₹)	N.A	N.A
(b) exercise price is greater than market price	145.72	145.72
(c) exercise price is less than market price	N.A	N.A
Description of method and significant assumption used to estimate the fair value of Options	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.	

(d) The Company has not granted any options during the year.

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 annualised standard deviation of the continuously compounded rates of return on the stock over a period of time.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

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: 32. The Company has taken office premises on operating lease at various locations. Lease rent in respect of the same has been charged to Statement of Profit and Loss. The agreements are executed for a period ranging 1 to 5 years with a renewable clause. Some agreements have a clause for a minimum lock-in period. The agreements also have a clause for termination by either party giving a prior notice period between 30 to 90 days. The Company has also taken some other assets under operating lease. The minimum Lease rentals outstanding as at March 31, 2019 are as under:

(₹ in Millions)

Minimum Lease Rentals	As at March 31, 2019	As at March 31, 2018
Up to one year	5.87	2.23
One to five years	-	-
Over five years	-	-

NOTE: 33.

The Board at its Meetings held on July 17, 2018 and September 12, 2018 approved the proposal of issue of equity shares by way of a Rights Issue ("Issue") to the existing shareholders of the Company in the ratio of 1 equity share of ₹ 10 each for every 1 equity share of ₹ 10 each held in the Company at a premium of ₹ 70 per share i.e. issue price of ₹ 80 each aggregating to ₹ 101.91 Cr. in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, and the record date for determining the entitlement will be announced in due course, subject to receipt of relevant approvals from regulatory authorities, as may be required. Further, the Company has filed the Draft Letter of Offer with SEBI, NSE and BSE on September 17, 2018. The Company has received the in-principle approval from NSE and BSE is awaiting the observation letter from SEBI.

NOTE: 34.

- Spaisa P2P Limited has received in-principle approval for registration as NBFC Peer-to-Peer Lending Platform (NBFC-P2P) from Reserve Bank of India (RBI). In terms of the said approval, Spaisa P2P is required to set up the systems and processes and to comply with the other terms and conditions within a period of 12 months for obtaining final approval from RBI and commencement of P2P activities.
- Spaisa Insurance Brokers Limited is in process of making an application with IRDA for undertaking the activities for Insurance Brokers.

Notes forming part of Consolidated Financial Statements for year ended March 31, 2019 (Contd.)

NOTE: 35. SUMMARY OF CONSOLIDATION:

The consolidated financial statements represent consolidation of accounts of the Company with its following subsidiary companies:

Subsidiary	Country of Incorporation	Proportion of ownership interest	
		As at March 31, 2019	As at March 31, 2018
5paise P2P Limited	India	100.00%	100.00%
5paise Insurance Brokers Limited	India	100.00%	-

Note:

1. 5paise P2P Limited has become a subsidiary of 5paise Capital Limited in the previous year.
2. 5paise Insurance Brokers Limited has become a subsidiary of 5paise Capital Limited in the current year.

NOTE: 36.

Additional information pursuant to para 2 of general instructions for the preparation of the Consolidated Financial Statements:

Particulars	Net assets i.e total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	₹ in Millions	As % of consolidated profit or loss	₹ in Millions
Parent				
5paise Capital Limited	95.54%	442.66	99.80%	(165.70)
Subsidiaries				
5paise P2P Limited	4.36%	20.21	0.18%	(0.29)
5paise Insurance Brokers Limited	0.10%	0.47	0.02%	(0.03)
Total	100.00%	463.34	100.00%	(166.02)

NOTE: 37. Previous year figures are re-grouped, re-classified & rearranged, wherever considered necessary to conform to current year's presentation.

As per our attached report of even date**For V Sankar Aiyar & Co**

Chartered Accountants
Firm's Registration No.109208W
By the hand of

G Sankar

Partner
Membership No.: 046050

Place: Mumbai
Dated: April 16, 2019

For and on behalf of the Board of Directors**Prakarsh Gagdani**

Whole Time Director & CEO
(DIN: - 07376258)

Gourav Munjal

Chief Financial Officer

Santosh Jayaram

Whole Time Director
(DIN: - 07955607)

Roshan Dave

Company Secretary







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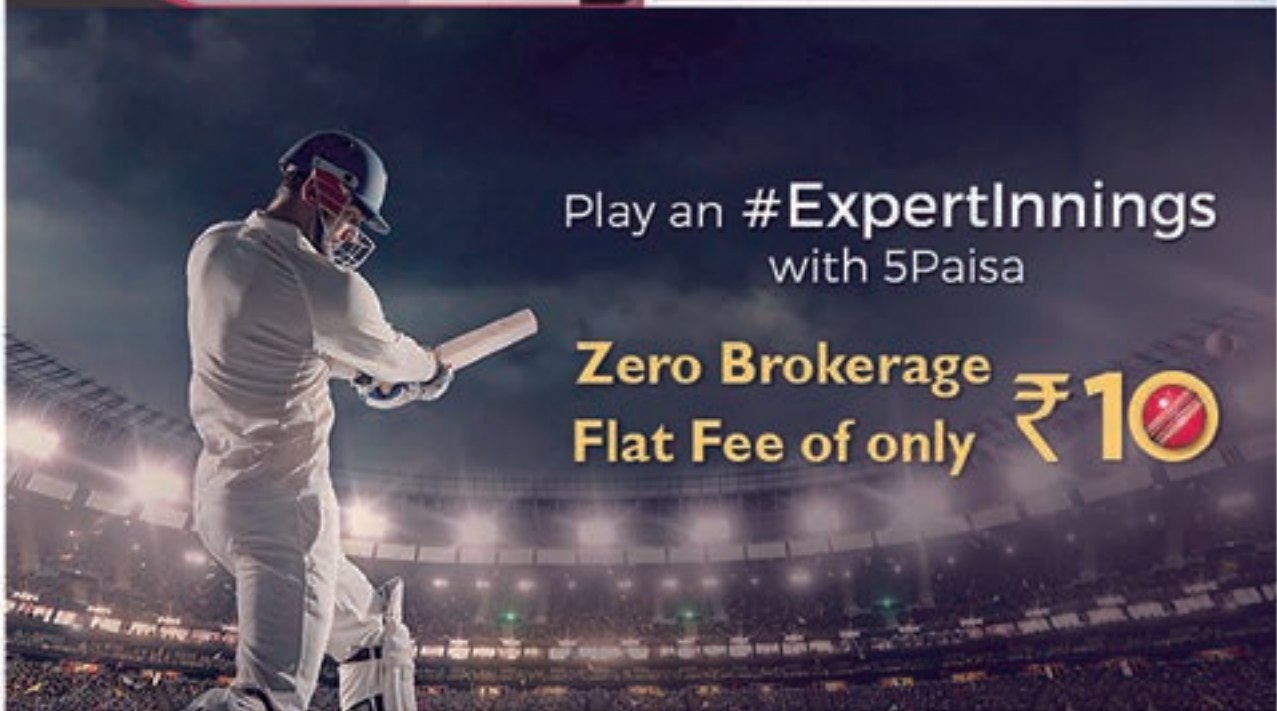
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Corporate Information

BOARD OF DIRECTORS

Dr. Archana Niranjn Hingorani
Chairman & Independent Director

Mr. Prakarsh Gagdani
Whole Time Director & Chief Executive Officer

Ms. Nirali Sanghi
Independent Director

Mr. Sarbeswar Lenka
Non Executive Director

Mr. Santosh Jayaram
Whole Time Director

COMMITTEE OF THE BOARD

AUDIT COMMITTEE

Dr. Archana Niranjn Hingorani
Chairman, Independent Director

Mr. Sarbeswar Lenka

Ms. Nirali Sanghi

NOMINATION AND REMUNERATION COMMITTEE

Ms. Nirali Sanghi
Chairman, Independent Director

Dr. Archana Niranjn Hingorani

Mr. Sarbeswar Lenka

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Ms. Nirali Sanghi
Chairman, Independent Director

Dr. Archana Niranjn Hingorani

Mr. Prakarsh Gagdani

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Roshan Dave

CHIEF FINANCIAL OFFICER

Mr. Gourav Munjal

CORE MANAGEMENT TEAM

Mr. Mayur Premji Dedhia	Partners & Alliances
Mr. Bhaskar Banerjee	Operations
Mr. Vikram Videsh Sahni	Sales
Mr. Sunder Ram	Product
Ms. Namita Godbole	Compliance
Ms. Priyanka Sagar Patki	Technology
Mr. Shoaib Khalid Qureshi	Customer Service

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

5paisa 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

Cautionary Statement

This document contains forward-looking statement and information. Such statements are based on our current expectations and certain assumptions, and are, therefore, subject to certain risk and uncertainties. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary. 5paisa Capital Limited does not intend to assume any obligation or update or revise these forward-looking statements in light of developments, which differs from those anticipated.



5paisa Capital Limited

CIN: L67190MH2007PLC289249

Corporate Office / Registered Office:

IIFL House, Sun Infotech Park, Road No. 16,

Plot no. B-23, MIDC,

Thane Industrial Estate, Wagle Estate,

Thane – 400604

E-mail: ir@5paisa.com | csteam@5paisa.com

Website: www.5paisa.com

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www.5paisa.com

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You Tube [5paisa_live](https://www.youtube.com/5paisa_live)

Subscribers: 50,576



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