July 20, 2018

The Manager, **Listing Department,** **BSE Limited,** **Phiroze Jeejeebhoy Tower,** **Dalal Street,** **Mumbai 400 001.** **Telno.: 22721233** **Fax No.: 22723719/ 22723121/ 22722037** **BSE Scrip Code: 540776**	**The Manager,** **Listing Department,** **The National Stock Exchange of India Ltd.,** **Exchange Plaza, 5 th Floor, Plot C/1, G Block,** **Bandra - Kurla Complex, Bandra (E),** **Mumbai 400 051.** **Tel No.: 2659 8235** **Fax No.: 26598237/ 26598238** **NSE Symbol: 5PAISA**

Dear Sir,

Sub: Submission of Annual Report of 11th Annual General Meeting for the FY 2017-18 held on July 17, 2018 - Regulation 34 of the SEBI (Listing Obligations and Disclosure requirements), Regulations, 2015

In pursuance with the Regulation 34 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the 11th Annual General Meeting for the FY 2017-18 held on Tuesday, July 17, 2018 at 04.00 P.M at Hall of Harmony, Ground Floor, Nehru Center, Discovery of India, Dr. A. B. Road, Worli, Mumbai – 400018.

Request you to take the same on your record and oblige.

Thanking you,

Yours faithfully,

For 5paisa Capital Limited

5Paisa Capital Limited

Roshan Dave
Company Secretary
Encl: a/a

UNMATCHED OFFERINGS
AUTOMATED SOLUTIONS

5paisa Capital Limited 11th Annual Report 2017-18

Because Every Paisa Matters

5paisa Capital Limited is among the fastest growing full-service discount brokerage companies in the fintech space. It offers complete automated and personalised solutions to the financial needs of customers through an advanced digital platform and Robo-advisory service.

The cover design depicts diversified service offerings of the Company (securities trading, fintech solutions, online Robo-advisory and other financial services products) through interesting icons. The hand pressing the button at the centre of the circle signifies multiple automated solutions simply at one click.

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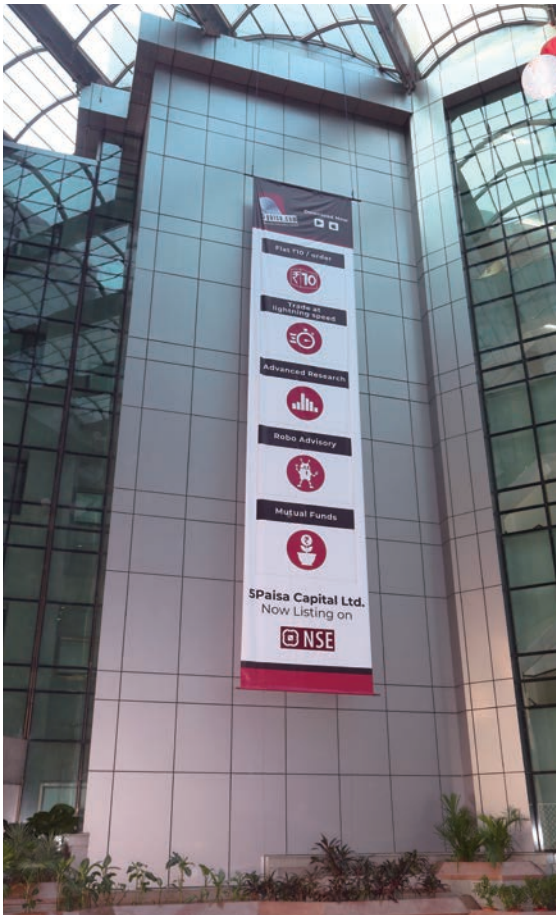
Scan the QR code to download the online version of the report

5paisa Capital Limited gets listed on BSE and NSE on November 16, 2017



Technology and internet have changed the world forever. What started as a revolution has now become a tidal wave of progress.

Together, technology and internet have re-invented business models – benefiting society in more ways than one.

Today, the internet has gone from being a mere source of information to the most popular open marketplace. The Gen Y relies and believes in the power of 'touch and tap' for everything. They enjoy the comfort of diverse choices to navigate and select from in a relatively lesser time.

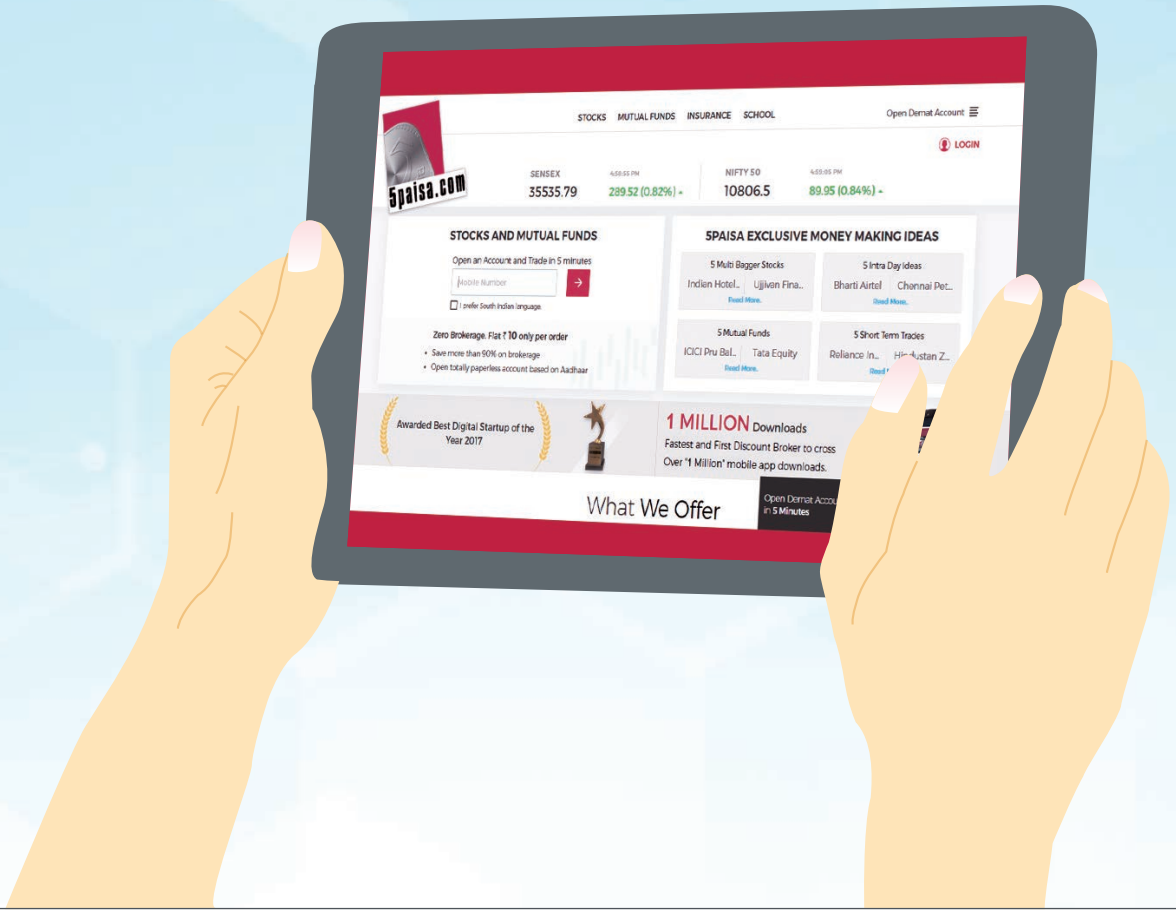
We, at 5paisa Capital, have capitalised on the technological disruptions and converted them into a business opportunity. Our specially-developed platform offers a comprehensive and seamless experience to customers.

We offer an unmatched, technology-led service through a DIY (Do-it-Yourself) platform. Our fully-automated, intelligent Robo-advisory services help our customers make independent decisions, thereby empowering them with freedom of choice and decision-making.

Innovation is the foundation of our principles. Our aim is to enhance the fintech experience for our customers while improving service quality and creating value for all.

5paisa Capital provides financial products through a state-of-the-art online technology platform and mobile application

Having launched commercial operations in 2016, 5paisa Capital is engaged in providing financial products through a state-of-the- art online technology platform and mobile application. Its services are targeted at retail investors and high-volume traders who actively invest and trade in securities markets and seek DIY services at a low cost.



5paisa pays special attention to innovative offerings based on understanding customer behaviour. The Company constantly strives for technological advancement and superiority. With a dynamically-sturdy trading platform, an advanced mobile application and an artificial-intelligence powered Robo-advisory platform, the Company offers superior technology-led services to its customers. The result is an enhanced customer experience through completely paperless and simplified trading procedures. The Company caters to the diverse financial needs of individuals including online discounted stock broking, depository services, distribution of mutual funds and support for distribution of insurance products among others.

1,000,000+

Downloads of the mobile app

64%

Client base in Tier II and Tier III cities

₹4,255 Mn

Market Capitalisation as on March 31, 2018

₹10

Flat brokerage fee for all transactions

Key achievements in the year 2017-18

LISTED ON STOCK EXCHANGES

NSE: 5PAISA

BSE: 540776

REVENUE GROWTH

Strong and sustained growth – 3 times over the previous financial year

CUSTOMER ACQUISITION

6 times growth in customer base over the previous financial year

MARKET SHARE

Achieved 1% share of daily cash turnover within a short span of two years

MOBILE APP

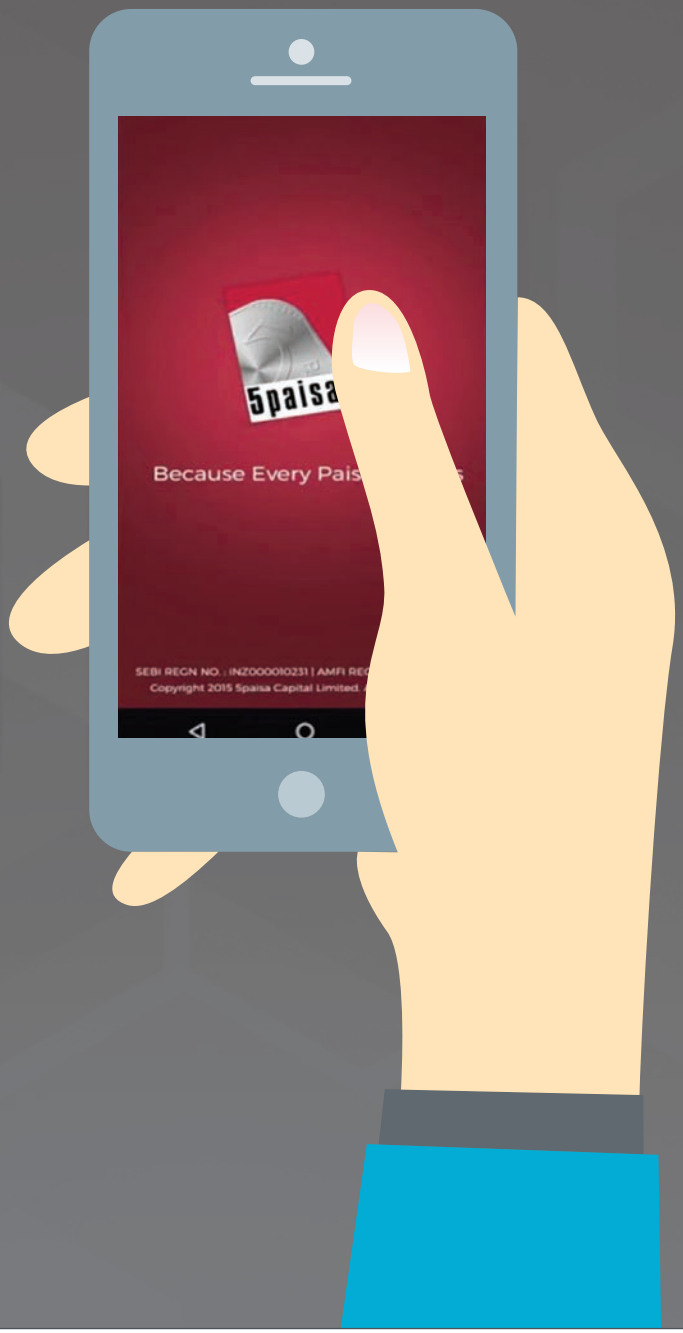
Over 1,000,000 downloads till date (Play store and App store). Trades through the app constitute 70% of the turnover

RECOGNITION

Won the 'Digital Startup of the Year 2017' award at World Digital Marketing Congress for being the fastest growing Digital Financial Company, offering fully digitised platform to its customers

Unmatched Offerings

Dynamic business model offering diversified financial solutions



5paisa offers wide-ranged products and services through its dedicated online platform and mobile applications. Some of the key USPs include:

- DIY services at the lowest cost
- First Company offering a discounted flat fee of ₹ 10 per transaction
- Implementation of advanced technological solutions and Robo-advisory services
- First Discount broking Company to offer completely paperless and instant account opening process
- Seamless user-friendly experience across the investment lifecycle
- Caters to retail investors as well as high-volume traders
- Offers diversified financial products' distribution and services, right from broking, online trading and distribution of mutual funds, to clearing and depository services as well as support for distribution of insurance products

Our automated solutions enable customers in making timely and informed decisions.

6x

Customer base growth in FY18

Automated Solutions

Delivering Digital Delight

The internet has significantly reshaped the entire landscape of business.

380%

Increase in app downloads under finance categories on IOS and Google Play within 2015-2017

400%

More users on mobiles than on desktop in India

90%

of total digital minutes spent on mobiles by Indians in the year 2017

The touch and trade phase

Do it yourself. Do it digitally.

Simplicity, convenience, mobility and greater reliability have put online trading on a high growth trajectory. We, at 5paisa Capital, have focused on constantly innovating and meeting the ever evolving needs of our clientele.

70%

of total transactions are through the app, including large trades

- Absolutely paper-less e-KYC account opening process in 10 minutes
- DIY equity trading services on a robust trading platform with minimal human intervention
- Enhanced customer experience through an interactive user interface on the mobile app i.e. from on-boarding of the client to execution of trades to after-trade support
- Backed by real-time data analytics to take informed investment decisions
- Robo-advisory platform – the auto investor algorithm intelligently analyses customer's profile and investment objectives to handpick the right mutual funds
- First in the country to offer completely automated Robo-advisory service in insurance as well

Our experienced team constantly explores opportunities to stay on the forefront of emerging financial technology and sustain our competitive edge.

Educating Customers

Strategy beyond business

Today, technology plays a crucial role across the global financial services sector. It has become the need of the hour to educate customers about emerging fintech ecosystems.

We, at 5paisa, have undertaken several initiatives to empower our customers with the right insights and knowledge about technology-based financial services, thereby facilitating them to make the most of our digitised services. This will help sustain the existing customers as well as attract new ones, along with building a positive brand image.

We have launched an investor education series aided by professional guidance through the **5P school**. The series imparts knowledge to investors on the basics of financial markets, products and stock analysis.

We have also created a series of short educational videos on YouTube to guide a first-time investor. These videos focus on steps involved in various processes such as account opening and trading, among others.

Delivering a powerful digital offering along with financial literacy to customers is our strategy beyond business.

150,000 +

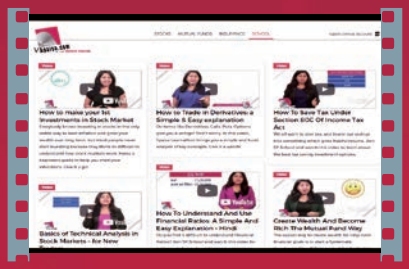
Number of people reached out through the online videos

How to save tax?

Scan to download

How to deal with market volatility?

Scan to download



Scan to download other videos

We follow a strong governance framework with accountable management, proper internal control and increased shareholders engagement. We are committed to building a tech-driven organisation that treats its customers, shareholders, employees, vendors and our communities with honour and respect.

Chairman's Message

Dear Shareholders,

I welcome all the shareholders who joined us in our journey this fiscal. I am pleased that you believe in our growth story and are a part of the digital revolution in the fintech space.

Encouraging growth in GDP in the latter half of this fiscal has led India to regain its position as 'the world's fastest growing economy'. Bold reforms in the form of demonetisation and GST (Goods and Services tax) implementation had a temporary effect on the otherwise fundamentally sound growth story of the country. The Government's recent commitment to inject sizeable capital into the banking sector and improving farm incomes is likely to play a pivotal role in steering GDP growth rate to over 7.5% in FY 2019.

The improving macro-economic factors create a conducive environment for a continued growth of the digital sector. Initiatives like 'Digital India' and 'Make-in-India' schemes have played an important role in the growth acceleration of India's digital sector. The Aadhaar and demonetisation policies, in addition to their social merits, have helped create a friendly market for digital transactions. There has been a significant improvement in quality of tech-led innovations. As India moves towards a cashless economy, digital payments are estimated to grow 10 times: from USD50 billion last year to USD500 billion by 2020. With these trends, India should transform into a knowledge-driven economy through a digitally empowered society, much sooner than the world expects.

India is a dominant force in the financial technology sector globally, with 29% annual returns on investments. The country is witnessing a digital revolution led by increased internet adoption, smartphone usage and technological changes. India's digital landscape could

undergo monumental changes as internet users are expected to reach 730 million by 2020. Moreover, India has a larger proportion of the younger population, who seek convenience and ease of access. This, combined with dynamic consumer behaviour, is increasing the demand for digital financial services.

Capital markets have seen an upward trend with a record increase in financial savings, strong investor sentiment and foreign investment inflows. The competitive environment in the brokerage industry has changed dramatically with the rise of discount brokerage firms. Globally, these specialised firms have enjoyed significant growth mainly in USA and China. They offer low cost services with a more enterprising use of technology.

We, at 5paisa Capital, are leveraging on this technology momentum by offering a diversified range of digital financial products and services. Our 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. We charge a flat fee of ₹ 10 per transaction for equity broking services which is amongst the lowest in the industry. Our consistent effort in building a robust trading platform, an advanced mobile app, an artificial intelligence powered Robo -advisory platform, and a Paperless Account opening platform are some examples of our Tech superiority. Our marquee mobile application is widely popular and crossed a landmark 1 million downloads in the past year.

Being a fintech company in the digital era, we understand the importance of not just meeting but exceeding customer requirements. We have a culture of innovation in the Company, driven by a deep understanding of customer requirements and we keep customer needs and experience central to everything we do. Our digitised offerings contribute to this objective by providing greater inclusion than what would be possible via a physical service. We see huge potential in non-metro cities and smaller towns across the country and aim to penetrate this nascent market with our unique service.

Taking our commitment to customer welfare a step further, we at 5paisa have launched the '5P School'. Through these online investor education series, we are trying to disseminate the basics of stock trading and finances to first-time investors. The specially-made videos help explain the processes of analysing and selecting investment options suitable to individuals and provide a tutorial on effective usage of our mobile app and web platform. Presented in both Hindi and English languages, these help in reaching out to a wider audience. We have over 30 videos on the 5P School page and they've been well received by our customers, having helped many new investors make apt investment choices.

We adhere to regulations, emphasize integrity, transparency and ethical dealing. We follow a strong governance framework with accountable management, proper internal control and increased shareholders engagement. We are committed to building a tech-driven organisation that treats its customers, shareholders, employees, vendors and our communities with honour and respect. I once again thank our valued clients and shareholders for their trust and confidence and joining us in our growth journey.

Yours sincerely,

Dr. Archana Hingorani
Chairman
5paisa Capital Limited

We are emerging fast in the fintech space by offering diversified range of digital financial products and services. Today, we provide the lowest cost equity broking service in the industry. A flat fee of ₹10 per transaction (98% lesser than other players) gives us an edge. We are the pioneers in the sphere of completely digital and paperless value-added services.

From the CEO's Desk

Dear Shareholders,

I take immense pleasure in presenting the first annual report post our listing. I extend my sincerest gratitude once again for joining us on our journey. We aspire to be a catalyst in helping convert the conventional business into a technology-enabled business platform.

Looking at the Indian scenario, our growth continues to be driven by digitisation, globalisation, favourable demographics and structural reforms. The Indian economy is expected to maintain its growth momentum at ~7%. Disruptions caused by demonetisation and GST implementation were successfully overcome and despite some volatility, capital market segments saw an upward trend with a record increase in financial savings, strong investor sentiment and foreign investment inflows.

Demand for financial services is at an all time high. Internet and mobile penetration in the country have increased multi-fold, contributing to the increasing usage of digital financial services. Moreover, the aggressive entry of Reliance JIO with their affordable pricing has brought about a significant data revolution in the country. It has made internet accessible to a larger proportion of the Indian population at an unprecedented pace. The number of internet users have increased to 481 million at the end of December 2017, recording a growth of 11.34% over the previous year. According to data released by RBI, digital transactions in the country reached to 1.11 billion in January 2018, up by 4.73% from 1.06 billion in December, 2017.

Going ahead, the government's initiatives directed towards promoting digital financial inclusion further brings out optimism. From what we foresee, data and technology are here to revolutionise financial services. Today's customers demand ease and convenience in every sphere and this need is only going to grow with time, hence increasing the demand for technology-based services.

We have the edge

We are emerging as a strong player in the fintech space. Our technology-led discount broking model offers the lowest cost equity broking at a flat fee of ₹ 10 per transaction (98% lesser than other players). Besides that, we also offer a broad range of

digital financial products and distributory services like distribution of mutual funds, advisory services as well as clearing and depository services, thereby offering a complete suite of financial solutions under one umbrella. We are also the pioneers of the completely digital and paperless account opening process and various other value-added services.

Our 5paisa mobile application witnessed over 1,000,000 downloads till date on Play Store and App Store. We are amongst the top three brokers in the country to achieve such an encouraging download figure. During 2017-18, our total income stood at ₹ 19.7 crores, a 163% y-o-y growth or a 3-times leap over the previous year. Most importantly, our customer base grew 6-fold and I am also delighted to share that the Company has won the 'Digital Start-up of the Year 2018' award at the World Digital Marketing Congress.

During the year we launched an online investor education video series on our website - namely 5P School. The aim is to create awareness on the basics of trading and personal investment management especially for first time investors and also for new users of digital platforms. We published 30 videos in the past year and will continue the initiative especially in light of positive customer feedback

The technology momentum

Technology has changed the way we learn, work, shop, communicate, travel and manage our money. Today, everything is possible while sitting right within the comforts of our home with just a simple touch. We, as an organisation, take it to be our responsibility to embrace innovation in every sphere of our business and services. This helps us design automated solutions providing the best digital experience to our customers.

Our mobile application is designed keeping the ease of our customers in mind. Based on the DIY concept, it is extremely user-friendly and easy to navigate. Our state-of-the-art Robo-advisory platform gives customised solutions upon analysing the customer's profile. This has led to minimal human intervention and informed decision making for the customers.

Enhancing the customer base

At 5paisa, customer interest lies at the heart of everything we do, and we believe our adept service will speak for itself. The digital age is highly characterised by its virality. What is shared by one is sure to be shared by hundred others. We are confident our existing customers will attract others (their friends, family, acquaintances) and help expand our customer base.

In a bid to enhance our customer acquisition we are strategically focussing on the tier II and III cities. Increasing income and spending power of non-metro regions, affordable internet and smartphones, and a dearth of bank and broker network are the key factors driving digital players like us to penetrate better across these geographies.

The way ahead

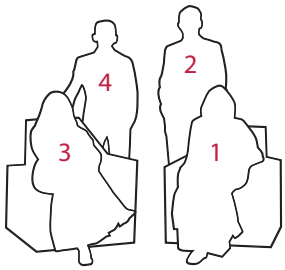
Financial service is a rapidly evolving sector. It can experience significant digital disruption at any given time. Despite challenges as an online player, where a gestation period is normal to achieve scale and profitability, I can say that we are on the right path. As a first-mover in the fintech space, we are aiming to constantly provide innovative solutions. Our products and services are unique and easy to understand and leveraging these we are determined to reach the desired scale .

I would like to thank all our stakeholders for their unwavering faith in 5paisa Capital Limited. We are looking forward to achieving greater heights and generate sustainable value for all.

Yours sincerely,

Prakarsh Gagdani
Whole-Time Director and CEO
5paisa Capital Limited

Board of Directors



1 Dr. Archana Niranjan Hingorani, *Independent Director*

Dr. Archana Niranjan Hingorani is an Independent Director of our Company. She holds an MBA and a Ph.D. in finance from the University of Pittsburgh, United States. She has over thirty (30) years' experience in the asset management business, teaching and research. In the recent past, she was associated with IL&FS Investment Managers since 1994 for about twenty three (23) years and resigned after heading it the last nine (9) years of her time there. She has rich experience in fund raising, investing, nurturing investments through four different economic cycles, carving exit paths etc. She has overseen various investments catering to multiple segments such as consumer goods, retail sector, infrastructure, education, healthcare, logistics, clean energy and financial services, and has consequently built strong entrepreneur relationships. She has also been involved in mentoring and nurturing smaller start-ups in the technology, education, financial inclusion sectors and in encouraging start-ups run by women entrepreneurs.

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

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 sixteen (16) 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. 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.

Directors' Report

Dear Shareholders,

Your Directors present the Eleventh Annual Report of 5paisa Capital Limited ('your Company') together with the Audited Financial Statements for the financial year ended March 31, 2018.

1. FINANCIAL RESULTS

A summary of the consolidated and Standalone financial performance of your Company, for the financial year ended March 31, 2018, is as under:

(₹ in Millions)

Particulars	Consolidated Financial Results		Standalone Financial Results	
	2017-18	2016-17	2017-18	2016-17
Gross total income	196.52	74.67	196.52	74.67
Profit/(Loss) before interest, depreciation and taxation	(317.48)	(148.52)	(317.48)	(148.52)
Interest and financial charges	7.95	12.51	7.95	12.51
Depreciation	6.67	2.77	6.67	2.77
Profit/(Loss) before tax	**(332.10)**	**(163.81)**	**(332.10)**	**(163.81)**
Taxation - Current	Nil	Nil	Nil	Nil
- Deferred	(79.12)	(46.55)	(79.12)	(46.55)
- Short or excess provision for income tax	Nil	(0.35)	Nil	(0.35)
Net profit/ (Loss) for the year	**(252.99)**	**(116.90)**	**(252.99)**	**(116.90)**
Less: Appropriations	Nil	Nil	Nil	Nil
Add: Balance brought forward from the previous year	(116.08)	0.82	(116.08)	0.82
Balance to be carried forward	(369.07)	(116.08)	(369.07)	(116.08)

* Previous periods figures have been regrouped / rearranged wherever necessary

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

Financial Year 2017-18 has been a good year for your Company. On a Macro level digital penetration in the country is expanding rapidly. Low cost smart phones, cheaper data and massive roll out of 4G services have led to millions of new internet users who are exploring various services digitally including Financial Services. Your Company's positioning of a Low Cost Digital Provider fits perfectly in the evolving Digital Ecosystem. Our approach of keeping Lowest Cost of Service (₹ 10/Order), Complete Paperless Trading Experience, Multi Product offering under One Umbrella, Usage of Advanced Analytics for personalised financial planning and world class Research & Advisory led to more than 5X growth in our Customer Acquisition. Our Customer acceptability was so good that in no time your company became one of the fastest growing Broking Company in the country.

Mobile has become the preferred platform of transaction for millions of Indians. Your Company is no different. We therefore take utmost interest in making our Mobile platform one of the best in the industry. We are happy to share that 5paisa mobile app is the fastest growing Mobile App in terms of Downloads and have also reached a Milestone of 1 Million Downloads with a Rating of 4 which only 3 other brokers have achieved till date.

During the year, the total income of your Company was up from of ₹ 74.67 million to ₹ 196.52 million The increase in income is on the back of aggressive expansion of retail Operations. The Company acquired more than 50,000 Customers on the back of value added and unparalleled product offering which helped in growth on Q-0-Q. Your company also invested heavily in Online Marketing, Branding and IT as a result expenses increased from ₹ 238.47 million to ₹ 528.62 million

During the year, your company got listed on BSE and NSE on November 16, 2017, post successful completion of Demerger process from erstwhile Parent Company i.e. IIFL Holdings Ltd. The demerger process was initiated post capital infusion of ₹ 100 Cr. by parent Company in September 2016. In consideration of demerger of 5paisa Digital Undertaking, the existing shareholders of IIFL Holdings Limited on the record date i.e. October 18, 2017 received shares of the Company in the ratio of 1 equity share of the Company for every 25 equity shares of IIFL Holdings Limited held by them.

3. MACRO-ECONOMIC OVERVIEW

Global economy is looking up after a gap of seven years as economic activity remains buoyant across developed and emerging market economies. In its latest world economic outlook edition of April 2018, IMF has revised up GDP growth forecasts of most large economies for CY18 and CY19. It now expects World GDP growth to improve to 3.9% YoY in CY18 and CY19 from 3.8% YoY last year. Unemployment in US has fallen to historic lows and as a result wage growth has accelerated over the last few months. Outlook for Euro area

Directors' Report (Contd.)

also remains positive on the back of falling unemployment and improving consumer confidence. Also global trade volume has registered strong growth in the past few months.

The outlook for Indian economy also remains optimistic as the economy seems to be finally recovering from the twin shocks of demonetisation and implementation of GST. Most high frequency indicators are suggesting acceleration in growth, even as headline inflation remains benign. Strong growth in domestic air traffic, personal vehicle sales and rise in personal credit growth suggest that urban consumption is on a strong footing. Also drivers for capex cycle recovery are falling in place and we should see gradual increase in private sector capex over the coming quarters. PAT growth, one of the key factors for private sector capex decisions has seen a sharp improvement over last couple of quarters and this growth is likely to sustain. Recent improvement in capacity utilisation is also a positive for capex cycle. Also the overhang of unproductive assets is receding as share of capital work in progress in total assets has come off over last couple of years.

That said, the economy faces multiple risks especially on macro-economic stability that we have achieved in last few years. Rising commodity prices, especially of crude, could widen current account deficit and for the first time in four years, foreign direct investments would not be able to cover the deficit. Dependency on the more volatile foreign portfolio flows to cover the current account deficit would exert pressure on INR. While the decision to hike MSPs to 1.5 times the cost could provide support to rural consumption, it could also lead to acceleration in inflation and derail urban consumption. Also we have elections due in many large states during the course of the year followed by general elections in early next year. The uncertainty around election outcomes could make investors jittery. Investors prefer status quo and any change of government post elections could hurt investor sentiment, at least in the short run.

4. INDUSTRY OVERVIEW

Capital markets have been buoyant and both primary and secondary markets have seen healthy growth in activity over last one year. Corporates raised a record ₹ 2 trillion from primary markets via IPOs, QIP, rights issue etc. in CY17. The domestic investors are now a dominant player in equity markets even as foreign portfolio flows have decelerated. Investments in mutual funds via 'Systematic Investment Plan' or SIPs have gained significant traction and collections via SIPs have more than doubled in last two years. Driven by rise in domestic investments and optimistic outlook for earnings growth, Indian equity indices hit all-time highs in early 2018.

Buoyant markets have accelerated trading volumes. Average daily cash trading volumes went up ~38% YoY to ₹ 338 billion/day in FY18 from ₹ 244 billion/day in FY17. Also the share of institutions (FII + DII) edged up to 31.9% in FY18 from 29.7% in the previous year. However rise in transaction volumes has been offset by steadily falling yields. Yields have been declining over the past few years due to multiple factors including i) Rise of passive investment, ii) Rising participation of domestic funds that have lower yields and iii) the European and UK regulators have introduced Markets in Financial Instruments Directive or Mifid II norms from January 2018 and under these norms investors need to separately account for execution and research instead of the bundled cost model followed so far.

5. SCHEME OF ARRANGEMENT (DEMERGER OF 5PAISA DIGITAL UNDERTAKING)

During the year under review, the Hon'ble National Company Law Tribunal, Mumbai bench had vide 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 inter alia provided for Demerger of 5paisa digital undertaking business from IIFL Holdings Limited to 5paisa Capital Limited. The effective date of the demerger was October 01, 2016.

Upon the Scheme coming into effect and in consideration of the transfer and vesting of the 5paisa digital Undertaking into the Company, 17,716,500 Equity Shares of ₹ 10 each held by IIFL Holdings Limited in the Company were extinguished and cancelled and in lieu of the same, the equity shareholders of IIFL Holdings Limited whose name appeared in the Register of Members on October 18, 2017 were allotted one (1) equity share in 5paisa Capital Limited of ₹ 10/- each credited as fully paid-up for every Twenty Five (25) equity share of ₹ 2/- each fully paid-up held by such equity shareholders in IIFL Holdings Limited. Accordingly, 12,739,022 equity shares of ₹ 10/- each of the Company were issued and allotted to the Eligible Shareholders of IIFL Holdings Limited on October 20, 2017. The equity shares of the Company so issued pursuant to the Scheme were listed and admitted for trading on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") with effect from November 16, 2017.

As per the Scheme, the Company transferred the assets and liabilities pertaining to demerged undertaking (5paisa digital Undertaking) at the respective carrying values as appearing in the books of accounts of IIFL Holdings Limited on October 01, 2016. The difference between the value of the assets and liabilities pertaining to demerged undertaking amounting to ₹ 47,709,974 (after adjusting for the amount to the share capital) has been recognised as Capital Reserve in the books of accounts of the Company as on Appointed Date.

6. AWARDS AND RECOGNITIONS

- The Company won "Best Digital Start-up of the Year Award" by World Digital Marketing Congress.
- Your Company stood among Top 10 Brokers in terms of New Active Client and in 2nd position in Discount Broking.

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

During the year under review and in terms of aforesaid Scheme of Arrangement, 17,716,500 Equity Shares of ₹ 10 each held by IIFL Holdings Limited in the Company were extinguished and cancelled and in lieu of the same, the Company allotted fresh 12,739,022 equity shares of ₹ 10 each to the eligible shareholders whose name appeared in the Register of Members on October 18, 2017. The paid up equity share capital of the Company as on March 31, 2018 was ₹ 127,390,220/- (12,739,022 equity shares of ₹ 10/- each).

9. EMPLOYEES STOCK OPTION SCHEMES (ESOS)

During the year under review, the shareholders of the Company have approved two (2) Esop scheme(s) having a pool size of 600,000 options each under 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 granted 220,000 options on January 29, 2018 to the eligible employees of the Company under 5paisa Capital Limited Employee Stock Options Scheme 2017.

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 certificate would be placed at the Annual General Meeting for inspection by 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 of the Company www.5paisa.com and the same is available for inspection by the members at the Registered Office of the Company during the business hours on working days except on Saturdays, Sundays and Public Holidays, up to the date of the Meeting. 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. SUBSIDIARY COMPANY

During the year under review, the Company incorporated, a wholly owned subsidiary namely 5paisa P2P Limited on December 07, 2017. The 5paisa P2P Limited has filed the application with the Reserve Bank of India for obtaining the registration for Peer to Peer Lending and the approval is awaited.

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 17, 2018 approved the consolidated financials of the Company along with the Standalone financial statements. Copies of the Balance Sheet, Statement of Profit and Loss Account, 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 2017-18. 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 subsidiary will be uploaded on the website of the Company. As required by the Companies Act, 2013 and Accounting Standard - 21 (AS 21) issued by the Institute of Chartered Accountants of India, the Company's consolidated financial statements included in this Annual Report incorporate the accounts of its subsidiary. 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 www.5paisa.com.

Directors' Report (Contd.)

12. 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.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Directors:

The Board comprises of Mr. Prakarsh Gagdani and Mr. Santosh Jayaram as the Executive Directors, Dr. Archana Niranjan Hingorani and Ms. Nirali Sanghi as the Independent Directors of the Company.

Appointment

Mr. Santosh Jayaram was appointed as Additional Director and was further designated as Whole Time Director for the period of 3 years, subject to approval of the Shareholders w.e.f. January 11, 2018. Ms. Nirali Sanghi was appointed as an additional Director and was designated as an Independent Director subject to approval of the Shareholders w.e.f. January 11, 2018. She holds office as per her tenure of appointment mentioned in the Notice of the ensuing Annual General Meeting of the Company.

Confirmation

I. Mr. Krishna Iyer was confirmed as the Independent Director by the Shareholders of the Company in the 10th Annual General Meeting held on July 19, 2017 for a period of five years w.e.f. March 31, 2017.

II. Dr. Archana Niranjan Hingorani was confirmed as the Independent Director by the Shareholders of the Company in the 10th Annual General Meeting held on July 19, 2017 for a period of five years w.e.f. June 07, 2017.

Resignation

Mr. Mohan Radhakrishnan and Mr. Narendra Jain, the Non-Executive Directors and Mr. Krishna Iyer, the Independent Director resigned w.e.f. January 11, 2018 due to their pre occupation.

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 which may affect their status as independent director during the year.

Retirement by Rotation

In accordance with Section 152 of the Companies Act, 2013 ("Act") read with Article 157 of the Articles of Association of the Company, Mr. Prakarsh Gagdani 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.

Re-appointment of Whole Time Director

The tenure of Mr. Prakarsh Gagdani as the Whole Time Director ends on December 21, 2018 and the Board recommends his re-appointment to Shareholders in the ensuing Annual General Meeting. The terms and conditions of the re-appointment are mentioned in the Notice of the ensuing Annual General Meeting of the Company.

b. Key Managerial Personnel:

As on March 31, 2018, Mr. Prakarsh Gagdani - Whole Time Director & Chief Executive Officer, Mr. Santosh Jayaram - Whole Time Director, Mr. Roshan Dave – Company Secretary & Compliance Officer and Ms. Ankita Lakhotia - 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. Prakarsh Gagdani, Whole Time Director was also designated as Chief Executive officer of the Company w.e.f. January 11, 2018 and Mr. Santosh Jayaram was appointed as Additional Director and further designated as Whole Time Director subject to approval of the Shareholders w.e.f. January 11, 2018.

Mr. Harshit Choudhary was appointed as a Company Secretary and Compliance Officer in place of Mr. Jayesh Sharma w.e.f. October 13, 2017. Mr. Harshit Choudhary, Company Secretary & Compliance Officer, resigned w.e.f. January 31, 2018 and in his place Mr. Roshan Dave was appointed as the Company Secretary & Compliance Officer of the Company w.e.f. February 01, 2018. These changes in the Key Managerial Personnel were due to internal re-structuring.

The Remuneration and other details of the Key Managerial Personnel for the year ended March 31,

2018 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.

14. 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, appointment of auditor, 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, 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 Niranjan Hingorani as the Chairman, Ms. Nirali Sanghi and Mr. Prakash Gagdani 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 financials, audit reports and appointment of auditors. 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 Niranjan Hingorani and Mr. Prakarsh Gagdani as members of the Committee. Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013, the Company is in process of appointing one more Non-Executive Director/ Independent Director who will also be nominated to Nomination Remuneration 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. 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 Company has re-constituted a Stakeholders Relationship Committee and details thereof have been provided in Corporate Governance Report. The Committee comprises of Ms. Nirali Sanghi as the Chairman, Dr. Archana Niranjan 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.

No complaints has been received from SEBI scores portal during the Financial Year 2017-18. The details of the Meeting are given in the Corporate Governance Report.

Directors' 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 http://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, 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 29, 2018 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.

15. 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 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.

16. 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.

17. 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 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 via postal ballot on January 25, 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 www.5paisa.com. You may refer to Note no. 26 to the financial statement, which contains related party disclosures.

The Company had not entered into any material 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.

18. EXTRACT OF 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".**

19. 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.

20. SECRETARIAL AUDIT

The Board had appointed M/s. Nilesh Shah & Associates, Practicing Company Secretaries to conduct Secretarial Audit of the Company for the year 2017-18. The Auditor had conducted the audit and their report thereon was placed before the Board. The Auditor in their report stated that the Nomination and Remuneration Committee consist of 3 members i.e. 2 Independent Director and 1 Executive Director w.e.f. January 11, 2018. As informed by the management, the Company is in process of appointing one more Non-Executive Director/Independent Director who will also be nominated to Nomination and Remuneration Committee. The said noting is self-explanatory. The report of the Secretarial Auditor is annexed herewith as **"Annexure - III".**

21. 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.

22. 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 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.

23. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

In compliance of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements)

Directors' Report (Contd.)

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.

24. 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.

Your Directors further state that the during the fiscal year 2017-18, 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 : 1

b) Number of complaints disposed off during the year : 1

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: The Company has taken the appropriate action on the said matter.

25. 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.

26. STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013 ("Act") and the rules made thereunder, the members at their 10th Annual General Meeting ("AGM") held on July 19, 2017, had appointed M/s. V Sankar Aiyar & Co., Chartered Accountants, Mumbai (Firm Registration Number: 109208W) as Statutory Auditor for a period of five years i.e. from the conclusion of 10th AGM till the conclusion of 15th AGM of the Company to be held in the year 2022 subject to ratification of their appointment at every AGM. Accordingly, the appointment of M/s. V Sankar Aiyar & Co., Chartered Accountants as Statutory Auditors of the Company is placed for ratification by the Members in the forthcoming AGM.

In this regard, the Company has received a certificate from the Statutory Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of Section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

27. 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.

28. 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.

29. GENERAL

Your Directors state that during the financial year 2017-18:

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.

30. 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)

Santosh Jayaram
Whole Time Director
(DIN: 07955607)

Date: April 17, 2018
Place: Mumbai

Annexure – I to Directors' Report

FORM AOC-1

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

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

PART "A": SUBSIDIARIES

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

Sr. No.	Particulars	Details
1.	Name of the subsidiary	5paisa P2P Limited
2.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	December 07, 2017 to March 31, 2018
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
4.	Share capital	20.50
5.	Reserves & surplus	Nil
6.	Total Assets	20.50
7.	Total Liabilities	Nil
8.	Investments	Nil
9.	Turnover	Nil
10.	Profit before taxation	Nil
11.	Provision for taxation	Nil
12.	Profit after taxation	Nil
13.	Proposed Dividend	Nil
14.	% of shareholding	100

*5paisa P2P Limited has filed an application with Reserve Bank of India for carrying out the business of Peer to Peer lending and the approval is awaited.

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

1. Names of subsidiaries which are yet to commence operations – **Not Applicable**
2. 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	Not Applicable
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	
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)

Santosh Jayaram
Whole Time Director
(DIN: 07955607)

Ankita Lakhotia
Chief Financial Officer

Roshan Dave
Company Secretary

Date: April 17, 2018
Place: Mumbai

Annexure – II to Directors' Report

FORM NO. MGT-9

Extract of Annual Return

as on the financial year ended on March 31, 2018

[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	U67190MH2007PLC289249
ii)	Registration Date	10/07/2007
iii)	Name of the Company	5paisa 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:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Stock Broking	66120	77
2.	Fund based Activities and distribution of financial products	66190	33

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held*	Applicable section
1.	5paisa P2P Limited	IIFL House, Sun Infotech Park, Road No. 16V, Plot No.B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra, 400604.	U67120MH2017PLC302564	Wholly Owned Subsidiary	100	2(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, 2017)				No. of Shares held at the end of the year (As on March 31, 2018)				% 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	Nil	Nil	Nil	Nil	3,662,977	Nil	3,662,977	28.7540	
(b)	Central Government / State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(c)	Bodies Corp.	17,716,494	Nil	17,716,494	99.99	160,000	Nil	160,000	1.2560	
(d)	Financial Institutions / Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(e)	Any Other (Specify)									
	Individuals holding shares as a nominee of IIFL Holdings Limited	Nil	6	6	0.01	Nil	Nil	Nil	Nil	
	Sub Total (A)(1)	**17,716,494**	**Nil**	**17,716,500**	**100.00**	**3,822,977**	**Nil**	**3,822,977**	**30.0100**	
[2]	**Foreign**									
(a)	NRI – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(b)	Other-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(c)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(d)	Banks/ FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(e)	Any Other (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
	Sub Total (A)(2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	
(A)	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	17,716,494	6	17,716,500	100.00	3,822,977	Nil	3,822,977	30.0100	
(B)	**Public Shareholding**									
[1]	**Institutions**									
(a)	Mutual Funds / UTI	Nil	Nil	Nil	Nil	51,344	Nil	51,344	0.4030	
(b)	Financial Institutions / Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(c)	Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(d)	State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(e)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(f)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(g)	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(h)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(i)	Foreign Portfolio Investor	Nil	Nil	Nil	Nil	2,525,616	Nil	2,525,616	19.8258	
(j)	Any Other (Specify)									
	Sub-total (B)(1):-	**Nil**	**Nil**	**Nil**	**Nil**	**2,576,960**	**Nil**	**2,576,960**	**20.2289**	

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, 2017)				No. of Shares held at the end of the year (As on March 31, 2018)				% 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	
i)	Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
ii)	Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
(b)	Individuals									
	(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.	Nil	Nil	Nil	Nil	839,704	3,213	842,917	6.6168	
	(ii)Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	Nil	Nil	Nil	Nil	908,563	Nil	908,563	7.1321	
(C)	**Any Others**									
	Trusts	Nil	Nil	Nil	Nil	248	Nil	248	0.0019	
	Hindu Undivided Family	Nil	Nil	Nil	Nil	60,093	Nil	60,093	0.4717	
	NRI (Repatriable)	Nil	Nil	Nil	Nil	695,499	9,000	704,499	5.5302	
	NRI(Non Repatriable)	Nil	Nil	Nil	Nil	266,082	Nil	266,082	2.0887	
	Foreign Nationals	Nil	Nil	Nil	Nil	9,871	Nil	9,871	0.0775	
	Clearing Member	Nil	Nil	Nil	Nil	15,825	Nil	15,825	0.1242	
	Foreign Companies	Nil	Nil	Nil	Nil	3,385,657	Nil	3,385,657	26.5771	
	Bodies Corporate	Nil	Nil	Nil	Nil	142,330	Nil	142,330	1.1173	
	Foreign Portfolio Investor (Individual)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
	Sub Total (B)(2)	**Nil**	**Nil**	**Nil**	**Nil**	**6,323,872**	**12,213**	**6,336,085**	**49.7376**	
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**Nil**	**Nil**	**Nil**	**Nil**	**12,723,809**	**12,213**	**12,736,022**	**99.9765**	
(C)	**Shares held by the Custodian for GDRs & ADRs**									
[1]	Custodian/DR Holder	Nil	Nil	Nil	Nil	3,000	Nil	3,000	0.0235	
	Sub Total (C)	**Nil**	**Nil**	**Nil**	**Nil**	**3,000**	**Nil**	**3,000**	**0.0235**	
	Total (A)+(B)+(C)	**17,716,494**	**6**	**17,716,500**	**100.00**	**12,726,809**	**12,213**	**12,739,022**	**100.00**	

Note:- * The shareholding as on 31.03.2018 is not comparable with that of the financial year ended 31.03.2017, as the Company has allotted shares to the shareholders of IIFL Holdings Limited pursuant to the Scheme of Arrangement between IIFL Holdings Limited & 5paisa Capital Limited and their respective shareholders

Annexure – II to Directors' Report (Contd.)

ii) Shareholding of Promoters:-

Shareholder's Name	Share holding at the beginning of the year(As on April 01, 2017)			Share holding at the end of the year (As on March 31, 2018)			% 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	
IIFL Holdings Ltd.	17,716,500	100.00	Nil	Nil	Nil	Nil	
Nirmal Jain	Nil	Nil	Nil	2,178,600	17.10	Nil	
Venkataraman Rajamani	Nil	Nil	Nil	436,377	3.42	Nil	
Madhu N Jain	Nil	Nil	Nil	680,000	5.34	Nil	
Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)	Nil	Nil	Nil	360,000	2.83	Nil	
Ardent Impex Pvt Ltd.	Nil	Nil	Nil	108,000	0.85	Nil	
Orpheus Trading Pvt Ltd.	Nil	Nil	Nil	52,000	0.41	Nil	
Aditi Athavankar	Nil	Nil	Nil	8,000	0.06	Nil	
Total	**17,716,500**	**100.00**	**Nil**	**3,822,977**	**30.01**	**Nil**	

Note:- *The shareholding of Promoters as on 31.03.2018 is not comparable with that of the financial year ended 31.03.2017, as the Company has allotted shares to the shareholders of IIFL Holdings Limited pursuant to the Scheme of Arrangement between IIFL Holdings Limited & 5paisa Capital Limited and their respective shareholders.

iii) Change in Promoters Shareholding:-

Particulars	Shareholding at the beginning of the year		Cumulative Share holding 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, 2017)	**1,77,16,500**	**100.00**	**1,77,16,500**	**100.00**
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
Cancellation of share capital pursuant to the Scheme of Arrangement between IIFL Holdings Limited and 5paisa Capital Limited and their respective shareholders on September 30, 2017	-1,77,16,500	-100.00	Nil	Nil
Allotment of equity shares to the Shareholders of IIFL Holdings Limited pursuant to the Scheme of Arrangement between IIFL Holdings Limited and 5paisa Capital Limited and their respective shareholders on October 20, 2017	36,94,457	29.00	36,94,457	29.00
Increase in Promoters Share holding during the year i.e. Mr. Nirmal Jain acquired equity shares through secondary market on December 5, 2017	1,28,520	1.01	38,22,977	30.01
At the end of the year (March 31, 2018)	**38,22,977**	**30.01**	**38,22,977**	**30.01**

Note:- *The shareholding of Promoters as on 31.03.2018 is not comparable with that of the financial year ended 31.03.2017, as the Company has allotted shares to the shareholders of IIFL Holdings Limited pursuant to the Scheme of Arrangement between IIFL Holdings Limited & 5paisa Capital Limited and their respective shareholders.

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, 2017)		Change in Shareholdings (No. of shares)		Shareholdings at the end of the year (As on March 31, 2018)	
		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.	Nil	Nil	3,385,657	Nil	3,385,657	26.58
2.	HWIC Asia Fund Class A Shares	Nil	Nil	1,134,501	Nil	1,134,501	8.90
3.	Bank Muscat India Fund	Nil	Nil	503,928	Nil	503,928	3.95
4.	Bharat H Parajia	Nil	Nil	615,471	Nil	615,471	4.83
5.	WF Asian Reconnaissance Fund Limited	Nil	Nil	264,253	Nil	264,253	2.07
6.	Sat Pal Khattar	Nil	Nil	246,861	Nil	246,861	1.94
7.	Lobco Limited	Nil	Nil	216,722	Nil	216,722	1.70
8.	Habrok India Master LP	Nil	Nil	127,543	Nil	127,543	1.00
9.	Mansukh Jain	Nil	Nil	102,004	Nil	102,004	0.80
10.	Dimensional Emerging Markets Value Fund	Nil	Nil	86,367	Nil	86,367	0.68

Note:- *The shareholding of Top 10 Shareholders as on 31.03.2018 is not comparable with that of the financial year ended 31.03.2017, as the Company has allotted shares to the shareholders of IIFL Holdings Limited pursuant to the Scheme of Arrangement between IIFL Holdings Limited & 5paisa Capital Limited and their respective shareholders.

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of Directors and KMP	Shareholding at the beginning of the year (As on April 01, 2017)		Change in Shareholding (No. of Shares)		Shareholding at the end of the year (As on March 31, 2018)	
		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 Gagdani	Nil	Nil	2,490	Nil	2,490	0.02
4.	Mr. Santosh Jayaram	Nil	Nil	Nil	Nil	Nil	Nil
5.	Mr. Krishna Iyer*	Nil	Nil	Nil	Nil	Nil	Nil
6.	Mr. Mohan Radhakrishnan*	Nil	Nil	6,800@	Nil	6,800	0.05
7.	Mr. Narendra Jain*	Nil	Nil	2,220@	Nil	2,220	0.02
8.	Mr. Roshan Bhanuprakash Dave – Company Secretary	Nil	Nil	1@	Nil	1	0
9.	Ms. Ankita Lakhotia- Chief Financial Officer	Nil	Nil	Nil	Nil	Nil	Nil

Note:-

i. #The shareholding of Directors as on 31.03.2018 is not comparable with that of the financial year ended 31.03.2017, as the Company has allotted shares to the shareholders of IIFL Holdings Limited pursuant to the Scheme of Arrangement between IIFL Holdings Limited & 5paisa Capital Limited and their respective shareholders.

ii. @Mr. Mohan Radhakrishnan, Mr. Narendra Jain and Mr. Roshan Dave were allotted shares, pursuant to the Scheme of Arrangement between IIFL Holdings Limited and 5paisa Capital Limited and their respective shareholders.

iii. * Mr. Krishna Iyer, Mr. Mohan Radhakrishnan & Mr. Narendra Jain resigned as a director with effect from January 11, 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, 2017				
(i) Principal amount	Nil	Nil	Nil	**Nil**
(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	Nil	620,000,000	Nil	620,000,000
Reduction	Nil	620,000,000	Nil	620,000,000
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year March 31, 2018				
(I) Principal amount	Nil	Nil	Nil	Nil
(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**

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 Gagdani	Mr. Santosh Jayaram	
Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	5,241,004	1,791,590	7,032,594
(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)*	125,000	20,000	Nil
Sweat Equity	Nil	Nil	Nil
Commission			
- as % of profit	Nil	Nil	Nil
- others, specify	Nil	Nil	Nil
Others[Company's contribution towards PF, pension fund and NPS]	Nil	Nil	Nil
Total (A)	**5,280,604**	**1,791,590**	**7,072,194**
Ceiling as per the Act**	16,800,000	16,800,000	33,600,000

*Stock options were issued on January 29, 2018 under 5paisa 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
Name of Director	Mr. Mohan Radhakrishnan	Mr. Narendra Jain	Mr. Krishna Iyer	Dr. Archana Niranjan Hingorani	Ms. Nirali Sanghi	
Independent Directors						
- Fees for attending board/ committee meetings	Nil	Nil	360,000	345,000	45,000	750,000
- Commission	Nil	Nil	Nil	Nil	Nil	Nil
- Other	Nil	Nil	Nil	Nil	Nil	Nil
Total (1)	**Nil**	**Nil**	**360,000**	**345,000**	**45,000**	**750,000**
Other Non-Executive Directors						
-Fees for attending board/ committee meetings	Nil	Nil	Nil	Nil	Nil	Nil
- Commission	Nil	Nil	Nil	Nil	Nil	Nil
- Other	Nil	Nil	Nil	Nil	Nil	Nil
Total (2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Total (B)=(1+2)	**Nil**	**Nil**	**360,000**	**345,000**	**45,000**	**750,000**
(A+B)	**Total Managerial Remuneration**					**7,822,194**
Overall Ceiling as per the Act	Overall Ceiling as per the Companies Act, 2013 for the sitting fees is upto ₹ 1.00 Lac to be paid to directors for attending each of the Board or Committee Meeting.					

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

(Amount in ₹)

Particulars of Remuneration	Name of the Key Managerial Persons				Total
Name of Key Management Personnel	Ms. Ankita Lakhotia (Chief Financial Officer)	**Mr. Roshan Dave (Company Secretary)	^Mr. Harshit Choudhary (Company Secretary)	#Mr. Jayesh Sharma (Company Secretary)	
Gross Salary					
a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	15,21,153	1,94,402	83,942	11,49,467	29,48,964
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 [Company's contribution towards PF and pension fund]	67,200	8,678	3,168	23,334	1,02,380
Total	**15,88,353**	**2,03,080**	**87,110**	**11,72,801**	**30,51,344**

*Stock options were issued on January 29, 2018 under 5paisa Capital Limited Employee Stock Option Scheme 2017.

** Mr. Roshan Dave was appointed as a Company Secretary w.e.f. February 01, 2018.

^ Mr. Harshit Choudhary was appointed on October 13, 2017 and he resigned as a Company Secretary w.e.f. January 31, 2018.

Mr. Jayesh Sharma resigned as a Company Secretary w.e.f. October 13, 2017.

Annexure – II to Directors' Report (Contd.)

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

(Amount in ₹)

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	NIL				
Penalty					
Punishment					
Compounding					
B. DIRECTORs					
Penalty					
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)

Date: April 17, 2018
Place: Mumbai

Annexure -III to Directors' Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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,

5paisa Capital Limited

IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23,

Thane Industrial Area, Wagle Estate, Thane – 400 604

Dear Sir / Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good Corporate Governance practice by 5paisa 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.

It may be noted that the Equity Shares of the Company were listed on Bombay Stock Exchange and National Stock Exchange w.e.f. 16.11.2017. Accordingly, reporting on compliances of applicable provisions of relevant SEBI Rules and Regulations have been made for the period 16.11.2017 to 31.03.2018 as mentioned at relevant places.

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 authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended March 31, 2018, 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, 2018 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') (for the period 16.11.2017 to 31.03.2018):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (to the extent applicable);

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

(f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

(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 (Stock-Brokers and Sub-Brokers) Regulations, 1992;

(b) The Securities and Exchange Board of India (Research Analyst) Regulations, 2014;

(c) The Securities and Exchange Board of India (Depository and Participant) Regulations, 1996;

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 v) and applicable to the Company) and we have also relied on the representation made by the Company and its Officers in respect of systems and mechanism formed / followed by the Company for compliances of other applicable Acts, Laws and Regulations and found the satisfactory operation of the of the same.

We have also examined compliance with the applicable clauses of:

Annexure -III to Directors' Report (Contd.)

(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 (for the period 16.11.2017 to 31.03.2018).

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. The Nomination and Remuneration Committee consist of 3 members i.e. 2 Independent Director and 1 Executive Director w.e.f. 11/01/2018. As informed by the management, the Company is in process of appointing one more Non-Executive Director/ Independent Director who will also be nominated to Nomination Remuneration Committee.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the 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 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:

a) The Company has received approval of Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench vide its order dated 06.09.2017 for the Scheme of Arrangement involving Demerger of 5paisa Digital Undertaking division of IIFL Holdings Limited (Listed Company) with the Company. The said scheme was made effective w.e.f. 30.09.2017 consequent upon filing of eForm INC 28 with the Registrar of Companies, Mumbai;

b) Pursuant to the said Scheme of Arrangement, the Company has issued and allotted, 1,27,39,022 Equity Shares of ₹ 10 each on 20.10.2017 to the shareholders of IIFL Holdings Limited. The said Equity Shares of the Company were listed on Bombay Stock Exchange and National Stock Exchange on 16.11.2017.

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

For Nilesh Shah & Associates

Nilesh Shah
Company Secretaries
FCS : 4554
C.P. : 2631

Date: April 17, 2018
Place: Mumbai

'ANNEXURE A'

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

Dear Sir / Madam,

SUB: OUR REPORT OF EVEN DATE IS TO BE READ ALONG WITH THIS LETTER.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (by verifying records as was made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and we rely on Auditors Independent Assessment on the same.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Nilesh Shah & Associates

Nilesh Shah
Company Secretaries
FCS : 4554
C.P. : 2631

Date: April 17, 2018
Place: Mumbai

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

The Company remains committed to investing in technology to provide a competitive edge and contribute in business that is scalable. Digital and analytics continue to be the key focus areas to bring in agility, availability and relevance.

Highlights of the current year:

- The Company focused on enriching the trading product with multiple features such as Span Margin, Margin Funding, Real time funds transfer using IMPS/RTGS
- In line with growing digital ecosystem in India, Company completed eSign, eMandate, new compliant biometric integration at the time of customer onboarding
- 5paisa Markets App has now over 1 million downloads on Android, iOS, iPAD, etc.
- Infrastructure upgrade included moving bulk of the mission critical servers in a software managed virtualised environment for high availability and increased performance
- In a group-wide initiative Company engaged with a crowd-sourcing ethical hacking partner to significantly improve the security posture across application, data, infrastructure, network and physical security. Company further upgraded proxy, firewall and antivirus to threat detection making security robust.
- As part of compliance initiatives, Company completed implementing CKYC, AML and GST implementations.
- Company engaged PWC to review and recommend Business Continuity and Disaster Recovery. Outcome will be used to implement BCP and Technology DR in the next Financial Year
- Company embarked on the mission of centralised and productised common service development project. Tech department has already implemented common payment services for Paytm, MSwipe and IMPS as also common verification services like eKYC, eSign, eMandate, Domain verification, CIBIL, etc. This will result in reduced cycle time for delivering business requirements.
- The Company has introduced Mpin in our Mobile App as a part of tech security and customer ease.

As Company continues to expand its geographic reach and enhance the scale of operations, it intends to further develop and integrate technology to support growth and improve service quality. Technology is a trusted ally in creating business value.

Your Company committed significant investments in terms of technology, systems and manpower in the aforesaid initiative and continuously developing the same.

FOREIGN EXCHANGE EARNINGS/OUTGO OF THE STANDALONE COMPANY

a) The foreign exchange earnings: NIL

b) The foreign exchange expenditure: ₹ 3,021,699/-

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, 2018	March 31, 2017
Capital	Nil	Nil
Revenue	Nil	Nil

For and on behalf of the Board

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: 07376258)

Santosh Jayaram
Whole Time Director
(DIN: 07955607)

Date: April 17, 2018
Place: Mumbai

Annexure – V to Directors' Report

THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEE'S REMUNERATION AND OTHER DETAILS IN TERMS OF SUB-SECTION 12 OF SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

Sr. No.	Requirement	Disclosure	
I	The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year	Prakarsh Gagdani – WTD & CEO	23.16x
		Santosh Jayaram - WTD	7.86x
		Non-Executive Director@	
		Mr. Narendra Jain	NA
		Mr. Mohan Radhakrishnan	NA
		Dr. Archana Niranjan Hingorani	NA
		Mr. Krishna Iyer	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	7%
		Santosh Jayaram - WTD	15%
		Non-Executive Director@	
		Mr. Narendra Jain	NA
		Mr. Mohan Radhakrishnan	NA
		Dr. Archana Niranjan Hingorani	NA
		Mr. Krishna Iyer	NA
		Mr. Nirali Sanghi	NA
		CFO, CEO and CS	
		Prakarsh Gagdani – WTD & CEO	7%
		Chief Financial Officer (CFO)*	NA
		Company Secretary**	NA
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 9%. 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 757 employees on the rolls as on March 31, 2018.	
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 2017-18, there is an average increase of 7.28% in the remuneration other than managerial personnel as compared to increase of 7.32% in the remuneration of managerial personnel.	
VI	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes it is confirmed	

*Ms. Ankita Lakhotia, CFO joined the organisation in March 2017 and she was not eligible for the increment during the year 2017-18.

** Mr. Harshit Choudhary was appointed as a Company Secretary in place of Mr. Jayesh Sharma on October 13, 2017 and he resigned w.e.f. January 31, 2018 and in his place Mr. Roshan Dave was appointed as a Company Secretary w.e.f. February 01, 2018.

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

For and on behalf of the Board

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: 07376258)

Santosh Jayaram
Whole Time Director
(DIN: 07955607)

Date: April 17, 2018
Place: Mumbai

Management Discussion and Analysis

INDIAN ECONOMY OVERVIEW

Indian Economy continues to be one of the fastest growing economies around the world despite the two major reforms that deterred the growth rate in the short run. According to an International Monetary Fund (IMF) report in April 2018, India grew at 6.7 % in 2017. The IMF remains bullish on India's growth potential and has estimated its GDP forecast for the country at 7.4 % in 2018. It also estimates that India may grow at the rate of 7.8 % making the country the fastest growing economy around the world in 2018 and 2019, beating China.

With a policy change such as GST, which is of a huge scale, scope, and complexity, the transition unsurprisingly encountered challenges of policy, law, and information technology systems. It highly affected the informal sector in the country. In the second half of the year, the economy witnessed signs of revival. Economic growth improved as the shocks began to fade, corrective actions were taken, and the synchronous global economic recovery boosted exports.

After prolonged government efforts, India jumped 30 spots on the World Bank's Ease of Doing Business rankings. Also, similar actions to liberalise the foreign direct investment (FDI) regime helped increase FDI flows by 20 % in 2017.

FINANCIAL SERVICES INDUSTRY

The Indian financial services industry is vast and diverse, with many players across its segments, though yet dominated by banks. The industry has been through some volatility in the past year with the after-effects of demonetisation and the implementation of GST. Despite the challenges, capital market segments have seen an upward trend with record increases in financial savings, strong investor sentiment and foreign investment inflows. Players in the non-banking segment have also performed well. Housing finance companies with the help of government initiatives for affordable housing, have been performing exceptionally well in the segment. Also, small finance banks and micro finance companies have shown strong growth post a quick recovery from the shocks of demonetisation.

Demand for financial services is on the rise. Internet and mobile penetration in the country have increased multi-fold contributing to the increasing usage of digital financial services. Digital innovations in the sector have become very popular. Digital wallets and UPI payment services have been the key innovations to have gained popularity. Digital transactions in January 2018 have reached a record ₹ 1.11 billion, according to an RBI report. Digital penetration is expected to rise to 55% in 2018 and smart phone users to almost 530 million in count. The ease and convenience of transacting online is making way for fintech companies to rise. Artificial Intelligence and Block Chain are the technologies of the future and are expected to impact the way many businesses in the sector are run.

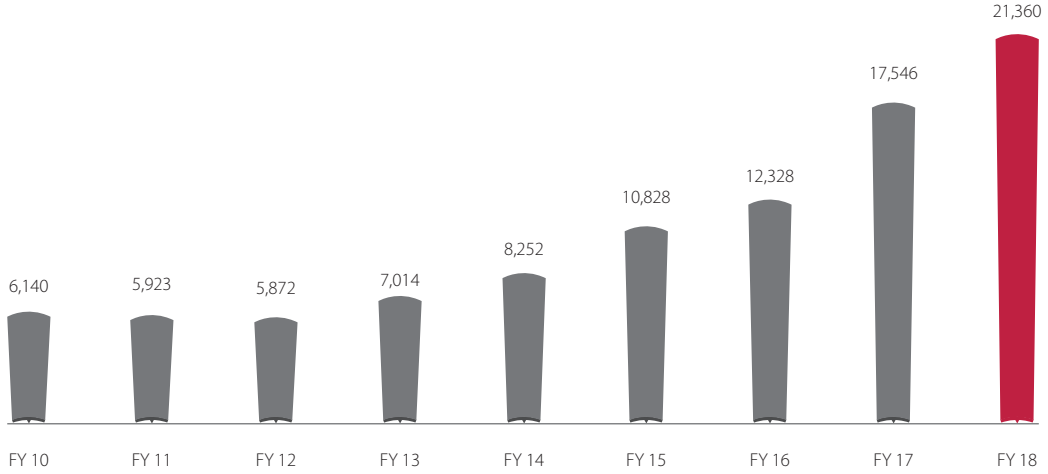
The outlook for the sector continues to be positive with trends of financialisation of savings, foreign investment inflows and positive investor sentiment expected to sustain.

MUTUAL FUND INDUSTRY

From the year 2017, the Mutual Fund (MF) industry in India has seen rapid growth in total Assets Under Management (AUM). Total AUM of the industry increased 22% y-o-y to hit a record Rs 21,360 billion at the end of March 2018.

Nationwide advertisement campaigns such as "Mutual Fund sahi hai" by Association of Mutual Fund in India (AMFI) were among the key catalysts for the growth in AUM.

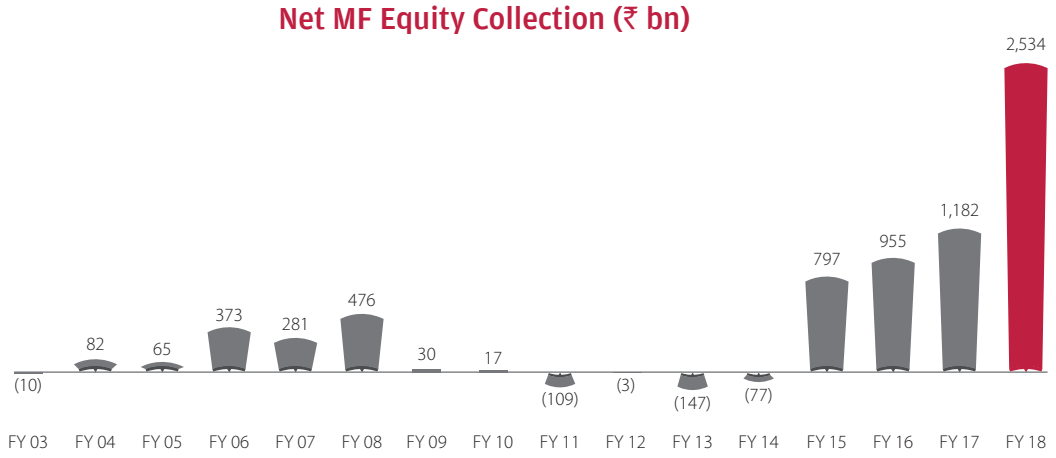
Total Mutual Fund AUM (₹ bn)



Source: AMFI, CEIC, IIFL Research

Management Discussion and Analysis (Contd.)

On account of rise in investments in Mutual Funds and other financial instruments, the revenues of the brokerage industry in India are forecasted to grow annually by 15-20% in the coming years, backed by rising cash market volumes and high net mutual fund equity collection, according to an IBEF report.



Source: CEIC, IIFL Research

Includes collections under 'Growth/Equity', 'ELSS', 'Other ETF' and 65% of 'Balanced Funds' category

DISCOUNT BROKERAGE INDUSTRY

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.

USA was the pioneer in discount broking, where currently about 70% of the retail broking is conducted through discount brokerages.

India has recently caught up to the trend, and is witnessing fast paced growth in the segment. There are about 15 discount broking companies operating in India. During the period from FY14 to FY18, the market share of discount brokers has increased from 1% to about 8% with an overall active client growth of 100%.

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 roll out of 4G services all across India.

OPPORTUNITY

The growing trend of financialisation of savings is the greatest opportunity for capital market players. Investment sentiment has been steady over the past year and is expected to sustain in the coming year despite the stringent regulatory and tax changes.

Also, as mentioned earlier in this report, digital transacting is the way of the future; innovations in online financial services, technology advancements powered by artificial intelligence, block chain etc., regulatory push for adoption of digital transactions and growing popularity for mobile and internet based transacting, all contribute to the scope for growth for fintech companies.

THREATS

The PwC CEO Survey of 2017 found that more than 70% of industry leaders believe cyber insecurity is a threat to growth. The ongoing news reports of data breaches at retailers highlight the risks all businesses face. This threat is especially significant for companies operating entirely in the digital space as any incident, regardless of scale, can severely hamper the business as well as its reputation.

Globally, there has been a major shift to discount brokerages from the traditional full service brokers. Looking at the global trend and the fast growth of discount brokers in India, we may see a

development in the future where the existing full service brokers will convert to discount brokerages as well, which will crowd the market and ultimately increase competition. This may impact customer growth, profitability and sustainability in the long run.

The biggest threats to the discount brokerage industry apart from the cut throat competition and technological changes are the changes in regulatory environment. The regulator does not differentiate between large and small business models. Since the broker houses are handling client money, the minimum regulatory requirements will have to be met. Any stringent or unanticipated change in the regulatory environment can adversely affect the business.

COMPANY OVERVIEW

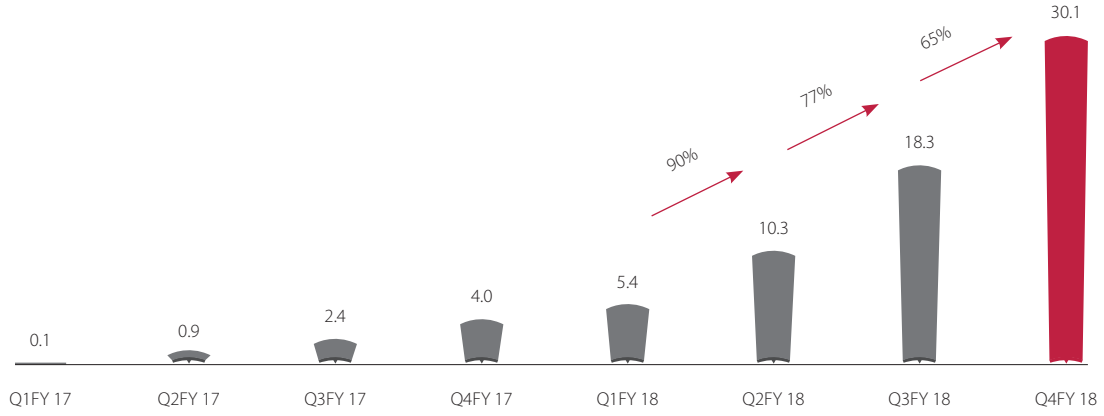
5paisa Capital Limited was originally incorporated on July 10, 2007. 5paisa Capital Limited is a technology driven company having mainly an online presence. It is engaged in providing financial products through its online technology platform and mobile applications. Its services are targeted at retail 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.

FINANCIAL PERFORMANCE

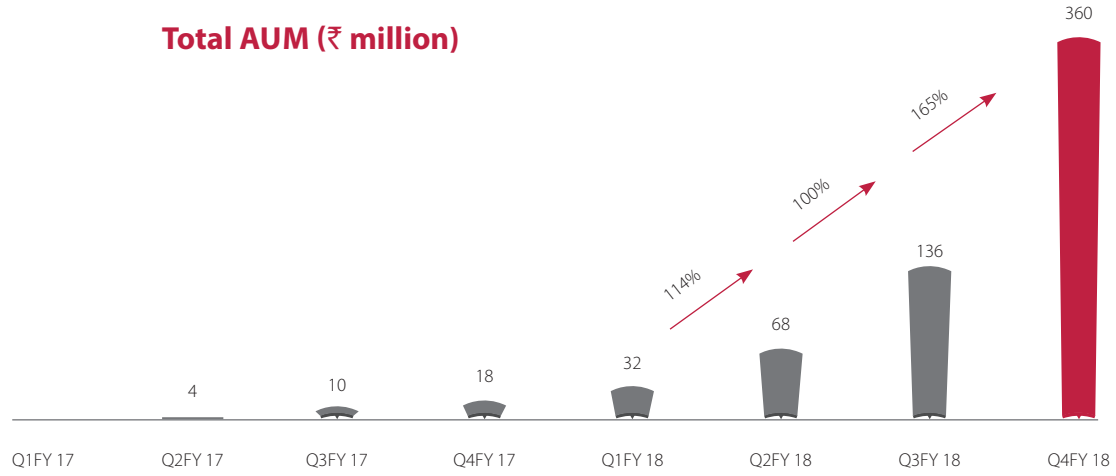
Revenues have seen strong and sustained growth, recording a leap of 3 times over the previous year. Revenue from operations for FY18 has grown 163% y-o-y to ₹ 196.5 million Since the company is still in the initial stages of business, it is yet to achieve break-even.

The Company's healthy performance has led it to achieve a 1% share of daily cash turnover within a short span of two years. The 5paisa Mobile App has over 1,000,000 downloads till date with a sustained 4 Star rating on Playstore. Trades through the app constitute 70% of the total turnover of the Company.

The average quarterly brokerage stood at ₹ 30 million This is an increase of 65 % q-o-q.



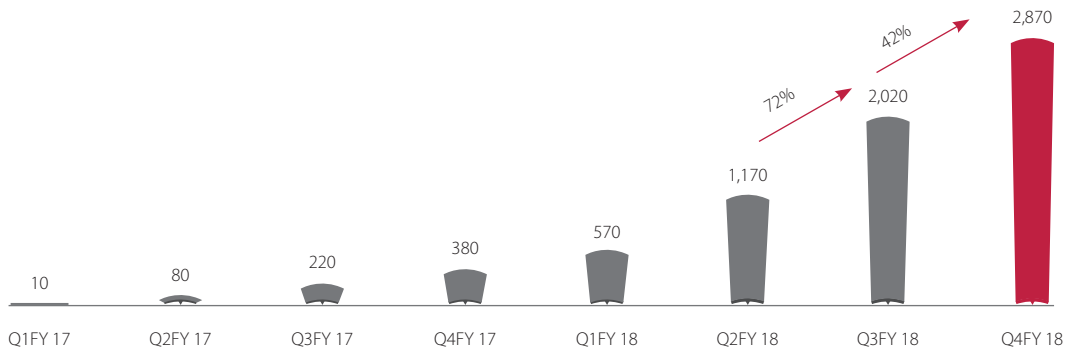
The AUM Book size grew at 165% q-o-q, and is at ₹ 360 million for the period ended FY18.



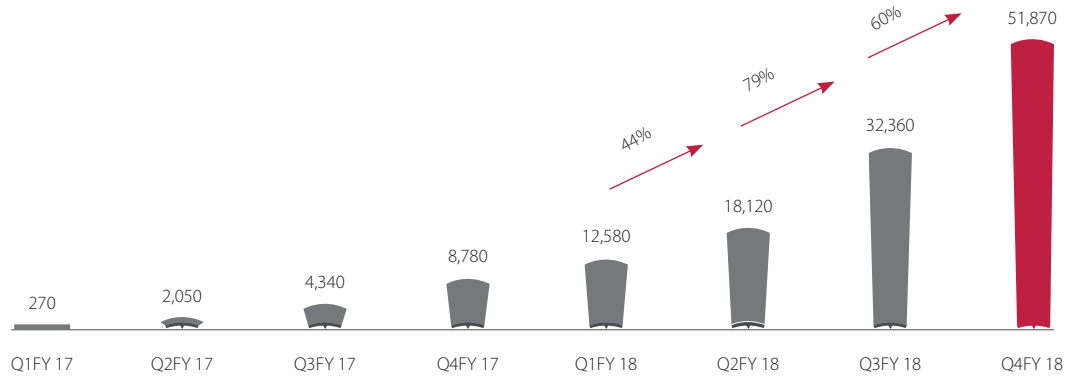
Management Discussion and Analysis (Contd.)

OPERATIONAL PERFORMANCE

The average daily cash turnover stood at ₹ 2,870 million up 42% q-o-q whereas exchange cash turnover (NSE + BSE) was up by only 4.5% for the quarter ended March 2018.



Average daily total turnover of the Company was at ₹ 51,870 million up 60% q-o-q whereas the exchange total turnover was down 6% for the quarter ended March 2018.



- **Customer acquisitions**

  The Company has seen a steady and robust growth in customer acquisitions, recording a 6x growth over the past year. 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 achieved 81% of its client acquisition target set for FY18. The client acquisition run rate has also been up Q-on-Q by 31%. More than half of the client acquisition has been from tier-1 and tier-2 cities for the year.

  The Company uses marketing techniques like social media campaigns, Search Engine Optimisation (SEO) and online advertisements to increase awareness and expand customer base. Further, clientele growth has also occurred owing to general word of mouth.

  The Company's approach of offering very low cost of service, complete paperless trading experience, multi product offering under one umbrella, usage of advanced analytics for personalised financial planning and world class research and advisory 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 launched a Robo advisory system, which is an online advisory tool customised 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.

HUMAN RESOURCE

5paisa'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. The Company had 757 employees in the financial year 2018.

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.

Management Discussion and Analysis (Contd.)

Encouraging performance

5paisa, 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 organisational objectives and employees' personal goals. An effective performance management system helped the Company in recognising 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

5paisa believes in engaging its work force, nurturing their careers and grooming them to become leaders of tomorrow.

Apart from regular interactive forums like virtual town halls, 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 recognised 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.

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.

RISK MANAGEMENT

Risk management is a key element of 5paisa's business strategy and is integrated seamlessly across all of its business operations. The objective of the risk management process is to optimist 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 digitised processes which minimises the scope for omission and commission of errors and frauds.

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

- **Market risk :**

  As a financial 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 unauthorised 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 unauthorised 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 2018.

- **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.

  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 organisation pays special attention to issues that may create a reputational risk. Events that can negatively impact the organisation position are handled cautiously ensuring utmost compliance and in line with the values of the organisation.

- **Human resource risk**

  We are exposed to the risk arising from misconduct, fraud or trading errors by our employees such as indulgence in unauthorised transactions by employees, misreporting of and non-compliance with various statutory and legal requirements, improper use of confidential information and operational errors. It may not always be possible to deter employees from or otherwise prevent misconduct 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-

Management Discussion and Analysis (Contd.)

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

There were many structural changes in the year 2017 to improve macro-economic parameters for the future. The changes seem to have paid off as the economy is slowly to the path of recovery. Some of the challenges for 2018 include inflationary pressures, higher fiscal deficit as well as an increasing debt burden. The key to tackling this lies in the revival of consumer demand and private investment. Indian economy has slowly started to regain the tag of being the fastest growing economy in the world. Depending on how effectively various policies, especially infrastructure related and structural reforms are implemented, the sustainability of the growth rate can be predicted for the future.

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.

Corporate Governance Report

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report relating to the year ended on March 31, 2018 has been issued in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forms a part of the Report of the Directors to the Members of the Company.

1. OUR COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

5paisa Capital Limited ('the Company') follows the highest standards of governance and disclosure. 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, 2018:

The Board of Directors ("Board") of the Company has an optimum combination of executive and non-executive directors (including two woman 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)
Independent Directors	Dr. Archana Niranjan Hingorani
	Ms. Nirali Sanghi

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

- **MR. PRAKARSH GAGDANI**
  Executive 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 sixteen (16) 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.

- **MR. SANTOSH JAYARAM**
  Executive 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 5paisa Capital Limited and IIFL Group since May 2011. He has an experience in area of business process re-engineering, digitisation, product development, mobile application development and user experience management.

- **DR. ARCHANA NIRANJAN HINGORANI**
  Independent Director

  Dr. Archana Niranjan Hingorani is an Independent Director of our Company. She holds an MBA and Ph.D. in finance from the University of Pittsburgh, United States. She has over thirty (30) years' experience in the asset management business, teaching and research. In the recent past, she was associated with IL&FS Investment Managers since 1994 for about twenty three (23) years and resigned after heading it the last nine (9) years of her time there. She has rich experience in fund raising, investing, nurturing investments through four different economic cycles, carving exit paths etc. She has overseen various investments catering to the consumer goods, retail sector, infrastructure, education, healthcare, logistics, clean energy and financial services and have consequently built strong entrepreneur relationships. She has also been involved in mentoring and nurturing smaller start-ups in the technology, education, financial inclusion and encouraging start-ups run by women entrepreneurs.

Corporate Governance Report (Contd.)

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

- **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).

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

During the financial year 2017-18 Five (5) Board Meetings were held on the following dates: May 02, 2017, July 19, 2017, October 13, 2017, December 15, 2017 and January 11, 2018.

As mandated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2018. It excludes Directorships of Private Limited Companies, Foreign Companies and Section 8 Companies:

Name of the Director (DIN)	Date of appointment	Category	Number of board meeting attended during the year	Attendance at last AGM	Directorships in Indian Public Limited companies (Including 5paisa Capital Limited)	Membership of Committees (including of 5paisa Capital Limited)^	
						Member	Chairman@
Mr. Prakarsh Gagdani (DIN: 07376258)	22/12/2015	Whole Time Director and Chief Executive Officer	5	Yes	3	2	0
# Mr. Santosh Jayaram (DIN: 07955607)	11/01/2018	Whole Time Director	0	NA	2	0	0
* Dr. Archana Niranjan Hingorani (DIN: 00028037)	07/06/2017	Independent Director	4	Yes	5	2	2
#Ms. Nirali Sanghi (DIN:00319389)	11/01/2018	Independent Director	0	NA	1	1	1
** Mr. Krishna Iyer (DIN: 03072033)	31/03/2017	Independent Director	5	Yes	1	0	0
** Mr. Mohan Radhakrishnan (DIN: 00012070)	10/07/2007	Director	5	Yes	6	1	0
** Mr. Narendra Jain (DIN: 01984467)	02/11/2010	Director	5	Yes	3	1	0

Note:

1. *Dr. Archana Niranjan Hingorani was appointed as an Independent Director of the Company w.e.f. June 7, 2017.
2. **Mr. Mohan Radhakrishnan, Mr. Narendra Jain and Mr. Krishna Iyer resigned on January 11, 2018.
3. #Ms. Nirali Sanghi as an Independent Director and Mr. Santosh Jayaram as an additional director designated as Whole Time Director, appointed on January 11, 2018.
4. ^The committees considered for the above purpose are those prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 viz. Audit Committee and Stakeholders Relationship Committee.
5. @This is in addition to the number of committees in which the director is designated as a committee member.

d) 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 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.

e) 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 29, 2018, 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 Chairperson 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.

f) Familiarisation programme for Independent Directors:

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise 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.

g) Meetings of the Board:

➢ **Frequency:** The Board meets at least once a quarter to review the quarterly results and other items of the

Corporate Governance Report (Contd.)

Agenda. Whenever necessary, additional meetings are held. In case of business exigencies or matter of urgency, resolutions are passed by circulations, as permitted by law, which are confirmed in the next Board Meeting.

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

h) Information Supplied to the Board / Committees:

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

- Annual operating plans of the businesses and budgets and any update thereof.
- Capital budgets and any updates thereof.
- Quarterly results of the Company.
- Minutes of the Meetings of the Board and all other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including the appointment or removal, if any, of Chief Financial Officer and Company Secretary.
- Status of important/material litigations etc
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards royalty, goodwill, brand equity or intellectual property.
- Any significant development in human resources / industrial relations front, as and when it occurs.
- Sale of material nature of investments, assets which are not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Compliance status of any regulatory, statutory nature or listing requirements and shareholders' service, if any, and others and steps taken by Company to rectify instances of non-compliances, if any.

i) **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.

j) **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 Niranjan Hingorani and Ms. Nirali Sanghi) and one Executive Director (Mr. Prakarsh Gagdani). Dr. Archana Niranjan Hingorani, an Independent Director, is the Chairman of the Committee. All the members of the Audit Committee are financially literate and possess thorough knowledge of the financial services industry.

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 ("CA 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 CA 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 utilised 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;

Corporate Governance Report (Contd.)

o) Discussion with internal auditors of any significant findings and follow up there on;

p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

q) Discussion with statutory auditors before the commencement of the audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

r) The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company;

s) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

t) To establish and review the functioning of the whistle blower mechanism;

u) Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

v) Related Party Transactions:

i) all related party transactions shall require prior approval of the Audit Committee.

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 the 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;

iii) management letter / 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 Listing Regulations;

2 annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7) of the 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 CA 2013 or the Listing Regulations or by any other regulatory authority.

During the period under review, the Audit Committee of the Company met five (5) times on May 02, 2017, July 19, 2017, October 13, 2017, December 15, 2017 and January 11, 2018. 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 latest reconstituted on January 11, 2018. The attendance of each member of the committee at the Meeting of Committee as on March 31, 2018 is given below:

Name of the members	Designation	Non-Executive/ Executive / Independent	No. of committee meetings held	Committee meeting attended
Dr. Archana Niranjan Hingorani^	Chairman	Independent	05	04
Ms. Nirali Sanghi*	Member	Independent	05	NA
Mr. Prakarsh Gagdani*	Member	Executive	05	NA
Mr. Krishna Iyer#	Chairman	Independent	05	05
Mr. Mohan Radhakrishnan#	Member	Non-Executive	05	05
Mr. Narendra Jain**	Member	Non-Executive	05	01

Note:

1. *Ms. Nirali Sanghi and Mr. Prakarsh Gagdani were inducted as members of the Committee w.e.f. January 11, 2018 and there was no meeting held thereafter.
2. **Mr. Narendra Jain resigned from the Committee w.e.f. July 19, 2017.
3. ^Dr. Archana Niranjan Hingorani was appointed as a member of the Committee w.e.f. June 07, 2017 and appointed as a Chairman of the Committee w.e.f. January 11, 2018.
4. # Mr. Krishna Iyer was the Chairman of the Committee until January 11, 2018 and Mr. Mohan Radhakrishnan resigned from the Committee w.e.f. January 11, 2018.

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 19, 2017.

Corporate Governance Report (Contd.)

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee presently Comprises of Ms. Nirali Sanghi, an Independent Director as the Chairman, Dr. Archana Niranjan Hingorani, an Independent Director as member and Mr. Prakarsh Gagdani, an Executive Director as the member, of the Committee. Pursuant to the provisions of section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is in process of appointing one more Non-Executive Director/Independent Director who will also be nominated to Nomination Remuneration 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 read with Section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee are broadly as follows:

1. Succession planning of the Board of Directors and Senior Management Employees;
2. Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria;
3. Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;
4. Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;
5. Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, it also ensures that the relationship of remuneration to performance is clear, that the performance meets the appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay, reflecting the short- term and long-term objectives of the Company.

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 July 19, 2017, October 13, 2017, December 15, 2017 and January 11, 2018. The necessary quorum was present at the meetings.

The Nomination and Remuneration Committee was constituted on March 31, 2017 and the same was latest reconstituted on January 11, 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	4	NA
Dr. Archana Niranjan Hingorani	Member	Independent	4	4
Mr. Krishna Iyer#	Chairman	Independent	4	4
Mr. Mohan Radhakrishnan#	Member	Non-Executive	4	4
Mr. Prakarsh Gagdani^	Member	Executive	4	NA

Note:

1. *Ms. Nirali Sanghi was appointed as Chairman and Member of the Committee w.e.f. January 11, 2018 and there was no meeting held thereafter.
2. #Mr. Krishna Iyer and Mr. Mohan Radhakrishnan resigned from the Committee w.e.f. January 11, 2018.
3. ^Mr. Prakarsh Gagdani was appointed as Member of Committee w.e.f. January 11, 2018 and there was no meeting held thereafter.

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 19, 2017.

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.

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

Corporate Governance Report (Contd.)

in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

2. Removal:

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

3. Retirement:

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

V. REMUNERATION:

A. Directors:

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

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

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

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

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

2. Non-Executive Director:

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

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

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

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

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

(vi) The commission shall be payable on 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

(ii) While approving the compensation of the Research Analysts, the Committee shall not consider:

a. Any specific brokerage services transaction which might have happened because of the services of the Research Analyst; and

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

VI. EVALUATION:

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

VII. OTHER DETAILS:

Membership

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

Frequency of Meetings

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

Secretary

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

(b) Details of Remuneration paid to Directors during F.Y. 2017-18 and details of number of shares and convertible instruments held by Directors as on March 31, 2018 is as under:

Name of the Director	Designation	Salary and perquisite	Commission	Sitting Fees	Contribution to PF and other funds	Stock options (In Quantity)	No. of equity shares held
Mr. Prakarsh Gagdani	Whole Time Director & Chief Executive Officer	5,280,604	NIL	NIL	NIL	125,000	2,490
Mr. Santosh Jayaram^	Whole Time Director	1,791,950	NIL	NIL	NIL	20,000	NIL
Dr. Archana Niranjan Hingorani*	Independent Director	NIL	NIL	345,000	NIL	Nil	Nil
Ms. Nirali Sanghi*	Independent Director	NIL	NIL	45,000	NIL	Nil	Nil
Mr. Krishna Iyer#	Independent Director	NIL	NIL	360,000	NIL	Nil	Nil
Mr. Mohan Radhakrishnan#	Non- Executive Director	NIL	NIL	NIL	NIL	NIL	6,800
Mr. Narendra Jain#	Non- Executive Director	NIL	NIL	NIL	NIL	NIL	2,220

Note:

1. ^Mr. Santosh Jayaram was appointed as a Director subject to approval of members designated as Whole Time Director with effective from January 11, 2018.
2. *Dr. Archana Niranjan Hingorani and Ms. Nirali Sanghi were appointed as an Independent Director of the Company w.e.f. June 7, 2017 and January 11, 2018 respectively.
3. #Mr. Mohan Radhakrishnan, Mr. Narendra Jain and Mr. Krishna Iyer resigned on January 11, 2018.

The term of office of Mr. Prakarsh Gagdani as the Whole Time Director is of three years and will conclude on December 21, 2018 and the term of Mr. Santosh Jayaram as the Whole Time Director subject to the approval of shareholders is for three years from the date of his appointment. Further, Board has recommended the re-appointment of Mr. Prakarsh Gagdani to shareholders for tenure of 3 years from December 22, 2018 in the ensuing Annual General Meeting. Their employment shall be deemed to be terminated on the occurrence of death, on expiration of tenure, permanent disability or on resignation.

Corporate Governance Report (Contd.)

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

During the year under review,the Independent Directors were paid ₹ 30,000/- (Rupees Thirty Thousand only) towards sitting fees for attending each of the Board Meeting, Audit Committee Meeting and Independent Director's Meeting and also were paid ₹ 15,000/- (Rupees Fifteen Thousand only) towards attending each of the other committee meetings plus the reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them. The Company has not granted any Employee Stock Options to the Independent Directors. 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 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:

1. To consider and resolve stakeholders and investors grievances;
2. It shall consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends;
3. To approve allotment of shares, debentures and other securities as per the authority conferred to the Stakeholders Relationship Committee by the Board of Directors, from time to time:
4. To approve/ authorise the officers of the Company to approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name/address etc. in respect of shares, debentures and securities received by the Company;
5. To review or address the complaints received by the Company from investors, SEBI, the Stock Exchanges, Ministry of Corporate Affairs, etc. and the action taken for redressal of the same and to suggest resolution of long pending complaints;
6. To approve and ratify the action taken by the authorised officers of the Company in compliance investors for issues of duplicate/replacement/consolidation/sub-division and other purposes for the shares, debentures and securities of the Company;
7. To monitor and expedite the status and process of dematerialisation and dematerialisation of shares, debentures and securities of the Company;
8. To give directions for monitoring the stock of blank stationery and for printing of stationery required by the secretarial department of the Company, from time to time, for issuance of share certificates, debenture certificates, allotment letters, warrants, pay orders, cheques and other related stationary;
9. To review the status of unpaid dividend, interest and undelivered share certificates and measures taken by the Company to resolve or reduce them;
10. To ensure compliance of transfer of unpaid dividend and shares to IEPF on or before due date;
11. To monitor the progress of release of unpaid dividend and process of dissemination of these records in accordance with the prescribed guidelines, rules and regulations;
12. To review the results of any investigation or audit conducted by any statutory authority.
13. Review the effectiveness of the system for monitoring compliance with laws and regulations.
14. Review the mechanism of handling investor's complaints and the status of any pending complaints which remain unresolved or unattended.
15. Any significant or important matters affecting the interest of the Company.

The Company has not received any complaint from investors directly or through SEBI's SCORES portal.

No pledge has been created over the equity shares held by the Promoters as on March 31, 2018.

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 29, 2018 is given below:

Name of the members	Designation	Non-Executive/ Independent	No. of committee meetings held	Committee meetings attended
Ms. Nirali Sanghi	Chairman	Independent Director	1	1
Dr. Archana Niranjan Hingorani	Member	Independent Director	1	1
Mr. Prakarsh Gagdani	Member	Executive Director	1	1

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 62727000

E-mail: csteam@5paisa.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 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. 1 Special Resolution was passed.
July 21, 2016	143, MGR Road, Perungudi, Chennai – 600096	12.00 noon	Yes. 6 Special Resolutions were passed.
July 28, 2015	143, MGR Road, Perungudi, Chennai – 600096	04.00 pm	Yes. 1 Special Resolution was passed.

Corporate Governance Report (Contd.)

The following special resolutions were passed through Postal Ballot (including electronic voting) during the last financial year 2017-18 i.e. on January 25, 2018:

(i) Ratify the '5paisa Capital Limited Employee Stock Option Scheme- 2017'

Votes in favour of resolution	8,591,356
Votes against the resolution	326,374
Percentage of Votes in favour of resolution	96.34%

(ii) Ratify issue of Options to the employees of Subsidiary Companies under 5paisa Capital Limited Employee Stock Option Scheme – 2017

Votes in favour of resolution	8,591,356
Votes against the resolution	326,379
Percentage of Votes in favour of resolution	96.34%

(iii) To ratify issue of options exceeding 1% of the issued capital of the Company under 5paisa Capital Limited Employee Stock Option Scheme – 2017

Votes in favour of resolution	8,590,436
Votes against the resolution	327,294
Percentage of Votes in favour of resolution	96.33%

(iv) Approval and implementation of the 5paisa Capital Limited Employee Stock Option Trust Scheme 2017 through Trust Route:

Votes in favour of resolution	8,591,356
Votes against the resolution	326,374
Percentage of Votes in favour of resolution	96.34%

(v) Authorisation to the Trust for implementation of 5paisa Capital Limited Employee Stock Option Trust Scheme 2017 by acquiring equity shares of the Company through secondary acquisition or fresh allotment.

Votes in favour of resolution	8,590,444
Votes against the resolution	327,286
Percentage of Votes in favour of resolution	96.33%

(vi) Grant of Options to the Employees of the Subsidiary Companie(s) (existing and in future).

Votes in favour of resolution	8,591,356
Votes against the resolution	326,374
Percentage of Votes in favour of resolution	96.34%

(vii) To issue options exceeding 1% of the issued capital of the Company under 5paisa Capital Limited Employee Stock Option Trust Scheme – 2017

Votes in favour of resolution	8,590,433
Votes against the resolution	327,297
Percentage of Votes in favour of resolution	96.33%

(viii) Provisioning of funds to "5paisa Capital Employee Welfare Trust"

Votes in favour of resolution	8,590,434
Votes against the resolution	327,296
Percentage of Votes in favour of resolution	96.33%

The Board appointed Mr. Nilesh Shah, a Practicing Company Secretary, as a Scrutinizer to conduct the postal ballot voting process in a fair and transparent manner.

8. DISCLOSURES

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

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

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 vide Postal Ballot on January 25, 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. 26 to the financial statement which contains related party disclosures. No materially significant related party transactions have been entered into during FY 2017-18 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 2017-18.

(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) 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 new code for prevention of Insider Trading incorporating the requirements in accordance with the regulations, clarifications and circulars and the same are updated as and when required.

All the Board of Directors, designated employees and connected persons have affirmed compliance with the Code.

(v) 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. Further to the Board level changes on January 11, 2018, the Nomination and Remuneration Committee consist of 3 members i.e. 2 Independent Director and 1 Executive Director w.e.f. January 11, 2018 and the Company is in process of appointing one more Non-Executive Director/Independent Director who will be nominated as a member of the Nomination and Remuneration Committee. The said reason is self-explanatory.

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".

(vi) Disclosure of accounting treatment

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

(vii) Details of Unclaimed shares of the Company

During the year under review, 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, interalia, 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

Corporate Governance Report (Contd.)

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 Rs 10/- each credited as fully paid-up for every 25 (Twenty Five) equity share of Rs 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.

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.

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 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**	Tuesday, July 17, 2018 at Hall of Harmony, Ground Floor, Nehru Centre, Discovery of India, Dr. A. B. Road, Worli, Mumbai-400018 at 4.00 P.M.
2.	**Financial calendar (2018-19)**	April 1, 2018 to March 31, 2019
		Results for the quarter ended June 30, 2018 – within 45 days from the end of the quarter
		Results for the quarter ended September 30, 2018 – within 45 days from the end of the quarter
		Results for the quarter ended December 31, 2018 – within 45 days from the end of the quarter
		Results for the quarter and year ended March 31, 2019 – within 60 days from the end of the quarter
3.	**Book closure date**	July 10, 2018 to July 17, 2018.
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**	1. National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai-400 051
		2. BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 The Listing Fees for the FY 2018-19 have been paid to the aforesaid Stock Exchanges.
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 2017-2018. 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, 2018.	

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Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
November, 2017	650.00	350.45	1,269	400.00	215.70	47,484
December, 2017	434.95	241.00	1,039,602	408.15	181.00	1,595,121
January, 2018	384.90	285.65	112,143	383.00	287.00	502,053
February, 2018	387.00	270.00	97,498	388.00	271.00	262,978
March, 2018	370.00	303.05	78,755	369.00	305.65	195,766

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 dematerialised 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, 2018, 99.90% of the paid-up share capital of the Company was in dematerialised form. Trading in equity shares of the Company is permitted only in dematerialised form through CDSL and NSDL as per notifications issued by the Securities and Exchange Board of India.
12.	**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 India Private Limited C-101, 247, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai -400083. Contact Person: Ms. Sharmila Amin Tel: 022-49186000
13.	**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
14.	**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 (Not vested) of 220,000 stock options as on March 31, 2018 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.

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11. SHAREHOLDING PATTERN

Categories of Equity Shareholders as on March 31, 2018:

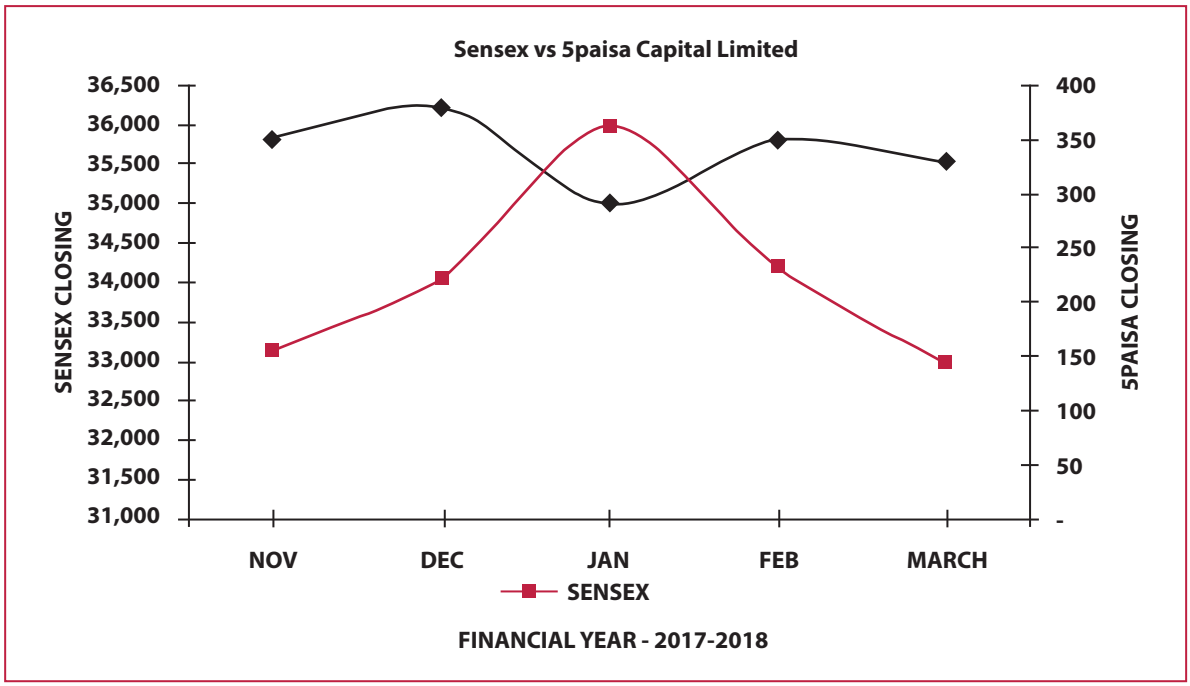
Category	Number of equitys hares held	Percentage of holding
Promoters & Promoters Group	38,22,977	30.01
Indian Public & others	18,30,646	14.37
Mutual Fund, Banks, Financial Institutions	51,344	0.40
Corporate Bodies	1,42,330	1.11
Foreign Institutional Investors	25,25,616	19.83
NRI's/OCBs/Foreign Nationals/FC/QFI	43,66,109	34.28
Grand Total	**1,27,39,022**	**100.00**

12. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2018

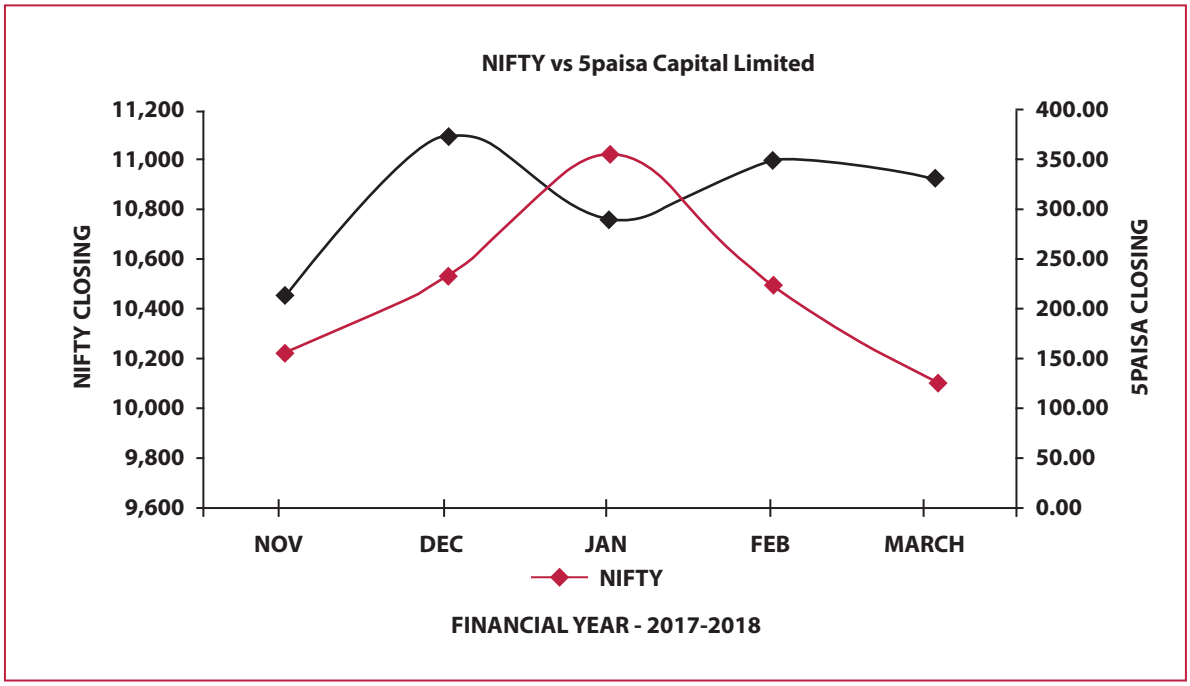
The distribution of shareholders as on March 31, 2018 is as follows:

Sr. No.	Shares Range	Number of Shareholders	% of total shareholders	total shares for the range	% of issued capital
1	1 to 500	28,413	98.7282	401871	3.1546
2	501 to 1000	129	0.4482	98662	0.7745
3	1001 to 2000	80	0.2780	122709	0.9633
4	2001 to 3000	31	0.1077	79309	0.6226
5	3001 to 4000	17	0.0591	60545	0.4753
6	4001 to 5000	9	0.0313	41050	0.3222
7	5001 to 10000	46	0.1598	352400	2.7663
8	10001 and more	54	0.1876	11582476	90.9212
Total		**28,779**	**100.0000**	**12739022**	**100.0000**

5paisa Capital Limited share price versus the BSE Sensex



5paisa Capital Limited share price versus the NSE S&P CNX Nifty



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

Your Company did not raise money through any public issue, right issue or preferential issue during the F.Y. 2017-18.

14. SUBSIDIARY COMPANY

During the year under review, the Company incorporated, a wholly owned subsidiary namely 5paisa P2P Limited on December 07, 2017. The 5paisa P2P Limited has filed the application with the Reserve Bank of India for obtaining the registration for Peer to Peer Lending and the approval is awaited.

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.

15. 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.

16. 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)

Santosh Jayaram
Whole Time Director
(DIN: 07955607)

Date: April 17, 2018
Place: Mumbai

Corporate Governance Report (Contd.)

ANNEXURE

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,

The Board of Directors
5paisa Capital Limited

We Certify that;

(a) We have reviewed the financial statements and the cash flow statement of 5paisa Capital Limited for the year ended March 31, 2018 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 & CEO
(DIN: 07376258)

Ankita Lakhotia
Chief Financial Officer

Date: April 17, 2018
Place: Mumbai

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, 2018, 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.

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: 07376258)

Date: April 17, 2018
Place: Mumbai

Corporate Governance Report (Contd.)

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
5paisa Capital Limited

Mumbai

We have examined the compliance of conditions of Corporate Governance by, 5paisa Capital Limited (the "Company") for the year ended on 31st March 2018, 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.

Further to the Board level changes on January 11, 2018, the Nomination and Remuneration Committee consist of 3 members i.e. 2 Independent Director and 1 Executive Director w.e.f. January 11, 2018 and the Company is in process of appointing one more Non-Executive Director/Independent Director who will be nominated as a member of Nomination and Remuneration Committee.

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

Date: April 17, 2018
Place: Mumbai

Independent Auditor's Report

To The Members of 5paisa Capital Limited

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of 5paisa Capital Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the financial position of the Company as at 31st March, 2018, and its financial performance and its cash flows for the year ended on that date.

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;

   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 Cash Flow Statement dealt with by this Report are in agreement with the books of account;

Independent Auditor's Report (Contd.)

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 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 does not have any pending litigations which would impact its financial position in its financial statements – Refer Note No 28 of the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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: April 17, 2018

G Sankar
Partner
(Membership No. 46050)

Annexure A
to Auditor's Report

Annexure referred to in our report of even date to the members of 5paisa Capital Limited on the accounts for the year ended 31st March 2018

(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, such inventory is verified by the management during the year with reference to third party evidence like Demat statement. There were no 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 2018 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.

Annexure A to Auditor's Report (Contd.)

(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: April 17, 2018

G Sankar
Partner
(Membership 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 2018

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, 2018 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

Annexure B to Auditor's Report (Contd.)

subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018 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: April 17, 2018

G Sankar
Partner
(Membership No. 46050)

Standalone Balance Sheet

as at March 31, 2018

(₹ in Millions)

Particulars	Note No	As at March 31, 2018	As at March 31, 2017
I EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share Capital	3	127.39	127.39
(b) Reserve and Surplus	4	501.97	754.96
Sub Total		**629.36**	**882.35**
(2) Non Current Liabilities			
(a) Long-Term borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long-Term liabilities		-	-
(d) Long-Term Provisions	5	2.07	3.15
Sub Total		**2.07**	**3.15**
(3) Current Liabilities			
(a) Short-Term Borrowings	6	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		20.69	4.50
(c) Other Current Liabilities	8	452.29	161.62
(d) Short-Term Provisions	9	52.02	40.60
Sub Total		**686.47**	**206.73**
Total		**1,317.90**	**1,092.22**
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		12.49	2.69
(ii) Intangible Assets		8.77	2.03
(iii) Capital work in progress		0.05	1.27
Sub Total		**21.31**	**5.99**
(b) Non-Current Investments	11	20.50	-
(c) Deferred Tax Assets (Net)	12	149.29	70.17
(d) Long-Term Loans & Advances	13	325.98	41.10
(e) Other Non-Current Assets		-	-
Sub Total		**495.76**	**111.27**
(2) Current Assets			
(a) Current Investments		-	-
(b) Inventories	14	36.00	25.54
(c) Trade Receivables	15	5.66	4.10
(d) Cash and Bank Balances	16	286.47	811.23
(e) Short-Term Loans & Advances	17	40.64	15.85
(f) Other Current Assets	18	432.05	118.24
Sub Total		**800.82**	**974.97**
Total		**1,317.90**	**1,092.22**
See accompanying notes forming part of Standalone Financial Statements	**1-32**		

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 17, 2018

For and on behalf of the Board of Directors

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: - 07376258)

Santosh Jayaram
Whole Time Director
(DIN: - 07955607)

Ankita Lakhotia
Chief Financial Officer

Roshan Dave
Company Secretary

Standalone Statement of Profit & Loss

for the year ended March 31, 2018

(₹ in Millions)

Particulars	Note No	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
Revenue From Operations	19	196.52	74.67
Total Revenue		**196.52**	**74.67**
EXPENDITURE			
Employee Benefits Expense	20	193.35	82.38
Finance Cost	21	7.95	12.51
Other Expenses	22	320.64	140.81
Depreciation	23	6.67	2.77
Total Expenditure		**528.62**	**238.47**
Profit Before Tax		**(332.10)**	**(163.81)**
Deferred Tax Expenses		(79.12)	(46.55)
Short / (excess) provision of tax for earlier year		(0.00)	(0.35)
Sub Total		**(79.12)**	**(46.91)**
Profit (Loss) For The Year		**(252.99)**	**(116.90)**
Earnings Per Share (Face Value ₹ 10)	24		
Basic		(19.86)	(14.41)
Diluted		(19.86)	(14.41)
See accompanying notes forming part of Standalone Financial Statements	**1-32**		

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 17, 2018

For and on behalf of the Board of Directors

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: - 07376258)

Santosh Jayaram
Whole Time Director
(DIN: - 07955607)

Ankita Lakhotia
Chief Financial Officer

Roshan Dave
Company Secretary

Standalone Cash Flow Statement

for the year ended March 31, 2018

(₹ in Millions)

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
Cash Flows From Operating Activities				
Net profit before taxation and extraordinary item		(332.10)		(163.81)
Adjustments for:				
Net Loss/(gain) on Sale of Current Investments	(14.39)		(22.58)	
Interest Income	(9.34)		(5.02)	
Gratuity	0.61		1.28	
Leave Encashment	0.81		0.49	
Interest Expenses	6.23		11.24	
Dividend Income	(0.20)	(16.27)	-	(14.61)
Operating Profit before Working Capital Changes		**(348.37)**		**(178.42)**
Changes in Working Capital :				
(Increase)/Decrease in Long Term Loan and Advances	(284.88)		2.46	
Increase/(Decrease) in Other Current Liabilities	290.66		2.07	
Decrease/(Increase) in Short Term Loans and advances	(24.79)		(12.53)	
(Increase) / Decrease in Trade inventories	(10.46)		(15.06)	
Decrease / (Increase) in other current assets	(313.81)		0.24	
Increase / (Decrease) in Short term Provision	10.00		34.18	
Increase / (Decrease) in Long term Provision	(1.08)		2.84	
Increase / (Decrease) in Short term & Long term Borrowings	161.47		(23.10)	
Decrease / (Increase) in Trade Receivable	(1.56)		177.64	
Increase / (Decrease) in Trade Payable	16.19	(158.25)	(201.29)	(32.57)
Cash generated from/(Used) operations		(506.63)		(210.98)
Net income tax (paid) / refunds		0.00		0.35
Net cash from/(used in) operating activities (a)		**(506.62)**		**(210.63)**
Cash Flows From Investing Activities				
(Purchase) of Current Investments		(39,742.70)		(37,531.90)
Sale of Current Investments		39,742.70		37,531.90
Capital Gain on Investment		14.39		22.58
Interest received		9.34		5.02
Dividend Income		0.20		-
Bank Balance not considered as Cash and Cash Equivalents		(57.25)		(5.00)
Payments for purchase of equity instruments of other entity		(20.50)		-
(Purchase) /Sale of fixed assets (includes intangible assets) (net)		(15.33)		(2.80)
Net cash from/(used in) investing activities (b)		**(69.16)**		**19.81**
Cash Flows From Financing Activities				
Increase in share capital		-		879.99
Interest Paid		(6.23)		(11.24)
Net cash from/(used in) financing activities (c)		**(6.23)**		**868.75**
Net increase / (decrease) in cash and cash equivalents (a + b + c)		**(582.02)**		**677.93**
Cash and Cash equivalents at beginning of year		756.23		78.30
Cash and Cash equivalents at end of year (Note 16)		174.22		756.23
Net increase / (decrease) in cash and cash equivalents		**(582.02)**		**677.93**
See accompanying notes forming part of Standalone Financial Statements				

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 17, 2018

For and on behalf of the Board of Directors

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: - 07376258)

Santosh Jayaram
Whole Time Director
(DIN: - 07955607)

Ankita Lakhotia
Chief Financial Officer

Roshan Dave
Company Secretary

Notes forming part of Standalone Financial Statements for the Year ended March 31, 2018

NOTE: 1 CORPORATE INFORMATION:

5paisa Capital Limited ["5PCL"] is engaged in providing an online technology platform for trading in National Stock Exchange of India Limited & BSE Limited 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

A) Scheme of Arrangement between IIFL Holdings Limited and 5paisa Capital Limited

The Scheme of Arrangement between IIFL Holdings Limited and 5paisa Capital Limited was approved by National Company Law Tribunal, Mumbai Bench ("NCLT") on 06.09.2017. The certified true copy of the order was duly filed with Registrar of Companies, Mumbai and the Scheme was made effective from 30.09.2017. Pursuant to order of NCLT, Mumbai Bench, 5paisa digital Undertaking (the undertaking) on going concern basis was vested from IIFL Holdings Limited (IHL) to 5paisa Capital Limited (5PCL) w.e.f. the appointed date i.e. 01.10.2016.

5paisa Digital Undertaking Business includes development/ maintenance of technology application for online trading through trading terminal and mobile application, source code of mobile application, domain name (5paisa.com), software rights, brand i.e. 5paisa establishment, protection and support, Infrastructure and facilities services etc.

In accordance with the said Scheme of Arrangement:

1 **a.** The whole of the undertaking including all assets and liabilities of the undertaking were transferred to and vested by IHL to 5PCL at respective book values from 01.10.2016.

b. The equity share capital of 5 PCL of ₹ 177,165,000 held by IHL was cancelled and in lieu of the same 5PCL issued 12,739,022 equity shares ₹ 10 to the shareholders of IHL, whose names appear in the Register of Members of IHL on the Record Date i.e. 18th Oct 2017.

c. The excess of net assets value of 5paisa Digital Undertaking transferred to 5 PCL over the value of equity shares referred to in (c) above, as reduced by the face value of the equity share capital of 5PCL cancelled, referred in (b) above, has been recorded as "Capital Reserve" in March 2017 financials which has been arrived as follows:-

Net assets value of 5paisa Digital Undertaking (A)	(2,064,806)
Equity shares cancelled (B)	177,165,000
New equity share capital to be issued (C)	127,390,220
Capital Reserve (A+B-C)	47,709,974

2 During the period between the appointed date and the effective date, IHL carried on the business and activities relating to the said Undertaking and held the properties and assets pertaining to the said Undertaking for and on account of and in trust for 5PCL. All the profits or income accruing or arising to IHL or expenditure or loss arising or incurred or suffered by IHL pertaining to the said Undertaking during the period 01.04.2017 to 30.09.2017 have also been incorporated in these financial statements.

3 The Company has accounted for the scheme with effect from 1st October 2016 and accordingly the comparative previous year figures have been recast after giving effect to the Scheme.

B) 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 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.

2.4 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 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.

2.5 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.

Notes forming part of Standalone Financial Statements for the Year ended March 31, 2018 (Contd.)

2.6 Other Income Recognition:

(a) Interest Income is recognised on accrual basis.

(b) Dividend income is recognised when the right to receive payment is established.

2.7 Employee Benefits:

The Company's contribution towards Provident Fund and Family Pension Fund, which are defined contribution, are accounted for on an accrual basis and recognised in the Statement of Profit & loss. The Company has provided "Compensated Absences" on the basis of actuarial valuation.

Gratuity is post employment benefit and is in the nature of defined benefit plan. The Liability recognised in the Balance Sheet in respect of gratuity is the present value of defined benefit obligation at the Balance Sheet date together with the adjustments for unrecognised actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.

2.8 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.

2.9 Preliminary Expenses

Preliminary Expenses is written off in same financial year in which they are incurred.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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 the Year ended March 31, 2018 (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, 2018	As at March 31, 2017
Authorised :		
30,000,000 (PY 18,000,000) Equity Shares of ₹ 10 each	300.00	180.00
Issued , Subscribed and Paid Up :		
12,739,022 (PY 17,716,500 Upto 30.09.2016 and NIL after 30.09.2016) Equity Shares of ₹ 10 each fully paid-up	127.39	-
Share Suspense Account 12,739,022 Equity shares of ₹ 10 each to be issued as fully paid-up to the shareholders of India Infoline Holdings Limited pursuant to the Scheme of Arrangement (Refer Note 2A)	-	127.39
Total	**127.39**	**127.39**

b) Reconciliation of the shares outstanding

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
At the Beginning of the Year	-	-	3,050,000	30.50
Add:- Issued during the Year	12,739,022	127.39	14,666,500	146.67
Less : Shares Cancelled under Scheme of Arrangement (Refer Note 2A)	-	-	17,716,500	177.17
Add: Shares to be issued pursuant to scheme of Arrangement (Refer Note 2A)	-	-	12,739,022	127.39
Outstanding at the end of the year	**12,739,022**	**127.39**	**12,739,022**	**127.39**

c) Equity Shares held by Holding company / Ultimate holding company and their subsidiaries

Particulars	March 31, 2018		March 31, 2017	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 10 each fully paid*	-	-	-	-

* Note: 100% Equity Shares 17,716,500 were held by IIFL Holdings Limited -The Holding Company upto 30.09.2016.

d) Detail of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 10 each fully paid *				
FIH Mauritius Investments Limited	3,385,657	26.58	-	-
Nirmal Bhanwarlal Jain	2,178,600	17.10	-	-
Hwic Asia Fund Class A Shares	1,134,501	8.91	-	-
Madhu N Jain	680,000	5.34	-	-

* Note: 100% Equity Shares 17,716,500 were held by IIFL Holdings Limited -The Holding Company upto 30.09.2016.

Notes forming part of Standalone Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 4. RESERVES AND SURPLUS:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Securities premium account		
Opening balance	823.33	90.00
Addition during the year	-	733.33
Closing Balance	**823.33**	**823.33**
Capital Reserve		
Opening balance	47.71	-
Addition during the year (Refer Note 2(A))	-	47.71
Closing Balance	**47.71**	**47.71**
Profit and Loss Account		
Opening balance	**(116.08)**	0.82
Addition during the year	(252.99)	(116.90)
Closing Balance	**(369.07)**	**(116.08)**
Total	**501.97**	**754.96**

NOTE: 5. LONG TERM PROVISIONS:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Gratuity	1.36	2.58
Provision for Leave Encashment	0.71	0.57
Total	**2.07**	**3.15**

NOTE: 6. SHORT TERM BORROWINGS:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Bank Overdrafts	161.47	-
Total	**161.47**	**-**

NOTE: 7. TRADE PAYABLE:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Outstanding dues of micro & small enterprises*	-	-
Outstanding dues of creditors other than micro & small enterprises	20.69	4.50
Total	**20.69**	**4.50**

*No Interest has been paid/is payable by company during the year to "Suppliers" referred under the Micro, Small & Medium Enterprises Development Act, 2006. The aforementioned is based on the response received by the Company to its inquiries with suppliers with regards to applicability under the said act.

Notes forming part of Standalone Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 8. OTHER CURRENT LIABILITIES:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory Liabilities Payable	15.58	4.39
Contractually reimbursable expenses	0.28	0.00
Accrued Salaries & Benefits	1.89	1.07
Advance from customers	0.65	-
Client Payables	433.89	156.16
Total	**452.29**	**161.62**

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

NOTE: 9. SHORT TERM PROVISIONS:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Expenses	47.80	38.96
Bonus Payable	2.91	0.74
Provision for Leave encashment	0.54	0.18
Provision for Gratuity	0.77	0.72
Provision for Taxation	-	0.00
Total	**52.02**	**40.60**

NOTE :10 FIXED ASSETS:

Tangible Assets

(₹ in Millions)

Particulars	Computers	Electrical Equipments	Furniture & Fixtures	Office Equipments	Total
Cost or Valuation					
At April 1, 2017	**1.47**	**0.32**	**1.84**	**1.50**	**5.13**
Addition	10.87	0.78	1.41	0.73	**13.79**
Deductions/Adjustments during the year	-	-	-	0.04	**0.04**
As at March 31, 2018	**12.34**	**1.10**	**3.25**	**2.19**	**18.88**
Depreciation					
At April 1, 2017	0.47	0.25	1.01	0.72	**2.45**
Depreciation For the year	2.26	0.08	0.83	0.81	**3.98**
Deductions/Adjustments during the year				0.04	**0.04**
As at March 31, 2018	**2.73**	**0.33**	**1.84**	**1.49**	**6.39**
Net Block					
At March 31, 2018	**9.61**	**0.78**	**1.41**	**0.71**	**12.49**

Note:- Capital work in progress ₹ 0.05 Million (Previous year ₹ 1.27 Million) pertains to assets not yet capitalized.

Notes forming part of Standalone Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE :10 FIXED ASSETS (Contd.)

Intangible Assets

(₹ in Millions)

Particulars	Software	Total
Cost or Valuation		
At April 1, 2017	**2.69**	**2.69**
Addition	9.43	9.43
Deductions/Adjustments during the year	-	-
As at March 31, 2018	12.12	12.12
Depreciation		
At April 1, 2017	**0.66**	**0.66**
Depreciation For the year	2.69	2.69
Deductions/Adjustments during the year	-	-
As at March 31, 2018	3.36	3.36
Net Block		
At March 31, 2018	**8.77**	**8.77**

NOTE: 11. NON CURRENT INVESTMENTS:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Investment in Subsidiaries - Equity Instruments (Unquoted)		
5paisa P2P Limited (w.e.f. 07 Dec 2017) (2,050,000 Equity Shares of ₹ 10/- each)	20.50	-
Total	**20.50**	**-**

NOTE: 12. DEFERRED TAX ASSETS:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Depreciation	0.02	0.01
Deferred Tax Asset for Gratuity	0.55	0.41
Provision for Doubtful debts	0.29	-
Deferred Tax Asset for Leave Encashment	0.32	-
Short term/Long Term Capital losses/ Business Loss	148.11	69.75
Total	**149.29**	**70.17**

"Considering the future projections and that the carried forward losses are only for the last 3 years, 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, 2018	As at March 31, 2017
Unsecured, Considered Good :		
Deposit with Exchange / Clearing Corporation	322.48	38.92
Security Deposits	2.07	-
Advance Income Tax & TDS	1.43	2.18
Total	**325.98**	**41.10**

Notes forming part of Standalone Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 14. INVENTORIES - (AT LOWER OF COST OR NET REALISABLE VALUE):

(₹ in Millions)

Script Name	As at March 31, 2018			As at March 31, 2017		
	Strike Price in ₹	Number	₹ in Millions	Strike Price in ₹	Number	₹ in Millions
Exchange Traded Fund						
EQ-SBISENSEXETF	342.16	6,212	2.13	301.06	5,497	1.65
EQ-SETFBANK EQ	244.72	1,595	0.39	211.07	14,564	3.07
EQ-SETFBS	105.42	20,630	2.18	87.93	32,380	2.85
EQ-SETFNIFTYNEXT 50 EQ	287.15	1,601	0.46	244.96	5,029	1.23
EQ-SETFNIFTY EQ	101.94	34,474	3.51	92.52	62,332	5.77
EQ-UTINIFTYETF	1,054.30	7,359	7.76	881.52	10,908	9.62
EQ-UTISENSEXETF	341.43	8,473	2.89	293.83	4,604	1.35
EQ-UTINEXT50	290.25	56,816	16.49	-	-	-
DLF LIMITED	201.05	911	0.18	-	-	-
SUZLON ENERGY LIMITED	10.70	1,261	0.01	-	-	-
TOTAL		**139,332**	**36.00**		**135,314**	**25.54**
Aggregate Market Value-Stock			**36.11**			**26.66**

NOTE: 15. TRADE RECEIVABLES:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good, unless otherwise stated		
Outstanding for a period exceeding six months from date they are due for payment.	-	-
Others	5.66	4.10
Total	**5.66**	**4.10**

NOTE: 16. CASH AND BANK BALANCES:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash & Cash Equivalents:		
Balances with banks:		
In current accounts		
Client bank accounts	163.65	124.26
Others Bank accounts #	10.57	631.97
Total Cash & Cash Equivalent (a)	**174.22**	**756.23**
Other Balances		
In Deposit account (Maturity more than 3 months to 12 months)*	105.00	55.00
In Deposit account (Maturity more than 12 months)*	7.25	-
Total Other Balances (b)	**112.25**	**55.00**
Total (a + b)	**286.47**	**811.23**

includes Cheque on hand ₹ 0.17 Million (PY ₹ 9.20 Million)

*Includes fixed deposits to the extent of ₹112.25 Million (PY ₹ 55.00 Million) pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

Notes forming part of Standalone Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 17. SHORT TERM LOAN AND ADVANCES:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, Considered Good :		
Advances recoverable in cash or in kind or for value to be received	4.00	1.97
Balance with Government authorities		
GST Credit Receivable	36.64	13.88
Total	**40.64**	**15.85**

NOTE: 18. OTHER CURRENT ASSETS:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Prepaid expenses	3.44	1.46
Client Receivables	429.74	116.78
Provision for doubtful Client Receivables	(1.13)	-
Total	**432.05**	**118.24**

NOTE: 19. REVENUE FROM OPERATIONS:

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Capital Market activities	151.32	16.04
Fund Based activities	29.81	51.97
Financial Products distribution	15.39	6.66
Total	**196.52**	**74.67**

NOTE: 20. EMPLOYEE BENEFITS EXPENSE:

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and bonus	179.61	76.73
Contribution to provident and other funds	10.54	3.26
Gratuity *	0.61	1.28
Staff Welfare Expenses	1.78	0.62
Leave Encashment	0.81	0.49
Total	**193.35**	**82.38**

* 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 the Year ended March 31, 2018 (Contd.)

NOTE: 20. EMPLOYEE BENEFITS EXPENSE: (Contd.)

(₹ in Millions)

Assumptions	**For the year ended up to March 31, 2018**	**For the year ended up to March 31, 2017**
Discount rate previous year	6.65%	7.72%
Salary Escalation previous year	5.00%	5.00%
Discount rate current year	7.35%	6.77%
Salary Escalation Current year	8.00%	5.00%
Change in Benefit Obligation		
Liability at the beginning of the year	1.50	0.27
Interest Cost	0.10	0.02
Current Service Cost	0.58	0.11
Past Service Cost	(0.03)	-
Benefit paid	-	(0.04)
Actuarial (gain)/ Loss on obligations	(1.68)	0.97
Liability Transferred in/(out)	1.66	0.17
Liability at the end of the year	**2.13**	**1.50**
Amount Recognised in the Balance Sheet		
Liability at the end of the year	(2.13)	(1.50)
Fair value of plan Assets at the end of the year	-	-
Funded Status (Surplus/(Deficit)	(2.13)	(1.50)
Amount of liability Recognised in the Balance Sheet	**(2.13)**	**1.50**
Expenses Recognised in the Income statement	**For the year ended up to March 31, 2018**	**For the year ended up to March 31, 2017**
Current Service cost	0.58	0.11
Interest Cost	0.10	0.02
Past Service Cost	(0.03)	-
Actuarial Gain or Loss	(1.68)	0.97
Expense Recognised in P&L	**(1.03)**	**1.10**
Balance Sheet reconciliation		
Opening Net liability	**1.50**	0.27
Expense as above	**(1.03)**	1.10
Liability Transferred in/(out)	1.66	0.17
Benefit paid	-	(0.04)
Amount Recognised in Balance Sheet	**2.13**	**1.50**

 # 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, 2018**	**For the year ended up to March 31, 2017**
Contribution to provident fund and EPS	7.64	2.57

Notes forming part of Standalone Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 21. FINANCE COSTS:

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Expenses	6.23	11.23
Other Borrowing cost	1.72	1.28
Total	**7.95**	**12.51**

NOTE: 22. OTHER EXPENSES:

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Advertisement	155.70	66.52
Books & Periodicals	0.02	0.00
Exchange and statutory Charges	0.71	0.15
Brokerage related expenses	17.73	1.38
Marketing & Commission Expenses	10.34	2.21
Directors Remuneration/Sitting Fees	0.66	-
Bank Charges	0.61	0.10
Communication	7.03	2.35
Electricity	9.84	5.42
Legal and professional charges	29.53	17.31
Miscellaneous Expenses	0.04	0.15
Office expenses	9.16	3.90
Meeting Seminar & Subscription	1.27	0.97
Postage and courier	0.40	0.30
Printing and stationery	0.58	0.24
Provision for bad and doubtful debts	1.14	0.00
Rent	30.45	15.78
Insurance	0.39	0.08
Rates & Taxes	7.51	1.89
Repairs & Maintenance :		
Computer	0.62	0.32
Others	3.33	0.46
Remuneration to Auditors :		
As auditors -Statutory Audit	0.10	0.01
Certification Work & other matters	0.01	0.01
Software Charges	26.59	17.48
Travelling and conveyance	6.88	3.78
TOTAL	**320.64**	**140.81**

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

Notes forming part of Standalone Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 23. DEPRECIATION

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation- Tangible	3.98	2.13
Depreciation – Intangible	2.69	0.64
Total	**6.67**	**2.77**

NOTE: 24. EARNINGS PER SHARE (EPS):

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net Profit/(Loss) after tax for the Year	(252.99)	(116.90)
Weighted Average No. of Shares to be issues under scheme of arrangement	12,739,022	8,113,182
Basic EPS	(19.86)	(14.41)
Diluted EPS	(19.86)	(14.41)

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 Standalone Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 26.

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

Nature of relationship	Name of party
Subsidiary	5paisa P2P Limited w.e.f. 07.12.17
Other Related Parties	
Holding Company ceased w.e.f 01.10.2016 *	IIFL Holdings Limited
Fellow Subsidiaries ceased w.e.f. 01.10.2016 *	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
Group Companies ceased w.e.f. 01.10.2016 *	India Infoline Housing Finance Limited
	Samasta Microfinance Limited (w.e.f. 01st Mar 2017)
	Ayusha Dairy Private Limited (w.e.f. 01st Mar 2017)
	IIFL Capital Pte. Limited
	IIFL Securities Pte. Limited
	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) Limited
	IIFL Private Wealth Management (Dubai) Limited
	IIFL Inc.
	IIFL Private Wealth (Suisse) SA.
	Clara Developers Private Limited
	IIFL Capital (Canada) Limited
Key Managerial Personnel	Mr. Prakarsh Gagdani
	Mr. Santosh Jayaram w.e.f. 11th Jan 2018
Others	Mr. R Venkataraman
	Mr. Nirmal Jain
	Orpheus Trading Private Limited
	Ardent Impex Private Limited

*The relationship with holding company and fellow subsidiary has ceased to exist however these are under common control with, the reporting enterprise.

Notes forming part of Standalone Financial Statements for the Year ended March 31, 2018 (Contd.)

B) Significant Transaction with Related Parties

(₹ in Millions)

Nature of Transaction	Other Related parties			Key Managerial Person	Subsidiary	Total
	Holding Company ceased w.e.f 01.10.2016*	Fellow Subsidiaries ceased w.e.f 01.10.2016*	Group Companies ceased w.e.f 01.10.2016*			
ICD Received						
India Infoline Finance Limited	-	100.00	-	-	-	100.00
	(-)	(9.50)	(-)	(-)	(-)	(9.50)
IIFL Holdings Limited	460.00	-	-	-	-	460.00
	(13.40)	(-)	(-)	(-)	(-)	(13.40)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	60.00	-	-	-	60.00
	(-)	(8,400.00)	(-)	(-)	(-)	(8,400.00)
IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)	-	-	-	-	-	-
	(-)	(-)	(850.00)	(-)	(-)	(850.00)
ICD Received (Return)						
India Infoline Finance Limited	-	100.00	-	-	-	100.00
	(-)	(9.50)	(-)	(-)	(-)	(9.50)
IIFL Holdings Limited	460.00	-	-	-	-	460.00
	(13.40)	(-)	(-)	(-)	(-)	(13.40)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	60.00	-	-	-	60.00
	(-)	(8,400.00)	(-)	(-)	(-)	(8,400.00)
IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)	-	-	-	-	-	-
	(-)	(-)	(850.00)	(-)	(-)	(850.00)
ICD Given						
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	-	-	-	-	-
	(-)	(84.00)	(-)	(-)	(-)	(84.00)
ICD Given (Received Back)						
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	-	-	-	-	-
	(-)	(84.00)	(-)	(-)	(-)	(84.00)
Interest Expenses (ICD)						
India Infoline Finance Limited @	-	0.46	-	-	-	0.46
	(-)	(0.00)	(-)	(-)	(-)	(0.00)
IIFL Holdings Limited	4.13	-	-	-	-	4.13
	(1.00)	(-)	(-)	(-)	(-)	(1.00)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	0.18	-	-	-	0.18
	(-)	(9.43)	(-)	(-)	(-)	(9.43)

Notes forming part of Standalone Financial Statements for the Year ended March 31, 2018 (Contd.)

(₹ in Millions)

Nature of Transaction	Other Related parties			Key Managerial Person	Subsidiary	Total
	Holding Company ceased w.e.f 01.10.2016*	Fellow Subsidiaries ceased w.e.f 01.10.2016*	Group Companies ceased w.e.f 01.10.2016*			
Allocation / Reimbursement of Expenses Paid						
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	26.03	-	-	-	26.03
	(-)	(15.85)	(-)	(-)	(-)	(15.85)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	12.37	-	-	-	12.37
	(-)	(4.64)	(-)	(-)	(-)	(4.64)
India Infoline Finance Limited	-	0.26	-	-	-	0.26
	(-)	(0.02)	(-)	(-)	(-)	(0.02)
India Infoline Housing Finance Limited	-	-	0.01	-	-	0.01
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Holdings Limited	1.73	-	-	-	-	1.73
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Management Services Limited (formerly known as India Infoline Insurance Services Limited)	-	0.01	-	-	-	0.01
	(-)	(-)	(-)	(-)	(-)	(-)
Allocation / Reimbursement of Expenses Received						
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	0.15	-	-	-	0.15
	(-)	(7.80)	(-)	(-)	(-)	(7.80)
IIFL Wealth Management Limited	-	-	-	-	-	-
	(-)	(0.05)	(-)	(-)	(-)	(0.05)
Rent Expense						
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	26.33	-	-	-	26.33
	(-)	(13.62)	(-)	(-)	(-)	(13.62)
Remuneration						
Prakarsh Gagdani	-	-	-	5.28	-	5.28
	(-)	(-)	(-)	(5.29)	(-)	(5.29)
Santosh Jayaram	-	-	-	0.45	-	0.45
	(-)	(-)	(-)	(-)	(-)	(-)
Others Paid						
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	0.24	-	-	-	0.24
	(-)	(0.02)	(-)	(-)	(-)	(0.02)
India Infoline Finance Limited	-	-	-	-	-	-
	(-)	(0.01)	(-)	(-)	(-)	(0.01)
India Infoline Insurance Brokers Limited	-	0.04	-	-	-	0.04
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Holdings Limited	2.05	-	-	-	-	2.05
	(-)	(-)	(-)	(-)	(-)	(-)

Notes forming part of Standalone Financial Statements for the Year ended March 31, 2018 (Contd.)

(₹ in Millions)

Nature of Transaction	Other Related parties			Key Managerial Person	Subsidiary	Total
	Holding Company ceased w.e.f 01.10.2016*	Fellow Subsidiaries ceased w.e.f 01.10.2016*	Group Companies ceased w.e.f 01.10.2016*			
Others Received						
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	0.10	-	-	-	0.10
	(-)	(8.83)	(-)	(-)	(-)	(8.83)
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	0.10	-	-	-	0.10
	(-)	(-)	(-)	(-)	(-)	(-)
India Infoline Finance Limited	-	0.05	-	-	-	0.05
	(-)	(-)	(-)	(-)	(-)	(-)
IIFL Holdings Limited @	0.00	-	-	-	-	0.00
	(-)	(-)	(-)	(-)	(-)	(-)
Service Income						
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	4.83	-	-	-	4.83
	(-)	(0.54)	(-)	(-)	(-)	(0.54)
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	4.86	-	-	-	4.86
	(-)	(0.74)	(-)	(-)	(-)	(0.74)
Brokerage/Commission Income						
IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)	-	-	0.10	-	-	0.10
	(-)	(-)	(-)	(-)	(-)	(-)
Security Deposit (Received)						
IIFL Holdings Limited	0.20	-	-	-	-	0.20
	(-)	(-)	(-)	(-)	(-)	(-)
Security Deposit (Repaid)						
IIFL Holdings Limited	0.20	-	-	-	-	0.20
	(-)	(-)	(-)	(-)	(-)	(-)
Investment in Subsidiaries						
5paisa P2P Limited	-	-	-	-	20.50	20.50
	(-)	(-)	(-)	(-)	(-)	(-)

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

*The relationship with holding company and fellow subsidiary has ceased to exist however these are under common control with, the reporting enterprise.

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

Notes forming part of Standalone Financial Statements for the Year ended March 31, 2018 (Contd.)

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.

NOTE: 28. There is no pending litigation by and on the Company as on the balance sheet date.

NOTE: 29. CAPITAL AND OTHER COMMITMENTS AT BALANCE SHEET DATE

There are outstanding commitments to the tune of ₹ 1.11 Million (PY ₹ 4.11 Million)(net of advances) of the total contractual obligations entered by the company.

NOTE: 30. The shareholders of the Company have approved two Esop scheme(s) having a pool size of 6,00,000 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 2,20,000 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.

NOTE: 31. EARNINGS AND EXPENSES IN FOREIGN CURRENCY

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Earnings in Foreign Currency	-	-
Total Income	**-**	**-**
Expenses in Foreign Currency		
Advertisement Expenses	3.02	1.57
Total Expenses	**3.02**	**1.57**

NOTE: 32. 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 17, 2018

For and on behalf of the Board of Directors

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: - 07376258)

Santosh Jayaram
Whole Time Director
(DIN: - 07955607)

Ankita Lakhotia
Chief Financial Officer

Roshan Dave
Company Secretary

Independent Auditor's Report

To The Members of 5paisa Capital Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of 5paisa Capital Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the holding company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements).

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "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 prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The respective Board of Directors of the Companies 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 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 consolidated 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated financial position of the Group as at 31st March, 2018, and their consolidated financial performance and their consolidated cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books;

Independent Auditor's Report (Contd.)

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 prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group Companies is disqualified as on 31st March, 2018 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 Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

g) 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 Group does not have any pending litigations which would impact its financial position in its financial statements – Refer Note No 27 of the 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 Group.

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

Place: Mumbai
Date: April 17, 2018

G Sankar
Partner
(Membership No. 46050)

Annexure A
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 2018

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 (hereinafter collectively referred to as "the Group") as of March 31st, 2018 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 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.

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.

Annexure A to Auditor's Report (Contd.)

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 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, 2018 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: April 17, 2018

G Sankar
Partner
(Membership No. 46050)

Consolidated Balance Sheet

as at March 31, 2018

(₹ in Millions)

Particulars	Note No	As at March 31, 2018	As at March 31, 2017
I EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share Capital	3	127.39	127.39
(b) Reserve and Surplus	4	501.97	754.96
Sub Total		**629.36**	**882.35**
(2) Non Current Liabilities			
(a) Long-Term borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long-Term liabilities		-	-
(d) Long-Term Provisions	5	2.07	3.15
Sub Total		**2.07**	**3.15**
(3) Current Liabilities			
(a) Short-Term Borrowings	6	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		20.69	4.50
(c) Other Current Liabilities	8	452.29	161.62
(d) Short-Term Provisions	9	52.02	40.60
Sub Total		**686.47**	**206.73**
Total		**1,317.90**	**1,092.22**
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		12.49	2.69
(ii) Intangible Assets		8.77	2.03
(iii) Capital work in progress		0.05	1.27
Sub Total		**21.31**	**5.99**
(b) Non-Current Investments			-
(c) Deferred Tax Assets (Net)	11	149.29	70.17
(d) Long-Term Loans & Advances	12	325.98	41.10
(e) Other Non-Current Assets		-	-
Sub Total		**475.26**	**111.27**
(2) Current Assets			
(a) Current Investments		-	-
(b) Inventories	13	36.00	25.54
(c) Trade Receivables	14	5.66	4.10
(d) Cash and Bank Balances	15	306.97	811.23
(e) Short-Term Loans & Advances	16	40.64	15.85
(f) Other Current Assets	17	432.05	118.24
Sub Total		**821.32**	**974.97**
Total		**1,317.90**	**1,092.22**
See accompanying notes forming part of Consolidated Financial Statements	**1-31**		

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 17, 2018

For and on behalf of the Board of Directors

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: - 07376258)

Santosh Jayaram
Whole Time Director
(DIN: - 07955607)

Ankita Lakhotia
Chief Financial Officer

Roshan Dave
Company Secretary

Consolidated Statement of Profit & Loss

for the year ended March 31, 2018

(₹ in Millions)

Particulars	Note No	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
Revenue From Operations	18	196.52	74.67
Total Revenue		**196.52**	**74.67**
EXPENDITURE			
Employee Benefits Expense	19	193.35	82.38
Finance Cost	20	7.95	12.51
Other Expenses	21	320.64	140.81
Depreciation	22	6.67	2.77
Total Expenditure		**528.62**	**238.47**
Profit Before Tax		**(332.10)**	**(163.81)**
Deferred Tax Expenses		(79.12)	(46.55)
Short / (excess) provision of tax for earlier year		(0.00)	(0.35)
Sub Total		**(79.12)**	**(46.91)**
Profit / (Loss) For The Year		**(252.99)**	**(116.90)**
Earnings Per Share (Face Value ₹10)	23		
Basic		(19.86)	(14.41)
Diluted		(19.86)	(14.41)
See accompanying notes forming part of Consolidated Financial Statements	**1-31**		

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 17, 2018

For and on behalf of the Board of Directors

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: - 07376258)

Santosh Jayaram
Whole Time Director
(DIN: - 07955607)

Ankita Lakhotia
Chief Financial Officer

Roshan Dave
Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2018

(₹ in Millions)

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
Cash Flows From Operating Activities				
Net profit before taxation and extraordinary item		(332.10)		(163.81)
Adjustments for:				
Net Loss/(gain) on Sale of Current Investments	(14.39)		(22.58)	
Interest Income	(9.34)		(5.02)	
Gratuity	0.61		1.28	
Leave Encashment	0.81		0.49	
Interest Expenses	6.23		11.24	
Dividend Income	(0.20)	(16.27)	-	(14.61)
Operating Profit before Working Capital Changes		**(348.37)**		**(178.42)**
Changes in Working Capital :				
(Increase)/Decrease in Long Term Loan and Advances	(284.88)		2.46	
Increase/(Decrease) in Other Current Liabilities	290.66		2.07	
Decrease/(Increase) in Short Term Loans and advances	(24.79)		(12.53)	
(Increase) / Decrease in Trade inventories	(10.46)		(15.06)	
Decrease / (Increase) in other current assets	(313.81)		0.24	
Increase / (Decrease) in Short term Provision	10.00		34.18	
Increase / (Decrease) in Long term Provision	(1.08)		2.84	
Increase / (Decrease) in Short term & Long term Borrowings	161.47		(23.10)	
Decrease / (Increase) in Trade Receivable	(1.56)		177.64	
Increase / (Decrease) in Trade Payable	16.19	(158.25)	(201.29)	(32.57)
Cash generated from/(Used) operations		(506.63)		(210.98)
Net income tax (paid) / refunds		0.00		0.35
Net cash from/(used in) operating activities (a)		**(506.62)**		**(210.63)**
Cash Flows From Investing Activities				
(Purchase) of Current Investments		(39,742.70)		(37,531.90)
Sale of Current Investments		39,742.70		37,531.90
Capital Gain on Investment		14.39		22.58
Interest received		9.34		5.02
Dividend Income		0.20		-
Bank Balance not considered as Cash and Cash Equivalents		(57.25)		(5.00)
(Purchase) /Sale of fixed assets (includes intangible assets) (net)		(15.33)		(2.80)
Net cash from/(used in) investing activities (b)		**(48.66)**		**19.81**
Cash Flows From Financing Activities				
Increase in share capital		-		879.99
Interest Paid		(6.23)		(11.24)
Net cash from/(used in) financing activities (c)		**(6.23)**		**868.75**
Net increase / (decrease) in cash and cash equivalents (a + b + c)		**(561.52)**		**677.93**
Cash and Cash equivalents at beginning of year		756.23		78.30
Cash and Cash equivalents at end of year (Note 15)		194.72		756.23
Net increase / (decrease) in cash and cash equivalents		**(561.52)**		**677.93**
See accompanying notes forming part of Consolidated Financial Statements				

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 17, 2018

For and on behalf of the Board of Directors

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: - 07376258)

Santosh Jayaram
Whole Time Director
(DIN: - 07955607)

Ankita Lakhotia
Chief Financial Officer

Roshan Dave
Company Secretary

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2018

NOTE: 1 CORPORATE INFORMATION:

The financial statements comprise financial statements of "5paisa Capital Limited" ("the holding company") and its subsidiary for the year ended 31st March, 2018.

5paisa Capital Limited ["5PCL"] is engaged in providing an online technology platform for trading in National Stock Exchange of India Limited & BSE Limited 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.

The subsidiary 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 company has applied to RBI for NBFC P2P License.

NOTE: 2

A) Scheme of Arrangement between IIFL Holdings Limited and 5paisa Capital Limited

The Scheme of Arrangement between IIFL Holdings Limited and 5paisa Capital Limited was approved by National Company Law Tribunal, Mumbai Bench ("NCLT") on 06.09.2017. The certified true copy of the order was duly filed with Registrar of Companies, Mumbai and the Scheme was made effective from 30.09.2017. Pursuant to order of NCLT, Mumbai Bench, 5paisa digital Undertaking (the undertaking) on going concern basis was vested from IIFL Holdings Limited (IHL) to 5paisa Capital Limited (5PCL) w.e.f. the appointed date i.e. 01.10.2016.

5paisa Digital Undertaking Business includes development/ maintenance of technology application for online trading through trading terminal and mobile application, source code of mobile application, domain name (5paisa.com), software rights, brand i.e. 5paisa establishment, protection and support, Infrastructure and facilities services etc.

In accordance with the said Scheme of Arrangement:

1 a. The whole of the undertaking including all assets and liabilities of the undertaking were transferred to and vested by IHL to 5PCL at respective book values from 01.10.2016.

b. The equity share capital of 5 PCL of ₹ 177,165,000 held by IHL was canceled and in lieu of the same 5PCL issued 12,739,022 equity shares ₹ 10 to the shareholders of IHL, whose names appear in the Register of Members of IHL on the Record Date i.e. 18th Oct 2017.

c. The excess of net assets value of 5paisa Digital Undertaking transferred to 5 PCL over the value of equity shares referred to in (c) above, as reduced by the face value of the equity share capital of 5PCL cancelled, referred in (b) above, has been recorded as "Capital Reserve" in March 2017 financials which has been arrived as follows:-

Net assets value of 5paisa Digital Undertaking (A)	(2,064,806)
Equity shares cancelled (B)	177,165,000
New equity share capital to be issued (C)	127,390,220
Capital Reserve (A+B-C)	47,709,974

2 During the period between the appointed date and the effective date, IHL carried on the business and activities relating to the said Undertaking and held the properties and assets pertaining to the said Undertaking for and on account of and in trust for 5PCL. All the profits or income accruing or arising to IHL or expenditure or loss arising or incurred or suffered by IHL pertaining to the said Undertaking during the period 01.04.2017 to 30.09.2017 have also been incorporated in these financial statements.

3 The Company has accounted for the scheme with effect from 1st October 2016 and accordingly the comparative previous year figures have been recast after giving effect to the Scheme.

B) Significant Accounting Policies:

2.1 Basis of accounting and preparation of consolidated 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 consolidated 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 financial statements of the subsidiary used for the purpose of consolidation are drawn upto same reporting date as that of the parent company, i.e. year ended on 31st March 2017. Following consolidation process is followed:

a) Combine like items of assets and liabilities of the parent with those of its subsidiaries.

b) Offset (eliminate) the carrying amount of the parents investment in each subsidiary and the parent's portion of equity of the subsidiary.

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 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.

2.5 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 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.

2.6 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

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2018 (Contd.)

scrip basis being recognised in the Statement of Profit and Loss and the net unrealised gains on scrip basis are ignored.

2.7 Other Income Recognition:

(a) Interest Income is recognised on accrual basis.

(b) Dividend income is recognised when the right to receive payment is established.

2.8 Employee Benefits:

The Company's contribution towards Provident Fund and Family Pension Fund, which are defined contribution, are accounted for on an accrual basis and recognised in the Statement of Profit & loss. The Company has provided "Compensated Absences" on the basis of actuarial valuation.

Gratuity is post employment benefit and is in the nature of defined benefit plan. The Liability recognised in the Balance Sheet in respect of gratuity is the present value of defined benefit obligation at the Balance Sheet date together with the adjustments for unrecognised actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.

2.9 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.

2.10 Preliminary Expenses:

Preliminary Expenses is written off in same financial year in which they are incurred.

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 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 Consolidated Financial Statements for the Year ended March 31, 2018 (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, 2018	As at March 31, 2017
Authorised :		
30,000,000 (PY 18,000,000) Equity Shares of ₹ 10 each	300.00	180.00
Issued , Subscribed and Paid Up :		
12,739,022 (PY 17,716,500 Upto 30.09.2016 and NIL after 30.09.2016) Equity Shares of ₹ 10 each fully paid-up	127.39	-
Share Suspense Account 12,739,022 Equity shares of ₹ 10 each to be issued as fully paid-up to the shareholders of India Infoline Holdings Limited pursuant to the Scheme of Arrangement (Refer Note 2A)	-	127.39
Total	**127.39**	**127.39**

b) Reconciliation of the shares outstanding

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
At the Beginning of the Year	-	-	3,050,000	30.50
Add:- Issued during the Year	12,739,022	127.39	14,666,500	146.67
Less : Shares Cancelled under Scheme of Arrangement (Refer Note 2A)	-	-	17,716,500	177.17
Add: Shares to be issued pursuant to scheme of Arrangement (Refer Note 2A)	-	-	12,739,022	127.39
Outstanding at the end of the year	**12,739,022**	**127.39**	**12,739,022**	**127.39**

c) Equity Shares held by Holding company / Ultimate holding company and their subsidiaries

Particulars	March 31, 2018		March 31, 2017	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹10 each fully paid*	-	-	-	-

* Note: 100% Equity Shares 17,716,500 were held by IIFL Holdings Limited -The Holding Company upto 30.09.2016.

d) Detail of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 10 each fully paid *				
FIH Mauritius Investments Limited	3,385,657	26.58	-	-
Nirmal Bhanwarlal Jain	2,178,600	17.10	-	-
Hwic Asia Fund Class A Shares	1,134,501	8.91	-	-
Madhu N Jain	680,000	5.34	-	-

* Note: 100% Equity Shares 17,716,500 were held by IIFL Holdings Limited -The Holding Company upto 30.09.2016.

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 4. RESERVES AND SURPLUS:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Securities premium account		
Opening balance	823.33	90.00
Addition during the year	-	733.33
Closing Balance	**823.33**	**823.33**
Capital Reserve		
Opening balance	47.71	-
Addition during the year (Refer Note 2(A))	-	47.71
Closing Balance	**47.71**	**47.71**
Profit and Loss Account		
Opening balance	**(116.08)**	0.82
Addition during the year	(252.99)	(116.90)
Closing Balance	**(369.07)**	**(116.08)**
Total	**501.97**	**754.96**

NOTE: 5. LONG TERM PROVISIONS:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Gratuity	1.36	2.58
Provision for Leave Encashment	0.71	0.57
Total	**2.07**	**3.15**

NOTE: 6. SHORT TERM BORROWINGS:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Bank Overdrafts	161.47	-
Total	**161.47**	**-**

NOTE: 7. TRADE PAYABLE:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Outstanding dues of micro & small enterprises*	-	-
Outstanding dues of creditors other than micro & small enterprises	20.69	4.50
Total	**20.69**	**4.50**

*No Interest has been paid/is payable by company during the year to "Suppliers" referred under the Micro, Small & Medium Enterprises Development Act, 2006. The aforementioned is based on the response received by the Company to its inquiries with suppliers with regards to applicability under the said act.

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 8. OTHER CURRENT LIABILITIES:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory Liabilities Payable	15.58	4.39
Contractually reimbursable expenses	0.28	0.00
Accrued Salaries & Benefits	1.89	1.07
Advance from customers	0.65	-
Client Payables	433.89	156.16
Total	**452.29**	**161.62**

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

NOTE: 9. SHORT TERM PROVISIONS:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Expenses	47.80	38.96
Bonus Payable	2.91	0.74
Provision for Leave encashment	0.54	0.18
Provision for Gratuity	0.77	0.72
Provision for Taxation	-	0.00
Total	**52.02**	**40.60**

NOTE :10 FIXED ASSETS:

Tangible Assets

(₹ in Millions)

Particulars	Computers	Electrical Equipments	Furniture & Fixtures	Office Equipments	Total
Cost or Valuation					
At April 1, 2017	**1.47**	**0.32**	**1.84**	**1.50**	**5.13**
Addition	10.87	0.78	1.41	0.73	**13.79**
Deductions/Adjustments during the year	-	-	-	0.04	**0.04**
As at March 31, 2018	**12.34**	**1.10**	**3.25**	**2.19**	**18.88**
Depreciation					
At April 1, 2017	0.47	0.25	1.01	0.72	**2.45**
Depreciation For the year	2.26	0.08	0.83	0.81	**3.98**
Deductions/Adjustments during the year	-	-	-	0.04	**0.04**
As at March 31, 2018	**2.73**	**0.33**	**1.84**	**1.49**	**6.39**
Net Block					
At March 31, 2018	**9.61**	**0.78**	**1.41**	**0.71**	**12.49**

Note:- Capital work in progress ₹ 0.05 Million (Previous year ₹ 1.27 Million) pertains to assets not yet capitalized.

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE :10 FIXED ASSETS (Contd.)

Intangible Assets (₹ in Millions)

Particulars	Software	Total
Cost or Valuation		
At April 1, 2017	**2.69**	**2.69**
Addition	9.43	9.43
Deductions/Adjustments during the year	-	-
As at March 31, 2018	12.12	12.12
Depreciation		
At April 1, 2017	**0.66**	**0.66**
Depreciation For the year	2.69	2.69
Deductions/Adjustments during the year	-	-
As at March 31, 2018	3.36	3.36
Net Block		
At March 31, 2018	**8.77**	**8.77**

NOTE: 11. DEFERRED TAX ASSETS:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Depreciation	0.02	0.01
Deferred Tax Asset for Gratuity	0.55	0.41
Provision for Doubtful debts	0.29	-
Deferred Tax Asset for Leave Encashment	0.32	-
Short term/Long Term Capital losses/ Business Loss	148.11	69.75
Total	**149.29**	**70.17**

"Considering the future projections and that the carried forward losses are only for the last 3 years, 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: 12. LONG TERM LOANS & ADVANCES:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, Considered Good :		
Deposit with Exchange / Clearing Corporation	322.48	38.92
Security Deposits	2.07	-
Advance Income Tax & TDS	1.43	2.18
Total	**325.98**	**41.10**

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 13. INVENTORIES - (AT LOWER OF COST OR NET REALISABLE VALUE):

(₹ in Millions)

Script Name	As at March 31, 2018			As at March 31, 2017		
	Strike Price in ₹	Number	₹ in Millions	Strike Price in ₹	Number	₹ in Millions
Exchange Traded Fund						
EQ-SBISENSEXETF	342.16	6,212	2.13	301.06	5,497	1.65
EQ-SETFBANK EQ	244.72	1,595	0.39	211.07	14,564	3.07
EQ-SETFBS	105.42	20,630	2.18	87.93	32,380	2.85
EQ-SETFNIFTYNEXT 50 EQ	287.15	1,601	0.46	244.96	5,029	1.23
EQ-SETFNIFTY EQ	101.94	34,474	3.51	92.52	62,332	5.77
EQ-UTINIFTYETF	1,054.30	7,359	7.76	881.52	10,908	9.62
EQ-UTISENSEXETF	341.43	8,473	2.89	293.83	4,604	1.35
EQ-UTINEXT50	290.25	56,816	16.49	-	-	-
DLF LIMITED	201.05	911	0.18	-	-	-
SUZLON ENERGY LIMITED	10.70	1,261	0.01	-	-	-
TOTAL		**139,332**	**36.00**		**135,314**	**25.54**
Aggregate Market Value-Stock			**36.11**			**26.66**

NOTE: 14. TRADE RECEIVABLES:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good, unless otherwise stated		
Outstanding for a period exceeding six months from date they are due for payment.	-	**-**
Others	5.66	4.10
Total	**5.66**	**4.10**

NOTE: 15. CASH AND BANK BALANCES:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash & Cash Equivalents:		
Balances with banks:		
In current accounts		
Client bank accounts	163.65	124.26
Others Bank accounts #	31.07	631.97
Total Cash & Cash Equivalent (a)	**194.72**	**756.23**
Other Balances		
In Deposit account (Maturity more than 3 months to 12 months)*	105.00	55.00
In Deposit account (Maturity more than 12 months)*	7.25	-
Total Other Balances (b)	**112.25**	**55.00**
Total (a + b)	**306.97**	**811.23**

includes Cheque on hand ₹ 0.17 Million (PY ₹ 9.20 Million)

*Includes fixed deposits to the extent of ₹112.25 Million (PY ₹ 55.00 Million) pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 16. SHORT TERM LOAN AND ADVANCES:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, Considered Good :		
Advances recoverable in cash or in kind or for value to be received	4.00	1.97
Balance with Government authorities		
GST Credit Receivable	36.64	13.88
Total	**40.64**	**15.85**

NOTE: 17. OTHER CURRENT ASSETS:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Prepaid expenses	3.44	1.46
Client Receivables	429.74	116.78
Provision for doubtful Client Receivables	(1.13)	-
Total	**432.05**	**118.24**

NOTE: 18. REVENUE FROM OPERATIONS:

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Capital Market activities	151.32	16.04
Fund Based activities	29.81	51.97
Financial Products distribution	15.39	6.66
Total	**196.52**	**74.67**

NOTE: 19. EMPLOYEE BENEFITS EXPENSE:

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and bonus	179.61	76.73
Contribution to provident and other funds	10.54	3.26
Gratuity *	0.61	1.28
Staff Welfare Expenses	1.78	0.62
Leave Encashment	0.81	0.49
Total	**193.35**	**82.38**

* 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 Consolidated Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 19. EMPLOYEE BENEFITS EXPENSE:

(₹ in Millions)

Assumptions	For the year ended up to March 31, 2018	For the year ended up to March 31, 2017
Discount rate previous year	6.65%	7.72%
Salary Escalation previous year	5.00%	5.00%
Discount rate current year	7.35%	6.77%
Salary Escalation Current year	8.00%	5.00%
Change in Benefit Obligation		
Liability at the beginning of the year	1.50	0.27
Interest Cost	0.10	0.02
Current Service Cost	0.58	0.11
Past Service Cost	(0.03)	-
Benefit paid	-	(0.04)
Actuarial (gain)/ Loss on obligations	(1.68)	0.97
Liability Transferred in/(out)	1.66	0.17
Liability at the end of the year	**2.13**	**1.50**
Amount Recognised in the Balance Sheet		
Liability at the end of the year	(2.13)	(1.50)
Fair value of plan Assets at the end of the year	-	-
Funded Status (Surplus/(Deficit))	(2.13)	(1.50)
Amount of liability Recognised in the Balance Sheet	**(2.13)**	**1.50**
Expenses Recognised in the Income statement	**For the year ended up to March 31, 2018**	**For the year ended up to March 31, 2017**
Current Service cost	0.58	0.11
Interest Cost	0.10	0.02
Past Service Cost	(0.03)	-
Actuarial Gain or Loss	(1.68)	0.97
Expense Recognised in P&L	**(1.03)**	**1.10**
Balance Sheet reconciliation		
Opening Net liability	**1.50**	0.27
Expense as above	**(1.03)**	1.10
Liability Transferred in/(out)	1.66	0.17
Benefit paid	-	(0.04)
Amount Recognised in Balance Sheet	**2.13**	**1.50**

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, 2018	For the year ended up to March 31, 2017
Contribution to provident fund and EPS	7.64	2.57

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 20. FINANCE COSTS:

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Expenses	6.23	11.23
Other Borrowing cost	1.72	1.28
Total	**7.95**	**12.51**

NOTE: 21. OTHER EXPENSES:

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Advertisement	155.70	66.52
Books & Periodicals	0.02	0.00
Exchange and statutory Charges	0.71	0.15
Brokerage related expenses	17.73	1.38
Marketing & Commission Expenses	10.34	2.21
Directors Remuneration/Sitting Fees	0.66	-
Bank Charges	0.61	0.10
Communication	7.03	2.35
Electricity	9.84	5.42
Legal and professional charges	29.53	17.31
Miscellaneous Expenses	0.04	0.15
Office expenses	9.16	3.90
Meeting Seminar & Subscription	1.27	0.97
Postage and courier	0.40	0.30
Printing and stationery	0.58	0.24
Provision for bad and doubtful debts	1.14	0.00
Rent	30.45	15.78
Insurance	0.39	0.08
Rates & Taxes	7.51	1.89
Repairs & Maintenance :		
Computer	0.62	0.32
Others	3.33	0.46
Remuneration to Auditors :		
As auditors -Statutory Audit	0.10	0.01
Certification Work & other matters	0.01	0.01
Software Charges	26.59	17.48
Travelling and conveyance	6.88	3.78
TOTAL	**320.64**	**140.81**

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

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 22. DEPRECIATION

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation- Tangible	3.98	2.13
Depreciation – Intangible	2.69	0.64
Total	**6.67**	**2.77**

NOTE: 23. EARNINGS PER SHARE (EPS):

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net Profit/(Loss) after tax for the Year	(252.99)	(116.90)
Weighted Average No. of Shares to be issues under scheme of arrangement	12,739,022	8,113,182
Basic EPS	(19.86)	(14.41)
Diluted EPS	(19.86)	(14.41)

NOTE: 24.

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 the Year ended March 31, 2018 (Contd.)

NOTE: 25.

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

Nature of relationship	Name of party
Other Related Parties	
Holding Company ceased w.e.f 01.10.2016 *	IIFL Holdings Limited
Fellow Subsidiaries ceased w.e.f. 01.10.2016 *	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
Group Companies ceased w.e.f. 01.10.2016 *	India Infoline Housing Finance Limited
	Samasta Microfinance Limited (w.e.f. 01st Mar 2017)
	Ayusha Dairy Private Limited (w.e.f. 01st Mar 2017)
	IIFL Capital Pte. Limited
	IIFL Securities Pte. Limited
	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) Limited
	IIFL Private Wealth Management (Dubai) Limited
	IIFL Inc.
	IIFL Private Wealth (Suisse) SA.
	Clara Developers Private Limited
	IIFL Capital (Canada) Limited
Key Managerial Personnel	Mr. Prakarsh Gagdani
	Mr. Santosh Jayaram w.e.f. 11th Jan 2018
Others	Mr. R Venkataraman
	Mr. Nirmal Jain
	Orpheus Trading Private Limited
	Ardent Impex Private Limited

*The relationship with holding company and fellow subsidiary has ceased to exist however these are under common control with, the reporting enterprise.

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2018 (Contd.)

B) Significant Transaction with Related Parties

(₹ in Millions)

Nature of Transaction	Other Related parties			Key Managerial Person	Total
	Holding Company ceased w.e.f 01.10.2016*	Fellow Subsidiaries ceased w.e.f 01.10.2016*	Group Companies ceased w.e.f 01.10.2016*		
ICD Received					
India Infoline Finance Limited	-	100.00	-	-	100.00
	(-)	(9.50)	(-)	(-)	(9.50)
IIFL Holdings Limited	460.00	-	-	-	460.00
	(13.40)	(-)	(-)	(-)	(13.40)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	60.00	-	-	60.00
	(-)	(8,400.00)	(-)	(-)	(8,400.00)
IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)	-	-	-	-	-
	(-)	(-)	(850.00)	(-)	(850.00)
ICD Received (Return)					
India Infoline Finance Limited	-	100.00	-	-	100.00
	(-)	(9.50)	(-)	(-)	(9.50)
IIFL Holdings Limited	460.00	-	-	-	460.00
	(13.40)	(-)	(-)	(-)	(13.40)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	60.00	-	-	60.00
	(-)	(8,400.00)	(-)	(-)	(8,400.00)
IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)	-	-	-	-	-
	(-)	(-)	(850.00)	(-)	(850.00)
ICD Given					
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	-	-	-	-
	(-)	(84.00)	(-)	(-)	(84.00)
ICD Given (Received Back)					
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	-	-	-	-
	(-)	(84.00)	(-)	(-)	(84.00)
Interest Expenses (ICD)					
India Infoline Finance Limited @	-	0.46	-	-	0.46
	(-)	(0.00)	(-)	(-)	(0.00)
IIFL Holdings Limited	4.13	-	-	-	4.13
	(1.00)	(-)	(-)	(-)	(1.00)

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2018 (Contd.)

(₹ in Millions)

Nature of Transaction	Other Related parties			Key Managerial Person	Total
	Holding Company ceased w.e.f 01.10.2016*	Fellow Subsidiaries ceased w.e.f 01.10.2016*	Group Companies ceased w.e.f 01.10.2016*		
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	0.18	-	-	0.18
	(-)	(9.43)	(-)	(-)	(9.43)
Allocation / Reimbursement of Expenses Paid					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	26.03	-	-	26.03
	(-)	(15.85)	(-)	(-)	(15.85)
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	12.37	-	-	12.37
	(-)	(4.64)	(-)	(-)	(4.64)
India Infoline Finance Limited	-	0.26	-	-	0.26
	(-)	(0.02)	(-)	(-)	(0.02)
India Infoline Housing Finance Limited	-	-	0.01	-	0.01
	(-)	(-)	(-)	(-)	(-)
IIFL Holdings Limited	1.73	-	-	-	1.73
	(-)	(-)	(-)	(-)	(-)
IIFL Management Services Limited (formerly known as India Infoline Insurance Services Limited)	-	0.01	-	-	0.01
	(-)	(-)	(-)	(-)	(-)
Allocation / Reimbursement of Expenses Received					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	0.15	-	-	0.15
	(-)	(7.80)	(-)	(-)	(7.80)
IIFL Wealth Management Limited	-	-	-	-	-
	(-)	(0.05)	(-)	(-)	(0.05)
Rent Expense					
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	26.33	-	-	26.33
	(-)	(13.62)	(-)	(-)	(13.62)
Remuneration					
Prakarsh Gagdani	-	-	-	5.28	5.28
	(-)	(-)	(-)	(5.29)	(5.29)
Santosh Jayaram	-	-	-	0.45	0.45
	(-)	(-)	(-)	(-)	(-)
Others Paid					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	0.24	-	-	0.24
	(-)	(0.02)	(-)	(-)	(0.02)
India Infoline Finance Limited	-	-	-	-	-
	(-)	(0.01)	(-)	(-)	(0.01)

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2018 (Contd.)

(₹ in Millions)

Nature of Transaction	Other Related parties			Key Managerial Person	Total
	Holding Company ceased w.e.f 01.10.2016*	Fellow Subsidiaries ceased w.e.f 01.10.2016*	Group Companies ceased w.e.f 01.10.2016*		
India Infoline Insurance Brokers Limited	-	0.04	-	-	0.04
	(-)	(-)	(-)	(-)	(-)
IIFL Holdings Limited	2.05	-	-	-	2.05
	(-)	(-)	(-)	(-)	(-)
Others Received					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	0.10	-	-	0.10
	(-)	(8.83)	(-)	(-)	(8.83)
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	0.10	-	-	0.10
	(-)	(-)	(-)	(-)	(-)
India Infoline Finance Limited	-	0.05	-	-	0.05
	(-)	(-)	(-)	(-)	(-)
IIFL Holdings Limited @	0.00	-	-	-	0.00
	(-)	(-)	(-)	(-)	(-)
Service Income					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	4.83	-	-	4.83
	(-)	(0.54)	(-)	(-)	(0.54)
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	4.86	-	-	4.86
	(-)	(0.74)	(-)	(-)	(0.74)
Brokerage/Commission Income					
IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)	-	-	0.10	-	0.10
	(-)	(-)	(-)	(-)	(-)
Security Deposit (Received)					
IIFL Holdings Limited	0.20	-	-	-	0.20
	(-)	(-)	(-)	(-)	(-)
Security Deposit (Repaid)					
IIFL Holdings Limited	0.20	-	-	-	0.20
	(-)	(-)	(-)	(-)	(-)

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

* The relationship with holding company and fellow subsidiary has ceased to exist however these are under common control with, the reporting enterprise.

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

Notes forming part of Consolidated Financial Statements for the Year ended March 31, 2018 (Contd.)

NOTE: 26. 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: 27. There is no pending litigation by and on the Company as on the balance sheet date.

NOTE: 28. CAPITAL AND OTHER COMMITMENTS AT BALANCE SHEET DATE

There are outstanding commitments to the tune of ₹ 1.11 Million (PY ₹ 4.11 Million)(net of advances) of the total contractual obligations entered by the company.

NOTE: 29. The shareholders of the Company have approved two Esop scheme(s) having a pool size of 6,00,000 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 2,20,000 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.

NOTE: 30. EARNINGS AND EXPENSES IN FOREIGN CURRENCY:

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Earnings in Foreign Currency	-	-
Total Income	**-**	**-**
Expenses in Foreign Currency		
Advertisement Expenses	3.02	1.57
Total Expenses	**3.02**	**1.57**

NOTE: 31. 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 17, 2018

For and on behalf of the Board of Directors

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: - 07376258)

Santosh Jayaram
Whole Time Director
(DIN: - 07955607)

Ankita Lakhotia
Chief Financial Officer

Roshan Dave
Company Secretary

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Corporate Information

BOARD OF DIRECTORS

Dr. Archana Niranjan Hingorani
Chairman & Independent Director

Mr. Prakarsh Gagdani
Whole Time Director & Chief Executive Officer

Ms. Nirali Sanghi
Independent Director

Mr. Santosh Jayaram
Whole Time Director

COMMITTEE OF THE BOARD

AUDIT COMMITTEE

Dr. Archana Niranjan Hingorani
Chairman, Independent Director

Mr. Prakarsh Gagdani

Ms. Nirali Sanghi

NOMINATION AND REMUNERATION COMMITTEE

Ms. Nirali Sanghi
Chairman, Independent Director

Dr. Archana Niranjan Hingorani

Mr. Prakarsh Gagdani

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Ms. Nirali Sanghi
Chairman, Independent Director

Dr. Archana Niranjan Hingorani

Mr. Prakarsh Gagdani

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Roshan Dave

CHIEF FINANCIAL OFFICER

Ms. Ankita Lakhotia

CORE MANAGEMENT

Employee	Department
Mr. Mayur Premji Dedhia	Partners & Alliances
Mr. Vikram Videsh Sahni	Sales
Mr. Sunder Ram	Product
Ms. Priyanka Sagar Patki	Technology
Mr. Shoaib Khalid Qureshi	Customer Service
Mr. Rajesh Jain	Operations
Mr. Nirav Shah	Compliance

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

Citibank
ICICI Bank Limited
HDFC Bank Limited
Axis Bank Limited
Yes Bank Limited
DCB 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.

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5Paisa

5paisa Capital Limited
CIN: U67190MH2007PLC289249
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: csteam@5paisa.com | ir@5paisa.com
Website: www.5paisa.com