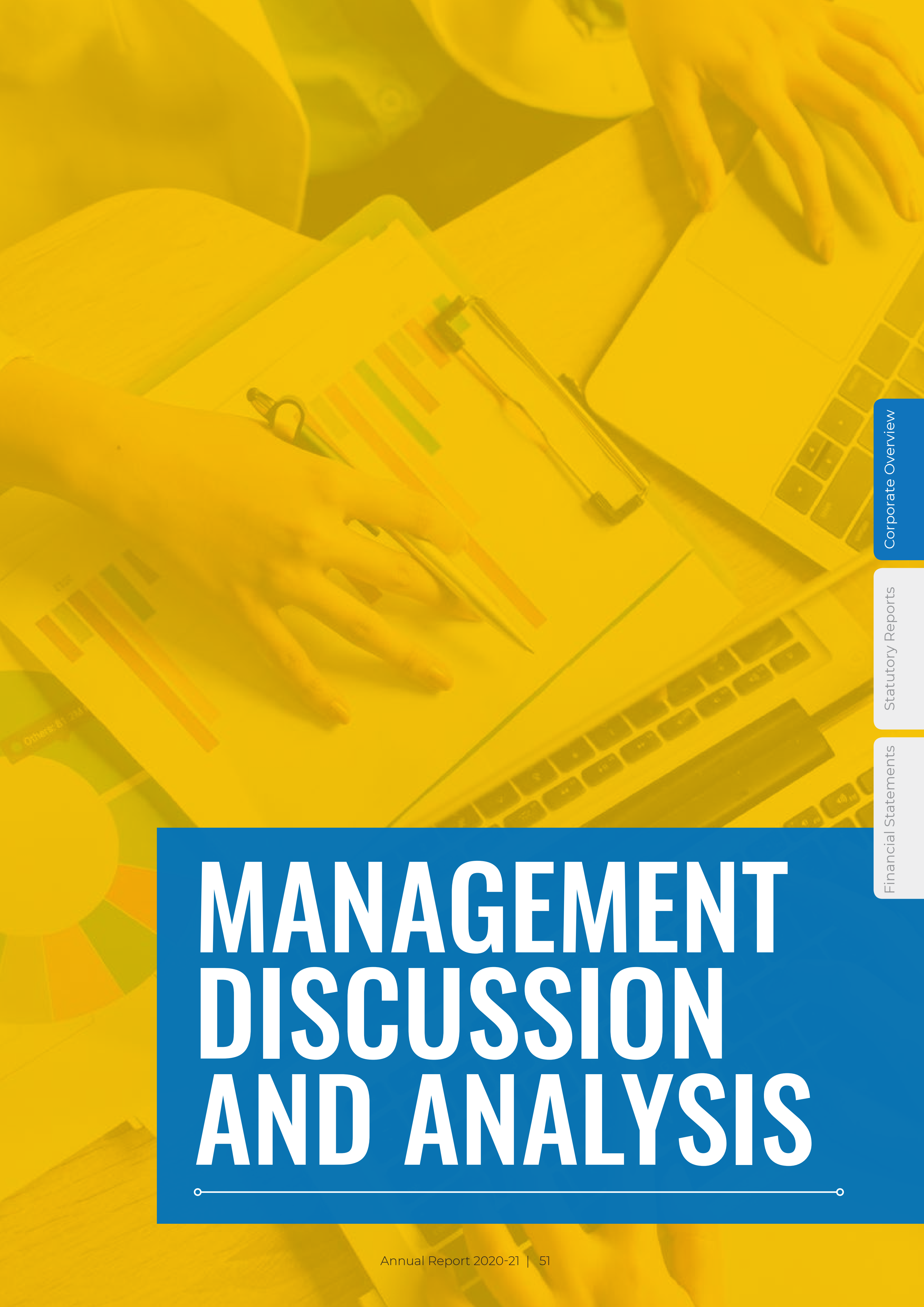


MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

Global economies witnessed a healthy 2.8% CAGR over 2015-2019 in the pre-pandemic period led by China, United States and India primarily. The world is becoming more and more responsible towards achieving sustainable growth, with technology playing a pivotal role.

The year 2020 started on a very challenging note, as the rapid spread of Covid-19 risked overwhelming healthcare in various countries and required implementation of strict social distancing measures. However, such measures brought the world to a virtual standstill and hurt the global economy substantially. In order to contain the fallout from the Covid pandemic, Central banks and Governments announced monetary and fiscal measures bigger than the ones announced during the peak of the global financial crisis.

Due to the counter recessionary measures announced by central banks and Governments globally, growth contraction in the USA (-3.5 Percent), Eurozone (-6.6 Percent) and moderate growth in China (2.3 Percent), was far better than that forecasted earlier. After the initial shock, research and pharmaceutical companies backed by Governments got into the act of developing vaccines on an unprecedented level. Russia was amongst the first countries to introduce a vaccine followed by many other countries including USA, China, UK and India. Parallelly, significant investments were made to increase vaccine manufacturing capacity, led by India. Today there are more than 200 vaccines under trials and almost 1.8 billion people globally have been vaccinated by either their first or dual dose.

The IMF in its latest World Economic Outlook in April 2021 has upgraded their global GDP growth projections to 6.0 Percent and 4.4 Percent for 2021 and 2022 respectively as compared to their earlier forecast of 5.5 Percent and 4.2 Percent in January 2021. The upwards revision in GDP growth estimates is a result of additional fiscal support in a few large economies and expectations of a vaccine-powered normalisation in the second half of 2021.

GROWTH PROJECTIONS

(Real GDP, annual percentage change)

	2020	2021 (Projections)	2022 (Projections)
WORLD OUTPUT	-3.3	6.0	4.4
ADVANCED ECONOMIES	-4.7	5.1	3.6
UNITED STATES	-3.5	6.4	3.5
EURO AREA	-6.6	4.4	3.8
GERMANY	-4.9	3.6	3.4
FRANCE	-8.2	5.8	4.2
ITALY	-8.9	4.2	3.6
SPAIN	-11.0	6.4	4.7
JAPAN	-4.8	3.3	2.5
UNITED KINGDOM	-9.9	5.3	5.1
CANADA	-5.4	5.0	4.7
OTHER ADVANCED ECONOMIES	-2.1	4.4	3.4
EMERGING MARKET AND DEVELOPMENT ECONOMIES	-2.2	6.7	5.0
EMERGING AND DEVELOPING ASIA	-1.0	8.6	6.0
CHINA	-2.3	8.4	5.6
INDIA	-8.0	12.5	6.9

Source: World Economic Outlook, April 2021

INDIAN ECONOMY

Over 2015–20, there have been structural changes in the economy with inflation rate largely remaining in the RBIs comfort zone of 2-6 Percent which resulted in decline in interest rates. The Indian economy was on course to become the third largest economy globally by 2030.

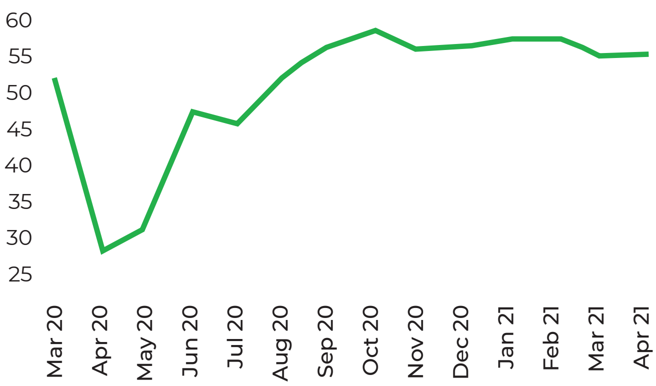
However, the onset of the pandemic in Q4 FY 2019-20 resulted in the Government announcing the first ever national lockdown lasting more than eight weeks. The ensuing disruption led to a record GDP contraction of 24.4 Percent Q1 FY 2020-21. However, this lockdown helped contain the spread of the virus and aided the economy return to its growth path by Q3 FY 2020-21.

The Reserve Bank of India (RBI) intervened by providing monetary stimulus through its various liquidity programmes, slashing interest rates, and allowing loan moratorium facilities, among others. The Government initiated several measures to minimise the impact of the pandemic, protect the lives of the country's citizens and revive the economy. The Government also announced a comprehensive COVID relief package of ₹ 20 trillion in May 2020 as a part of *Atmanirbhar Bharat Abhiyaan* which included a mix of cash spending, liquidity support to agriculture, MSMEs and other critical sectors, along with various structural reforms across sectors.

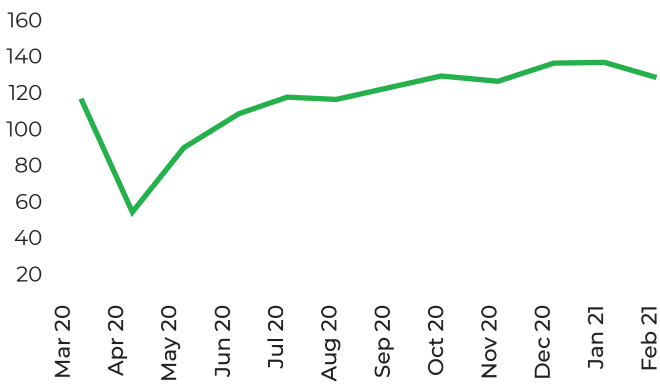
The gradual opening of economy post June, with targeted and restrictive lockdowns, led to gradual recovery in the following months, driven initially by pent up demand. Improvement in the Covid situation from September allowed the Government to open up significant portion of the economy in Q3 FY 2020-21 which along with festive demand provided further impetus to the economy. In order to support the recovery the Government also announced more stimulus measures of ₹ 2.65 trillion under *Atmanirbhar Bharat* 2.0 and 3.0 which included additional support for agriculture and housing sector among others. In order to incentivise localisation, a Production Linked Incentive (PLI) scheme covering 10 sectors was launched with an outlay of ₹ 1.46 trillion under the *Atmanirbhar Bharat* 3.0 package. The PLI scheme was later expanded to cover 13 sectors with an outlay of ₹ 2 trillion in the Union Budget 2021-22.

High frequency indicators like PMI, IIP, CPI and GST collection, continued to point to a strong recovery in the second half of FY 2020-21. GST collection have witnessed strong growth since October 2020 with collections in H2 FY 2020-21 being higher than average of FY 2019-20, and touching a new high of ₹ 1.24 trillion in March 2021. Though CPI inflation remained above the RBIs comfort zone of 6.0 Percent in the first half of the year, it eased off in the second half and fell to 4.1 Percent in January 2021, before rising marginally to 5.5 Percent in March 2021 (Source: RBI).

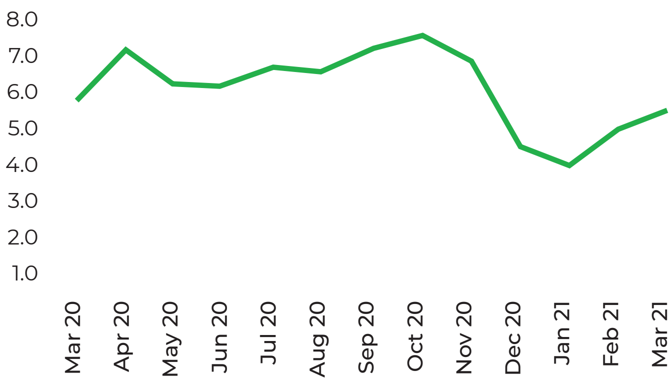
INDIA PMI - MANUFACTURING



INDIA IIP

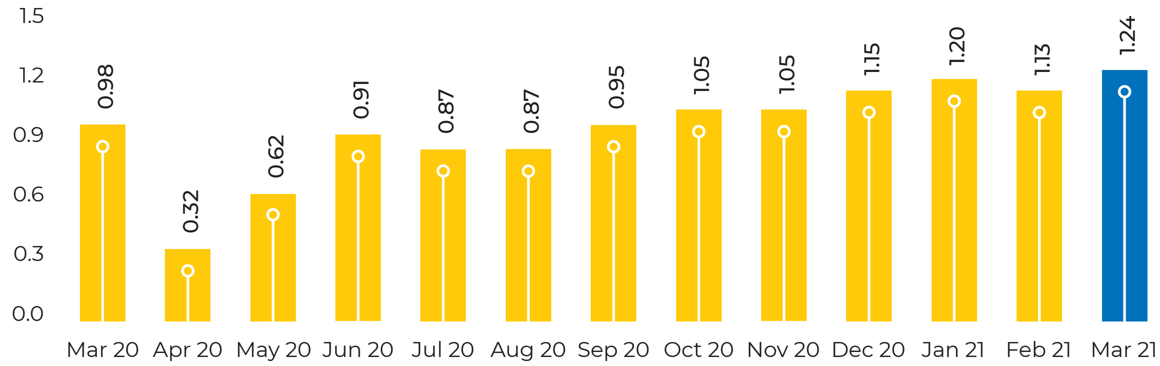


CPI INFLATION (%)



GST COLLECTIONS

(₹ Trn)



The economy recovered strongly from a contraction of 24.4 Percent in June 2020 and registered a positive growth of 1.6 Percent in March 2021 (Source: MOSPI). Indian equities too recovered quickly from the pandemic lows and continued to rally through the year in line with global markets. Foreign Institutional Investors (FIIs) continued to remain bullish on the Indian markets with investments of over ₹ 2.75 trillion ($37 billion) in fiscal 2020-21, highest in the last two decades, as per data from National Securities Depository Limited.

The Union Budget 2021-22 reflected the Government's commitment to push India towards a higher growth trajectory. The Government presented a bold budget which focused on reviving growth through deficit spending. Despite the slippage in fiscal deficit targets for FY 2020-21 and FY 2021-22, the Government increased allocation to capital expenditure. Capital expenditure for FY 2021-22 is budgeted to grow at 26.2 Percent on top of a 30.8 Percent growth in FY 2020-21 which should help revive growth given its high-multiplier effect. The Government is targeting a significant increase in asset monetisation in FY 2021-22 to ₹ 1.75 trillion from ₹ 320 billion in FY 2020-21, which will not only help the Government to fund its aggressive spending plans but also encourage newer players to enter the market.

At the onset of new financial year, the country is witnessing second wave of the pandemic with new restrictions. However with most states imposing targeted and selective lockdowns it is expected that the worst of the second Covid wave will be behind us very soon with the situation normalising by the second quarter of FY 2021-22. Moreover, India is currently in the middle of the world's largest vaccination drive which should help control the spread of the virus in the medium term. Given that the degree of disruption has been lesser this time around most economists and rating agencies expect India to grow at 9-11 Percent in FY 2021-22 despite the adverse impact of the second Covid wave.

GLOBAL CAPITAL MARKET

Though global equity markets witnessed a significant fall in the initial months of 2020, they recovered quickly with the S&P 500 hitting an all-time high by August 2020. The swift recovery can be attributed to the synchronised efforts of Governments and central banks globally. While Governments announced trillions of dollars in fiscal stimulus central banks responded by providing record fiscal stimulus and slashing interest rates to near zero levels. A favourable outcome of the US Presidential election in November 2020 and commencement of mass vaccination in developed economies in early 2021, drove equity inflows into Asian markets to record highs.

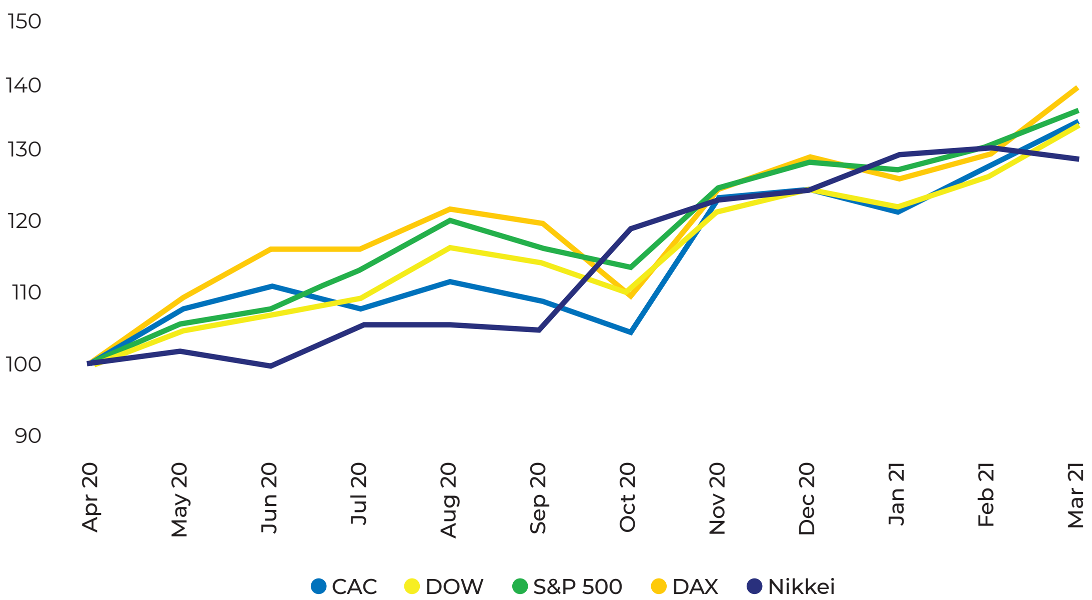
Among the advanced economies (AEs), US equity markets continued to scale new highs in the second half of the financial year despite some volatility in early 2021, due to a surge in US 10-year bond yields. The S&P 500 and Dow Jones Industrial Average indices closed FY 2020-21 with gains of

53.7 Percent and 50.5 Percent respectively. European markets too witnessed strong rally in the second half of the year with the DAX scaling new all-time highs by March 2021 while the CAC too was also trading near its all-time highs. The DAX and the CAC also closed FY 2020-21 with strong gains of 51.1 Percent and 38.0 Percent respectively.

The Nikkei crossed 30,000 in February 2021 for the first time since 1990 and surged by 54.3 Percent during 2020-21. Stock markets in emerging market economies (EMEs) continued to rally through end of 2020 and early 2021, mirroring those in the US and other AEs and supported by burgeoning foreign portfolio flows. In 2020-21 as a whole, MSCI World Index moved up by 51.8 Percent during 2020-21.

(Source: Market Pulse, NSE, RBI Bulletin April 2021).

COMPARATIVE GLOBAL INDICES



INDIAN CAPITAL MARKET

The Indian capital market also witnessed a phenomenal rebound in the current fiscal, factoring in quick resumption of economic activity and future growth prospects. Like its global peers, India too witnessed a strong rebound from the pandemic lows with the key indices reaching an all-time high by the fourth quarter on the back of continued and strong recovery in economic activities in the second half of FY 2020-21 and record FPI flows. India's market capitalisation to GDP ratio now stands at approximately 105 Percent for the first time in a decade in March 2021 up from approximately 56 Percent in March 2020.

The rally in Indian equities was driven by record FPI flows during the year which more than offset the outflows by domestic institutions. Net Foreign Portfolio Investors (FPIs) buying in Indian equities stood at a record high of US$ 37.1 billion in FY 2020-21, which was ~14 times higher than that of US$ 2.6 billion in FY 2019-20. Unlike FPIs, Domestic Institutional Investors (DIIs) were sellers of Indian equities in FY 2020-21. After a significant rise in FY 2019-20, DIIs net investment remained muted over the first half of FY 2020-21, followed by a continuous rise in net sales to end the fiscal year at an all-time low of ₹ 1.4 trillion net investment. This was due to continued redemption pressure on Equity Mutual Funds. (Source: Market Pulse, NSE). Fund mobilisation via the primary market route was the highest ever in FY 2020-21. Funds raised through Initial Public Offerings (IPOs), Follow-on Public Offerings (FPOs) and Offer for Sale (OFS) stood at a record ₹ 747.1 billion in FY 2020-21 as compared to ₹ 376.8 billion raised in FY 2019-20.

The exchange turnover remained subdued in the beginning of FY 2020-21 amid weak global and domestic cues, coupled with increasing COVID-19 concerns. Turnover was further impacted after the Securities and Exchange Board of India (SEBI) revised market-wide position limit in March 2020, in a bid to reduce market risks. Thereafter, there has been a steady increase in exchange turnover. Market traction has been supported by strong FPI investment inflows, optimism related to a recovery after the graded reopening of the economy, and steadily rising retail investor momentum. This was supported by the periodic interventions both by the Central Government and RBI to support revival of the economy. Investors applauded the Union Budget 2021-22 that reflected the Government's intent of prioritising growth and bringing about transparency in finances. In addition better than expected corporate earnings also kept investor sentiments buoyant. Technology led brokerages with a strong presence in digital domain witnessed a sharp increase in their market share during the period.

During FY 2020-21, NSE's Cash segment turnover recorded a robust growth over the months largely led by surplus liquidity, thanks to policy easing measures adopted by global Central banks. It recorded 71.1 Percent increase in Cash market turnover in FY 2020-21 as compared to the previous year.

Retail cash segment's ADTO* increased by 74.2 Percent YoY to ₹ 371.2 billion in FY 2020-21 as compared to ₹ 213.1 billion in FY 2019-20. While, retail F&O ADTO grew by 75.2% Percent to ₹ 11.6 trillion in FY 2020-21 against ₹ 6.6 trillion in FY 2019-20. Retail commodity ADTO de-grew by 3.5 Percent to ₹ 213.0 billion in FY 2020-21 against ₹ 220.7 billion in FY 2019-20.

Investors witnessed Nifty 50 swing from lows of 7,511 in March 2020 to an all-time high of 15,431 in less than a year. The Nifty surged by 70.9 Percent as on 31 March, 2021, the best since FY 2009-10, while the Sensex gained 68.0 Percent - highest in a decade. The aggregate revenue for Indian broking industry grew by 8 Percent to ~₹ 210 billion in FY 2019-20 as against the previous year. The industry is expected to hit ₹ 275 - 285 billion in aggregate revenues during FY 2020-21, growing at 30-35 Percent (Source: ICRA). This is in stark contrast to 7.3 Percent decline of India's GDP during FY 2020-21, as per the latest Government data.

*Includes both NSE and BSE ADTO

BROKING INDUSTRY TRENDS

With rapid shift in clients' behaviour towards consuming services digitally, there has been a surge in digital mode of making investments. The new breed of investors entering the stock market are tech-savvy and seeks quality user interface and user experience. The industry witnessed advent of digital brokers, who gained significant market share by leveraging their digital-first approach and creating a rich user experience.

Global Capital Markets experienced a revolution driven by technology and radical change in market structure, which was led by younger and tech savvy clients. Addressing this rising need for financial security from these newer set of clients, facilitated the emergence of digital broking firms, who offered their services at competitive fees. Developed economies such as US, witnessed emerging trend of flat fee plan across the industry in early 2019, after introducing zero commissions on individual stocks and ETFs. This led to many players in the broking business to move to zero trading commissions. Incumbents also streamlined processes with the help of emerging technologies such as artificial intelligence, machine learning and blockchain, among others.

India too experienced similar shift in the broking industry with digital brokers disrupting the equity broking space and gained significant traction. These brokers offer services at competitively priced fixed brokerage fees, irrespective of size of order and provide such services via their digital platform. Amongst these flat fee brokers, some offer a complete bouquet of value added services at similar competitive prices.

Until recently the Indian stock broking industry was largely dominated by traditional players who followed the yield based fees model. This was backed by a branch led model of physical infrastructure, large feet on street bandwidth and convenience of three-in-one accounts. This model had its own inherent limitations thereby restricting the growth of the industry.

RISE OF DIGITAL BROKERS

Over the last five years, we have witnessed significant shift in the way services were offered and consumed in India. The availability of abundant and affordable data packages coupled with low priced smartphones led to this massive change. India, over this period, saw an explosion in internet penetration and consumption. Digital first became a norm for some industries.

The Indian broking industry was always ahead of the curve in adoption of technology compared to its other BFSI peers. Ability to onboard clients and complete their KYC journey digitally has been a big boost for the industry. The emergence of digital brokers is an offshoot of this transformation. The ecosystem was ripe to enable digital brokers integrate their technological prowess with the prevalent digital infrastructure and gain substantial market share. With this, the broking industry, especially on the retail side, transformed into a Fintech industry. Today, extensive use of Artificial Intelligence and Machine Learning capabilities are imperative to create a vital differentiator across the entire value chain of the business.

The digital brokerages today garner a dominant share in the industry with their service offerings to clients using digital trading platforms. Facilitated by seamless DIY registration, ease of transacting, offering an open architecture with integration of 3rd party products, the industry is experiencing a surge in retail investor participation, which, in turn, is boosting the overall trading volumes.

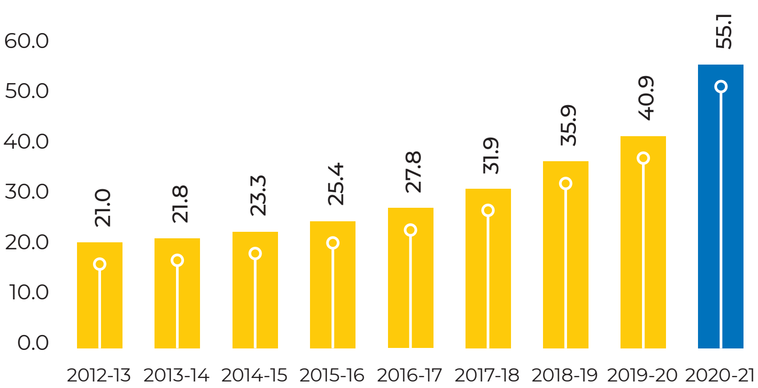
ROBUST CLIENT ADDITION

Broking industry has evolved over the past decade, while the last five years playing a very critical role, with the advent of a digital ecosystem across the entire BFSI sector, buoyancy in equity markets led by stable low single digit inflationary trend and a generational shift of wealth creation through financial inclusion. Despite the volatile nature of the industry, the country has witnessed consistent growth in Demat accounts with a long term CAGR of 12.8 Percent.

This trend was accentuated in fiscal 2021, when the industry added its highest ever new Demat accounts of ~14.3 million – which is 34.9 Percent higher over the previous year. Based on the trends observed in other economies, it is evident that India is at an inflection point with respect to penetration of equities and equity linked products as an asset class.

GROWTH OF DEMAT ACCOUNTS

(million)



A rich roster of planned marquee IPOs over the next few years will further give a fillip to the growth in Demat accounts going forward.

The Authorised Persons channel also plays a very important role to cater to a segment of clients who require some bit of hand holding and physical connect. However, this channel has also evolved over time to become more digital and plays a crucial role in the development of the industry.

DEMOGRAPHICAL SHIFT IN INDIAN CONSUMER

Currently, India is one of the youngest nations in the world, with a median age of 28 years. India's demographic dividend is set to rise with the proportion of population in the working age-group of 15-64 years expected to rise from 64.1 Percent in 2010 to 68.5 Percent by 2035. Additionally, India's millennial population of 333 million and Gen Z population of 375 million provides huge growth opportunity.

This clearly highlights that contrary to other G3 and Asian countries, India's working population has not peaked and will continue to grow for the next three decades. Increase in life expectancy and rising aspirations of the young working population will lead to more investments in the capital markets.

INCREASING INTERNET PENETRATION

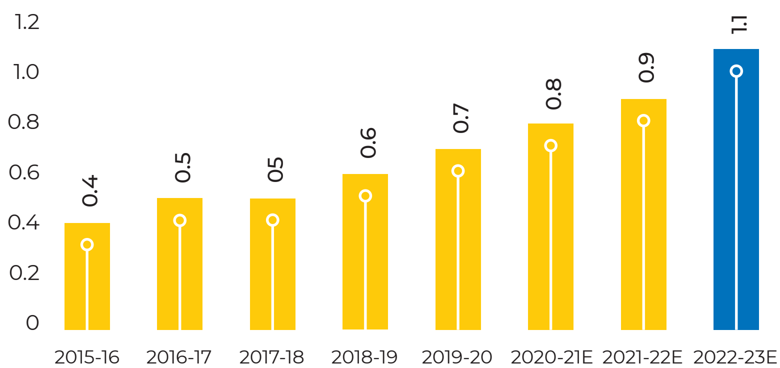
The Government's 'Digital India' initiative supported by Aadhaar and bank account penetration have led India to shift from being a cash-dominated economy to a digital one. Moreover, increase in affordable smartphone penetration and faster data speeds, have resulted in higher internet adoption in deeper pockets of the country. As a result, India's youth population have become technologically savvy and prefer to conduct most of their transactions digitally.

India has around 700 million internet users and 658 million 4G data subscribers as of 2020. The internet penetration is expected to reach 1,100 million by 2023 covering ~75 Percent of the population. The time spent on internet by Indians every day averaged at 6 hours 30 minutes in 2020.

Abundant availability of data, increasing penetration of smartphones, easy information dissemination, growing digital investor education initiatives from market participants and independent influencers through access to social media, investors are increasingly becoming better equipped to trade and invest in the equity markets.

INTERNET USERS, INDIA-2016-23

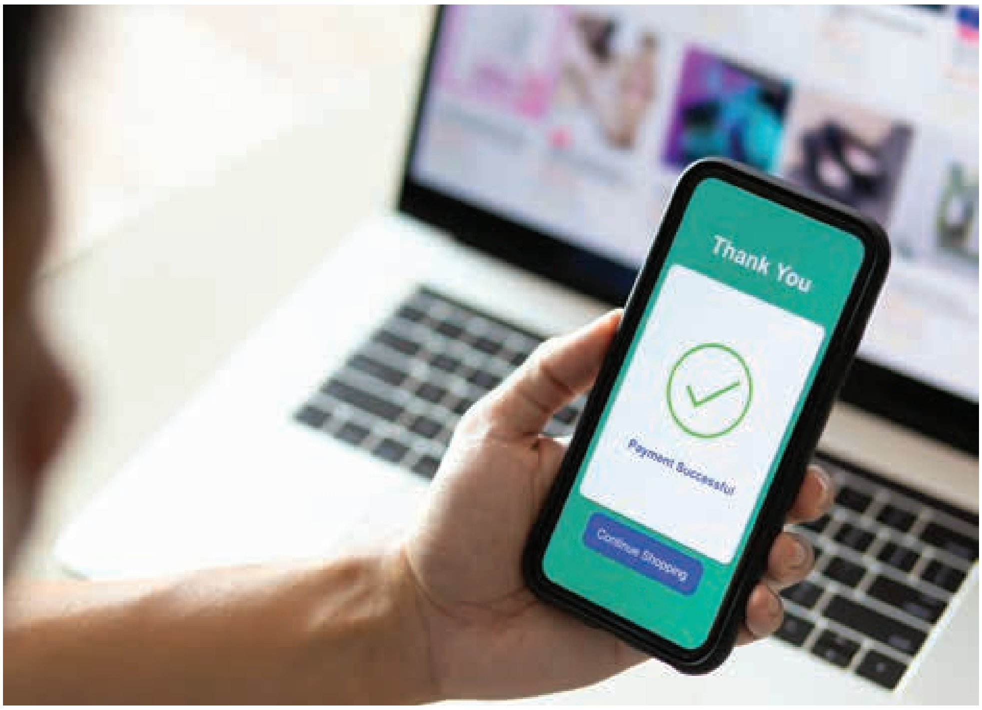
(billion)



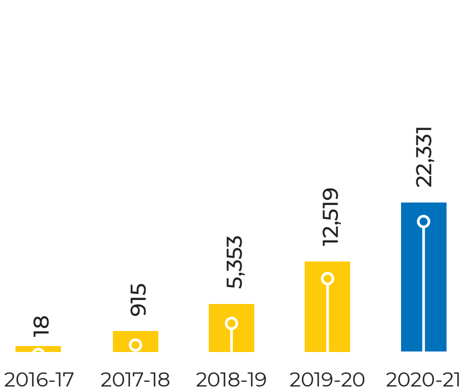
Source: Datareportal

BOOMING UPI TRANSACTIONS

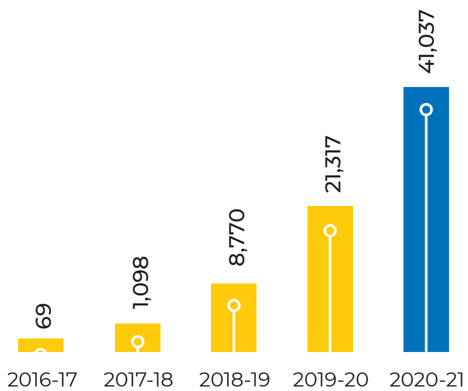
Digital wallets have had a phenomenal influence on the way Indian consumers are transacting through their mobiles. Unified Payments Interface (UPI) of the Government's National Payments Corporation of India and these private payment apps have boosted the growth of digital payments in the country. UPI transactions value witnessed a CAGR of 393.0 Percent to ₹ 41,036 billion in FY 2020-21 from ₹ 69 billion in FY 2016-17. In terms of volume, UPI has seen transactions on its platform grow at CAGR of 494.6 Percent over the same period to 22.3 billion in FY 2020-21 from 17.9 million in FY 2016-17.



VOLUME WISE GROWTH OF UPI TRANSACTIONS (million)



VALUE WISE GROWTH OF UPI TRANSACTIONS (₹ billion)



The extremely simple, seamless, secure and real time UPI interface connected to the entire banking system has helped digital brokers to nullify the advantage of three-in-one accounts enjoyed by the bank led brokers.

RISING HOUSEHOLD FINANCIAL SAVINGS

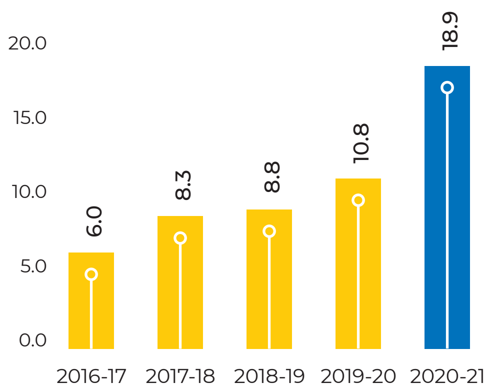
The falling interest rate cycle, coupled with low returns from traditional investment avenues such as fixed deposits, gold and real estate, have led to a positive shift in retail investor interest to capital markets. Amongst other things, the gradual pickup in economic activities have led to a surge in household financial savings in India. The share of equity investments within household financial savings has marginally improved to 4 Percent, with a tremendous opportunity to grow to double digits, led by higher awareness and retail participation.

RISING BASE OF ACTIVE CLIENTS*

Ease of trading coupled with sustained growth in indices leads to a formidable opportunity of wealth creation for the retail participants. Incorporation of various advanced and easy to understand charting tools further attracts participation. This has led to a tremendous growth in active client base over the last few years, with FY 2020-21 seeing a quantum jump of 75.0 Percent in the base to 18.9 million. The strong intent of wealth creation in the proliferation of Demat accounts across Tier II, III and beyond cities over the last few quarters has also helped increase the active client base substantially.

TOTAL NSE ACTIVE CLIENT BASE

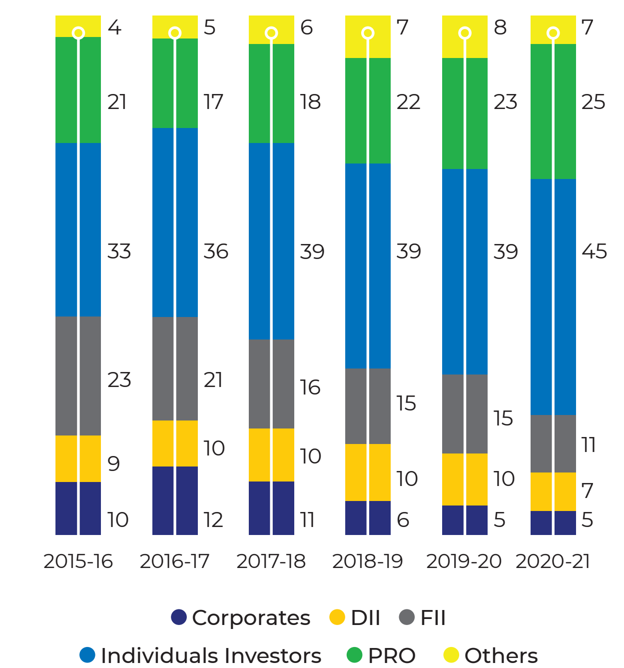
(million)



The share of retail investors in cash and derivative segments rose sharply by 1,200 bps and 600 bps to 45 Percent and 29 Percent in FY 2020-21 from 33 Percent and 23 Percent in FY 2015-16 respectively, rising sharply in the current fiscal.

SHARE OF CLIENT PARTICIPATION IN CAPITAL MARKETS (CASH SEGMENT) AT NSE

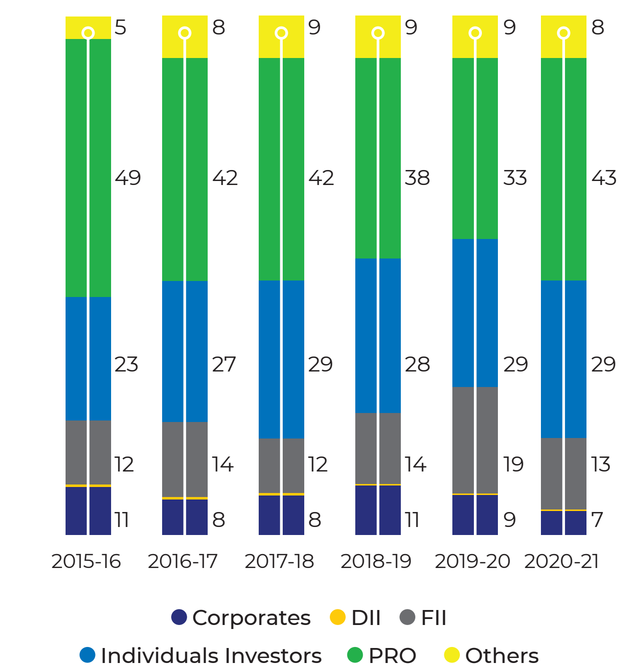
(%)



(Source: NSE)

SHARE OF CLIENT PARTICIPATION IN EQUITY DERIVATIVES (NOTIONAL TURNOVER) AT NSE

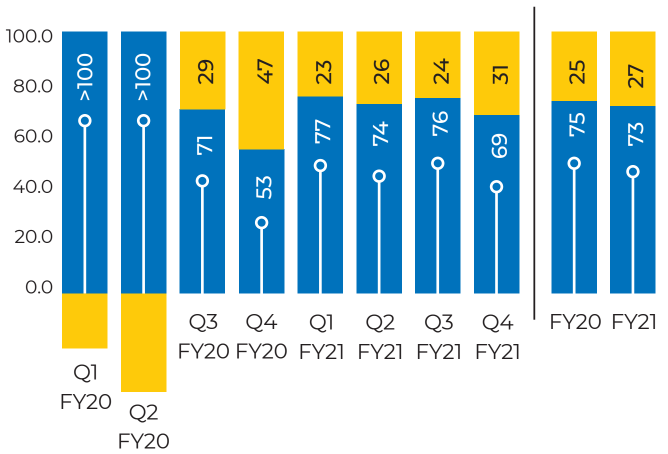
(%)



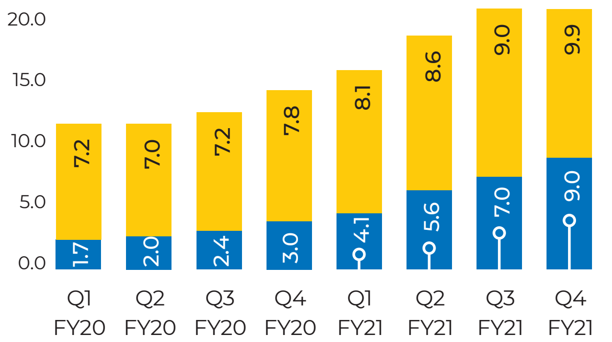
(Source: NSE)

Digital brokers are leading the charge, with their share in incremental active clients' base at a sustained rate of over 70 Percent. As a result, their share in overall active client base steadily increased to 47 Percent in Q4 FY 2020-21 from 19 Percent in Q1 FY 2019-20, thus registering a staggering 5x growth in active client base to 9 million.

SHARE OF DIGITAL BROKERS IN INCREMENTAL NSE ACTIVE CLIENT (%)



SHARE OF DIGITAL BROKERS IN NSE ACTIVE CLIENTS (millions)



* On NSE
#Digital brokers are Top 5 digital brokers on incremental basis in Q4 FY 2020-21.

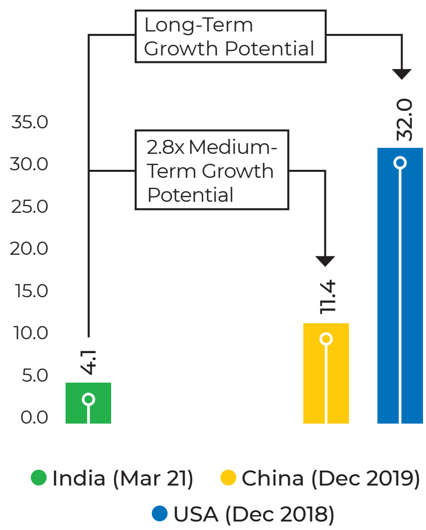
RETAIL PARTICIPATION FROM TIER II, III AND BEYOND CITIES

The equity markets, empirically have demonstrated attractive long term returns as compared to low interest yield on savings and deposits. Many first-time young investors from Tier II, III and beyond cities are now participating to reap benefits of such long term returns. With increasing financial literacy, awareness and opening up of more bank accounts, the demand for financial products from smaller cities has increased exponentially. In addition, user-friendly trading platforms, mobile app and competitively priced brokerage plans have led to an influx of more millennial investors in the capital market.

UNDERPENETRATED INDIAN MARKET

As on March 2021, India's Demat account penetration as a proportion of the total population stands at ~4.1 Percent. This number is quite low as compared to developed economies of US and China and provides ample scope for further additions.

HUGE AND SUSTAINABLE GROWTH OPPORTUNITY (%)



With ~70 Percent of the population residing in Tier II, III and beyond cities, India is at a cusp of a major growth opportunity for a sustained period of time. This will be largely tapped by digital players who are designed to benefit from the digital highways created as they enter newer markets thus deepen penetration.

DIGITAL TRADING PLATFORMS ARE STEALING THE PLOT

Technology continues to play a pivotal role in taking the broking sector to the next level, by expanding footprints even in smaller locations across the country. Tech-savvy millennials increasingly demand do-it-yourself trading platforms. The evolution of technology such as machine learning, artificial intelligence have helped digital brokers penetrate their target customer segment faster. Digital journeys, mobile-based trading and robo-advisory have resulted in enhanced user experience. Digitalisation is helping them improve efficiency at optimised cost.

The penetration of internet trading has been deepening, with the number of active registered subscribers seeing a significant increase. Internet based trading in FY 2020-21 strengthened across all segments, largely led by increased retail participation. On an average, daily turnover through internet-based trading on NSE rose by 70.0 Percent YoY in cash market and 43.1 Percent YoY in the equity derivatives segment (Source: Market Pulse, NSE). As a consequence, digital brokers with superior mobile and digital platforms will draw more customers and are likely to emerge as winners in the long term.

INDUSTRY REGULATIONS

The market regulators, from time to time have introduced new regulations in order to protect the interest of retail investors. During the last financial year, a number of new regulations came into effect which will have a far reaching positive impact on the market especially from the point of view of retail investors.

- Alternative Risk Management Framework from Multi Commodity Exchange of India Limited (MCX)
- Upfront margin for cash segment
- Pledge-Repledge
- Peak margin for intraday trading

In the light of the unprecedented event of negative crude oil price in April 2020, SEBI prescribed an Alternative Risk Management Framework that would be applicable in case of near zero and/or negative price for any underlying commodity/futures.

From September 2020, SEBI mandated its trading and clearing members to mandatorily collect and report upfront margins so collected from clients' basis the predefined margin fulfilment criteria for various stocks, for trades executed in the cash segment.

SEBI, also introduced a new pledge-repledge-unpledge mechanism for stocks to safeguard investors from brokers misusing client securities entrusted to them. With this regulation, the fully paid stocks now remain in the clients Demat account with an OTP based pledging process to enable collateralise the position / provide margin trade funding (MTF), with the broker / exchange.

The peak margin regulations being implemented in four phases from December 2020 onwards envisage curtailing the leverage exposure offered and consumed by clients to a maximum of 4x to 1x over the four phases of implementation.

All the above regulations are in the best interest of the retail investors and will further help expand the market.

CHALLENGES

- Retail participation and inflows into the equity market are heavily influenced by market performance and sentiments; any downturn or volatility could make them move away from equity markets and push towards less riskier assets
- Political instability in India or anywhere in the world, harsh protectionist measures by larger economies, or faster-than-required tightening of monetary policy could impact growth and global trade

OUTLOOK

The year 2020-21 witnessed broking firms registering a surge in the number of retail investors from Tier II, III and beyond cities, who aspire for better returns over fixed-income securities. This investors segment majorly comprises of well-informed young millennials who are tech-savvy and demand faster and easier digital ways to invest. However, the Demat account penetration in the country stands at 4.1 Percent. Considering NSE Active Client Base as a more accurate representation of unique clients, that demonstrates still lower real penetration level at around ~1.4 Percent only. In contrast, developed markets like US and China have Demat penetration of 32 Percent (2018) and 11.4 Percent (Dec 2019) respectively. Considering the small size of equity participation in India, there is a tremendous growth opportunity in the broking industry, especially for digital broking entities.

With deeper penetration of equity culture, rising disposable incomes, and more population entering the working age bracket, the demand for equity investment will continue to grow further. In this scenario, players with robust digital capabilities will undoubtedly be the direct beneficiaries. Digital broking firms are poised to grow strongly, underpinned by their advanced technology architecture, seamless digital onboarding journeys, improved customer satisfaction and increased revenues.

In addition, after witnessing record number of active client additions and average daily turnover (ADTO) in a pandemic-marred fiscal, brokerage companies will continue to see positive revenue growth in fiscal 2022. Also, gradual economic recovery, sufficient liquidity and falling interest rates will lead to a more optimistic economic outlook. However, market volatility, sudden spike in COVID infections and phased implementation of new margin regulations may act as a drag on incremental volume growth, and hamper growth prospects, but only intermittently.

COMPANY OVERVIEW

Over the last 25 years, Angel Broking Limited (ABL), has built a strong business presence in the financial services industry. Today, the Company is one of the largest retail focused Fintech broking houses in India, in terms of active clients on NSE. Through its digital platforms, the Company offers services of broking, advisory, margin funding, loan against shares and financial product distribution to its clients under the brand "Angel Broking". The Company offers these services through (i) online and digital platforms and (ii) network of over 15,000 Authorised Persons. As on 31 March, 2021, the Company has a customer outreach spanning across approximately 97.9 Percent or 18,854 pincodes in India.

The Company uses a data-science led approach to acquire clients across Tier II, III and beyond cities, continuously engage with them and create stickiness to retain them. It extensively uses Artificial Intelligence and Machine Learning to develop best in class algo enabled acquisition engine to provide omni-channel journey orchestration and personalisation for superior user experience and conversion rates. Using technology, the account opening process is seamless with paperless KYC process thus enabling them to open a Demat account and start to trade within 5 minutes.

The Company has created a host of digital properties like Smart Money, Smart Buzz etc. that helps it build a complete ecosystem ranging from investor education to financial planning and wealth creation. Through this, it attracts clients across age groups with acquisitions largely from Generation Z and millennial segments, who are digital natives and prefer DIY (Do-it-Yourself) services at the most competitive price. The Company currently offers a flat fee broking plan of ₹ 0 / 20 to its direct clients, where all equity delivery trades are zero brokerage and a nominal flat brokerage fee of ₹ 20 / order for Intraday, F&O, Currency and Commodity orders.

ABL had more than 9.2 million downloads of Angel Broking mobile application and over 1.1 million downloads of Angel BEE mobile application as on 31 March, 2021, which enables clients to avail services digitally. As on 31 March, 2021, over 4.1 million operational broking accounts of the Company had assets worth ~₹ 292,040 million.

OUR BUSINESSES

1) BROKING AND ADVISORY

The Company focuses on providing broking services across equity (cash-delivery, intra-day, futures and options), commodity and currency segments, subscribing to Initial Public Offerings, along with debt products to its expansive base of retail investors. These services are offered across various digital platforms of the Company i.e. Angel Broking Mobile App; web platform https://trade.angelbroking.com/; Angel SpeedPro, a desktop application and Angel BEE app for 3rd party products. The Company's proprietary algorithm based investment engine, ARQ, has been extensively used in creating these products. The Company also created a digital platform Angel NXT for its wide network of Authroised Persons to enable them to leverage social media networks for client acquisitions, advisory, engagement, etc.

The Company's relationships with 45+ banks and payment aggregators, provides its clients greater flexibility to integrate their existing banking accounts with the Company's digital systems. With the UPI integration, clients can seamlessly transfer funds on a real time basis. The Company's robust and scalable information technology infrastructure is designed with adequate redundancies to accommodate rising client base and corresponding trading volumes.

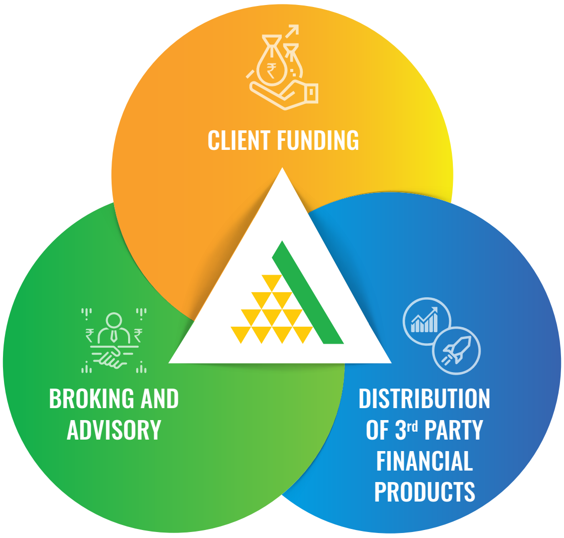
To complement its broking and advisory services, it also provides the following additional services to its clients:

- **Research Services:**

  As of 31 March, 2021, the Company had a strong research team who cater to quantitative and qualitative research requirements relating to the stock market such as equity fundamentals, technical, derivatives, commodities currencies and mutual funds.

- **Investment Advisory:**

  The Company provides investment advisory services to its retail clients with customised investment recommendations aided by its algorithm based investment engine "ARQ". This investment engine assists its clients in achieving their investment goals across various investment avenues such as equities, debt, currency, commodities, derivatives, mutual funds and insurance products.



- **Open architecture:**

  The Company has created a plug and play architecture that allows its clients to utilise services offered by 3rd party service providers. The Company has integrated services of smallcase, sensibull, streak, market mojo and Vested onto its platform. These products expand the Company's digital offering to their clients, for investing not only in India market but also in international market.

- **Investor Education:**

  Through the website, www.angelbroking.com, the Company has built an exhaustive knowledge centre which aims to empower investors, including its clients, with an understanding in respect of trading and investments products. As part of the investor awareness initiative, the Company regularly undertakes sessions through various digital mediums, to enhance its retail clients' knowledge regarding various products, research and market trends.

2) CLIENT FUNDING

One of the vital differentiators for the Company vis-à-vis digital peers, is the margin funding facility to its clients for periods ranging upto 365 days and beyond. Funding for upto 80 Percent of the purchase value is provided to clients. This funding is offered to clients to meet their requirements for cash delivery segment of equities. Such funding is subject to exposure against margins that are mandated by stock exchanges, with securities forming a part of the collateral for such funding. The Company, charges its clients approximately 18 Percent interest on the funds that they utilise under this mechanism. The Company also offers Loan Against Shares through its subsidiary Angel Fincap Private Limited, a registered NBFC.

Robust risk management systems, which get triggered when value of the underlying asset declines, ensure that the Company's margin funding book remains largely delinquency free.

3) DISTRIBUTION OF 3rd PARTY FINANCIAL PRODUCTS

The Company, along with its wholly owned subsidiary, undertakes distribution of 3rd party financial products such as mutual funds, health and life insurance based on the clients' requirements. The Company has tied up with all Asset Management Companies to distribute their mutual fund products

- **Mutual Funds**

  The Company follows an "open-source" distribution model, pursuant to which it distributes mutual funds of third parties irrespective of their affiliation or size. As of 31 March, 2021, the Company distributed mutual funds schemes of 38 asset management companies. The Company also provides its clients with a range of tools and information, including ratings (including third party ratings) and historical performance, to identify the right funds to invest in. Commissions received from such third-party funds are linked to the contribution to their AUM from the Company's distribution.

  The AUM of the mutual funds distributed by the Company was ₹ 11.8 billion as on 31 March, 2021.

- **Life and Health Insurance**

  Angel Financial Advisors Private Limited (AFAPL), a wholly owned subsidiary of the Company, a registered corporate agent with IRDAI, distributes various types of life insurance policies such as term insurance plans, traditional savings plans and unit-linked insurance plans. AFAPL currently distributes life insurance products of Aditya Birla Sun Life Insurance Company Limited, ICICI Prudential Life Insurance Corporation Limited and HDFC Life Insurance Company Limited.

  In terms of health insurance, AFAPL distributes health insurance products of HDFC ERGO General Insurance Company Limited and Manipal Cigna Health Insurance Company Limited.

  In terms of general insurance, AFAPL offers various general insurance products. It currently distributes general insurance products of HDFC ERGO General Insurance Company and Bajaj Allianz General Insurance Company Limited.

BUSINESS PERFORMANCE

BROKING AND ADVISORY SERVICES

Broking and advisory services is the dominant segment of the business contributing ₹ 10,623 million, accounting for 81.8 Percent of our total revenues in FY 2020-21. This segment comprises of broking (equity, derivatives, commodity and currency), advisory and related services. The Company operates through two channels: Direct Clients and Clients acquired through Authorised Persons.

The Company acquired approximately 2.4 million clients during the year, thereby more than doubling its client base to over 4.1 million and becoming one amongst the top 5 retail brokers in the industry. This was possible as a result of the digital transformation and significant process improvements carried out over the last few years. This strong acquisition translated to a market share of 16.2 Percent of incremental Demat accounts in FY 2020-21, up from 10.5 Percent in FY 2019-20. With 38 Percent of our overall client base active on NSE in FY 2020-21, the company was the 4th largest broking business in the industry with a market share of 8.3 Percent, up from 5.3 Percent in FY 2019-20. Having added approximately 1 million active clients during the year, 6x growth over the previous year, the Company rose to 3rd rank in the industry, with a market share of 12.2 Percent.

This strong client addition coupled with robust growth in active clients resulted into 4.8x jump in the Company's overall average daily turnover to approximately ₹ 2.0 trillion for FY 2020-21 from ₹ 413 billion in FY 2019-20. This led to a 1,055bps expansion in retail equity market share to 16.0 Percent in FY 2020-21 from 5.4 Percent in FY 2019-20. We experienced significant turnover market share gains across segments of cash, derivatives and commodity during the year. Similarly, the Company also witnessed quantum jump in the overall number of trades to 671 million during FY 2020-21, registering a growth of 149.2 Percent over the previous year.

With over 15,000 Authorised Persons registered on NSE, the Company continues to rank Number 1 in the industry. Through this wide network of Authroised Persons, the Company caters that set of clients who require personalised services.

CLIENT FUNDING

The Company had strong client funding book of ₹ 11.7 billion* as of 31 March, 2021, being amongst the top 5 brokers in this category. This business contributed ₹ 1,273 million in revenues for the year FY 2020-21. This client funding book was spread across approximately 0.3 million clients with robust yield. The client funding facility is an integral part of the Company's offering with a unique proposition for its clients. Strong risk management system along with liquid collaterals ensures negligible delinquencies for the client funding book.

* includes margin trading funding, loan against shares, trade receivables (net of receivable from stock exchanges)

DISTRIBUTION OF 3rd PARTY FINANCIAL PRODUCTS

The Company along with its wholly owned subsidiary, is engaged in distribution of 3rd party products such as Mutual Funds, Insurance, etc. The Company distributes mutual funds of 38 Asset Management Companies with client assets of ₹ 11.8 billion as on 31 March, 2021, registering a growth of 72.8 Percent over the previous year. The active SIP count grew by 36.6 Percent to ~0.2 million in FY 2020-21. The Company's life and non-life insurance premium collection grew by 13.2 Percent over the previous year to ₹ 169 million in FY 2020-21. The distribution business is one of the thrust areas for the Company.

OUTLOOK

Diligently channelising savings, across financial assets, is an essential lever to achieve one's financial goals and aspirations. A large and growing pool of young, technology savvy digital natives, fully understand the benefits of such asset diversification. For successful full-scale financial inclusion, large scale equity penetration is imperative. A fledging internet network across Tier II, III and beyond cities coupled with low inflation and interest rate scenario, makes investments in equities as one of the most attractive asset classes. With almost 2/3rd of the population residing in beyond Tier I cities and largely comprising of generation Z, millennials and generation X population, represents huge potential to grow equity penetration to about 10 Percent in the near term and about 30 Percent+ in the long term (in line with the other economies of the world) for the country.

FY 2020-21, was an inflection point for the broking industry, as the country witnessed one of the fastest growth in Demat accounts. Despite this, India continues to remain a highly underpenetrated market for equities with only ~4.1 Percent of the total population having access to stock markets. Digital players like Angel Broking stand to benefit from this huge potential given their widespread presence through various digital mediums and robust product and technology that ensures superior customer experience.

The Company's extensive domain knowledge and digital prowess, facilitates it to play a significant role in stimulating more clients in their journey of financialisation of savings. Diverse financial products ranging from equities, mutual funds, insurance, loans, etc. further strengthen the Company's position to be a partner in an individual's entire financial journey. Various digital properties curated by the Company for all processes ranging from client acquisition to engagement through digital advisory and educational content and retaining them are some of the offerings vital for the Company's success. Aggressive digital marketing leveraging on best in class products and services will enable the Company to continue to penetrate deeper into Tier II, III and beyond cities, where there is tremendous growth opportunity.

Extensive use of technology, led by Artificial Intelligence and Machine Learning, to further optimise processes and introduce newer products focusing on improving client journeys should enable the Company to garner higher market share across parameters. Over the next couple of years, the Company plans to set up its own Asset Management Company through which it will manufacture products to mobilise clients' funds into low-cost passive and rule-based investments.

RISKS, CONCERNS AND THREATS

The Company operates in an industry that is influenced by various macro parameters i.e. both global and domestic. Economic environment may be adversely impacted due to rising crude prices, worsening fiscal position of the country, worsening pandemic situation that is currently prevalent globally, rising inflation leading to higher interest rate scenario, depreciating currency, slowdown in corporate earnings, rising NPA position etc. A slowdown in the economy, due to such adverse changes in operating environment could have a material impact on investor interest in capital markets.

The Company is one of the prominent digital players in Indian capital market using advanced technology as its backbone for growth. Continuous investments in upgrading its IT infrastructure coupled with scaling up its digital talent pool is imperative for sustenance of growth. The Company will have to be abreast with the rapidly changing technology to offer seamless and improved experience to its clients. If the Company is unable to keep pace with this, it runs the risk of technology obsolescence.

Since the Indian capital market is an evolving market, the industry is likely to witness regulatory updates frequently. These updates are expected to be with the intent to ensuring longevity of clients in the system and hence creating long-term sustainability for the industry. In the interim as the industry recalibrates to the changes, there may be near term impact on growth however long-term outlook would be strengthened.

The broking industry is highly competitive, with many participants offering a variety of products and services with the aim to provide best in class customer experience. Similar products and services being offered by banks, financial institutions, full scale brokers, digital brokers, etc. makes the industry optically very competitive. However, today majority of this growth is being driven by the top 5 digital brokers who are continuously expanding reach and deepening the market. Even amongst the digital brokers, majority of whom offer similar pricing plans, have differentiated digital journeys. Players with matured journeys based on client experience will be the larger beneficiaries for future growth.

In the initial period of FY 2020-21, the world and India was adversely impacted by the pandemic which led to material risk off from the markets. Global recessionary expectation also drove crude prices to negative territory for a brief period, which also dented investor sentiment. In such situations, capital market participants become conservative and considerably reduce client exposure to such assets. A similar scenario, if replicates in future may also have corresponding impact on the business' financials intermittently. The pace of response by both central and local administrations will play a key role in the speed of recovery for the industry. The Company's robust risk management framework enabled it to overcome such a sporadic situation that was witnessed in FY 2020-21.

RISK MANAGEMENT

Risk Management plays a key role in business strategy and planning discussions. The Company has implemented a comprehensive risk management framework to identify, understand and manage risks associated with the business. The Company's risk management framework helps in conducting business in a well-controlled environment. It has in place a mechanism to identify, assess, monitor and mitigate various risks associated with the business. In addition to this, the Company has in place a Board constituted Risk Management Committee that periodically assesses the expected and unexpected events, under which it is imperative to make effective strategies for exploiting opportunities. Accordingly, the Company has identified key risks and developed plans for managing the same. The risk management committee also reviews various processes in the business and takes required corrective decisions to protect the value for its stakeholders. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of this Report. The Board of Directors has adopted a 'Risk Management Policy' which integrates various elements of risk management. The risk management policy is a comprehensive manual that establishes the framework in assessing risk in a structured and well-defined manner. The risk management policy is also reviewed periodically to ensure that the policy remains relevant to the prevailing internal and external risk.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The internal control systems have been designed to effectively and efficiently handle the dynamic and complex nature of business operations of the Company. The internal control systems and environment are commensurate to the scale and volumes of the business with adequate segregation of roles and responsibilities and redundancies. The executives of the Company keep themselves abreast with the detailed documentation of its policies and SOPs, which are regularly reviewed and updated by the management. The statutory auditors of the Company critically review the internal control environment within the ambit of the Internal Control over Financial Reporting (ICFR) requirements along with Information Technology General Controls (ITGC) framework to arrive at their opinion about the financial performance of the Company. The Company also has a strong internal audit framework as approved by the Audit Committee which ensures detailed coverage of the processes and systems needed to safeguard its assets, prevention and detection of errors and frauds, ensure accuracy and completeness of accounting transactions thus enabling timely preparation of reliable financial information. The various committees of the board, including the Audit Committee, periodically review the observations and recommendations of the internal auditors to further improve the systems and processes.

FINANCIAL PERFORMANCE

OVERVIEW

The Company's consolidated revenue grew by 72.1 Percent over the previous year to ₹ 12,990 million in FY 2020-21. Total operating expenses increased 41.4 Percent to ₹ 8,695 million in FY 2020-21. As a result, the consolidated profit after tax from continuing operations increased 243.4 Percent YoY to ₹ 2,981 million in FY 2020-21. The operating profit margin expanded to 47.9 Percent of total net revenue* during the year, as the Company experienced benefits of strong operating leverage arising out of significantly higher client base and its transformation initiatives of digitalisation over the past few years. Robust profits with high margins helped the Company achieve a return on average equity of 34.6 Percent in FY 2020-21 on the expanded equity base.

CONSOLIDATED FINANCIAL STATEMENT

A) Results of operations

Extract of profit and loss statement (₹ in million)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
REVENUE FROM OPERATIONS		
(a) Interest Income	1,769.44	1,577.38
(b) Fees and Commission Income	10,778.22	5,644.00
(c) Net Gain on Fair Value Changes	89.18	24.86
(d) Other Operating Activities		
Total Revenue from Operations (I)	**12,636.84**	**7,246.24**
(d) Other Income (II)	352.98	300.90
Total Income (I+II=III)	**12,989.82**	**7,547.14**
EXPENSES		
(a) Finance Costs	389.34	488.59
(b) Fees and Commission Expense	3,629.78	2,304.40
(c) Impairment on Financial Instruments	346.04	377.10
(d) Employee Benefits Expenses	1,718.45	1,598.03
(e) Depreciation, Amortization and Impairment	183.60	209.17
(f) Others Expenses	2,610.94	1,382.18
Total Expenses (IV)	**8,878.15**	**6,359.47**
Profit Before Tax (III-IV=V)	**4,111.67**	**1,187.67**
TAX EXPENSE		
(a) Current Tax	1,041.77	297.31
(b) Deferred Tax	3.92	24.55
(c) Taxes for Earlier Years	85.40	-2.08
Total Income Tax Expense (VI)	**1,131.09**	**319.78**
Profit for the Year from Continuing Operations (V-VI=VII)	**2,980.58**	**867.89**
Loss after Tax from Discontinued Operations (VIII)	**-12.02**	**-44.43**
Profit for the Year (VII+VIII=IX)	**2,968.56**	**823.46**
Other Comprehensive Income (XII)	**-12.50**	**-9.61**
Total Comprehensive Income for the Year (XI+XII)	**2,956.06**	**813.85**

*Total net revenue = total revenue - finance cost - fees and commission expense

INTEREST INCOME

Interest income accounts for 13.6 Percent of the Company's consolidated total income. Interest income grew by 12.2 Percent over the previous year to ₹ 1,769 million in FY 2020-21 from ₹ 1,577 million in FY 2019-20 with a gradual expansion in the Company's client funding book and the interest earned on fixed deposits placed with stock exchanges. The Company's average client funding book marginally increased to ₹ 7.2 billion in FY 2020-21 from ₹7.1 billion in FY 2019-20. The Company's average deposits placed with stock exchanges towards margin requirement increased to ₹ 11.8 billion in FY 2020-21 from ₹ 4.4 billion in FY 2019-20.

FEES AND COMMISSION INCOME

Brokerage Income

Gross broking income accounted for 69.8 Percent of total income in FY 2020-21, up from 66.8 Percent in FY 2019-20. Gross broking income increased by 79.9 Percent over the previous year to ₹ 9,065 million in FY 2020-21. This growth was driven by strong client addition coupled with robust client activity. Higher client activity is witnessed from 149.2 Percent growth over the previous year, in the number of trades to 671 million in FY 2020-21 and 380.1 Percent growth over the previous year, in overall average daily turnover to approximately ₹ 2.0 trillion.

Depository Income

Depository income of ₹ 889 million in FY 2020-21, a growth of 157.3 Percent over the previous year, accounted for 6.8 Percent of total income. Growth in this income was on account of higher client activity in cash delivery segment, pledge-unpledge charges and annual maintenance charge levied to clients.

Distribution Income

Distribution income forms 1.2 Percent of total income in FY 2020-21. Distribution income grew by 55.5 Percent over the previous year to ₹ 155 million in FY 2020-21, driven by a strong IPO market and growth in mutual fund AUM to ₹ 11.8 billion as on 31 March, 2021.

Other Operating Income

The Company's consolidated other operating income grew by 409.5 Percent over the previous year to ₹ 601 million in FY 2020-21. This was primarily driven by increased average daily turnover during the year, which led to growth in transaction related charges.

Net Gain on Fair Value Changes

Net gain on fair value changes increased by 258.7 Percent over the previous year to ₹ 89 million in FY 2020-21. This was primarily on account of income earned on investments in fixed income products.

Other Income

The Company's consolidated other income grew by 17.3 Percent over the previous year to ₹ 353 million in FY 2020-21. The Company earned ₹ 228 million as interest on deposits with banks, 21.0 Percent higher over the previous year. The Company also recovered dues from clients that were previously written off as bad debts in earlier years, which led to 51.0 Percent growth over the previous year, in bad debt recovered, to ₹ 75 million in FY 2020-21.

EXPENSES

Finance Cost

Consolidated finance cost for the Company reduced by 20.3 Percent over the previous year to ₹ 389 million due to higher internal accruals and lower average cost of borrowing during the year.

Fees and Commission Expenses

The Company has the largest network of Authorised Persons of over 15,000 with NSE, with whom it has a revenue sharing arrangement for broking revenue generated from clients acquired by them. Due to increased client base, higher client activity witnessed from robust average daily turnover, payout to these Authorised Persons also increased by 57.5 Percent over the previous year to ₹ 3,630 million in FY 2020-21. Due to rising share of direct clients in broking revenues, fees and commission expense as a percentage of gross broking revenue declined to 40.0 Percent in FY 2020-21 from 45.7 Percent in FY 2019-20.

Impairment on Financial Instruments

The expenses towards impairment on financial instruments were lower by 8.2 Percent YoY to ₹ 346 million in FY 2020-21 despite of an unprecedented one time write off of ₹ 128 million on account of international crude prices settling at negative value in April 2020.

Employee Benefit Expenses

The Company's consolidated employee benefit expenses increased by 7.5 Percent over the previous year to ₹ 1,718 million in FY 2020-21 due increase in salaries on account of increments and variable pay and increase in total headcount to 2,908 over the year. Significant addition was done to hire more talent in the digital domain and to ramp up the contact centre capacity.

Depreciation and Amortisation Expense

Consolidated depreciation expense reduced by 12.2 Percent over the previous year to ₹ 184 million in FY 2020-21. This was primarily on account of lower depreciation on right-of-use asset recognised as per Ind AS 116 for Leases.

Other Operating Expense

The Company's consolidated other operating expenses increased by 88.9 Percent over the previous year to ₹ 2,611 million in FY 2020-21, due to 321.9 Percent increase in gross client addition, 171.4 Percent increase in active client base to 1.6 million and 149.2 Percent increase in number of trades. As a result, the spend on marketing grew by 168.4 Percent over the previous year to ₹ 1.3 billion. The Company also increased its spend on technology and product development by 70.8 Percent in FY 2020-21 to ₹ 357 million. Due to higher client activity, the Company's Demat charges increased by 734.6 Percent to ₹ 217 million in FY 2020-21. During the year, the Company spent ₹ 28 million on its Group CSR activities, higher by 21.1 Percent over the previous year.

Profit After Tax from Continuing Operations

As a result of the above, the Company's consolidated profit before tax from continuing operations increased by 246.2 Percent over the previous year to ₹ 4,112 million in FY 2020-21.

During the year, the Company and its subsidiaries settled some old tax cases under the Vivaad se Vishwas scheme for ₹ 83 million. This coupled with robust growth in business operations led to 253.7 Percent over the previous year increase in total tax expense during the year. The effective tax rate, excluding tax for previous years, reduced to 25.4 Percent in FY 2020-21 from 27.1 Percent in FY 2019-20.

Consolidated profit after tax from continuing operations increased by 243.4 Percent to ₹ 2,981 million in FY 2020-21 from ₹ 868 million in FY 2019-20.

During the year, the Company discontinued operations of its loss making subsidiary, Angel Wellness Private Limited. As a result, there was a loss of ₹ 12 million from these discontinued operations. Factoring this, consolidated profit after tax stood at ₹ 2,969 million in FY 2020-21, a growth of 260.5 Percent over the previous year.

B) Segment Performance

Revenue from the Company's broking and related services accounted for 99.4 Percent of total income of ₹ 12,990 million. Revenue from this segment increased by 73.1 Percent to ₹ 12,914 million during FY 2020-21 from ₹ 7,461 million during FY 2019-20. This increase was primarily due to strong growth in broking revenue.

During the year, the result from broking and related services segment increased by 260.1 Percent to ₹ 4,078 million in FY 2020-21. Strong operating leverage benefits experienced by the Company due to digital transformation initiatives undertaken over the last few years led to this significant growth.

	Year ended 31 March, 2021		Year ended 31 March, 2020	
	Segment Revenue	Segment Result	Segment Revenue	Segment Result
Broking and Related Services	12,913.63	4,078.40	7,460.66	1,132.63
Finance and Investing Activities	84.75	33.08	103.67	53.27
Health and Allied Fitness Activities	1.39	(10.44)	52.06	(39.20)
Unallocated	0.19	0.19	1.76	1.76
(-) Inter - Segment Revenue	8.75		18.96	
Total	**12,991.21**	**4,101.23**	**7,599.19**	**1,148.47**

Revenue from finance and investing activities reduced by 18.3 Percent to approximately ₹ 85 million in FY 2020-21. This was due to lower lending of loan against shares in the initial half of the year as the Company adopted a conservative stand due to uncertainties around COVID-19.

The Group has discontinued its health and allied fitness activities with effect from 30 June, 2020.

C) Financial Position

(₹ in million)

	As at 31 March, 2021	As at 31 March, 2020
ASSETS		
Financial Assets		
(a) Cash and Cash Equivalents	5,877.76	6,132.36
(b) Bank Balance other than Cash and Cash Equivalents	12,896.71	8,003.23
(c) Trade Receivables	2,276.95	390.27
(d) Loans	11,284.93	2,805.78
(e) Investments	55.40	352.65
(f) Other Financial Assets	14,289.33	2,705.83
	46,681.08	**20,390.12**
Non-financial Assets		
(a) Inventories	-	0.45
(b) Current Tax Assets (Net)	14.82	49.18
(c) Deferred Tax Assets (Net)	47.02	48.89
(d) Investment Property	33.94	1.28
(e) Property, Plant and Equipment	1,004.43	1,038.77
(f) Intangible Assets Under Development	1.83	20.88
(g) Intangible Assets	54.73	47.41
(h) Right of Use Assets	55.18	153.16
(i) Other Non-Financial Assets	245.26	151.63
	1,457.21	**1,511.66**
Total Assets	**48,138.29**	**21,901.77**
LIABILITIES AND EQUITY		
LIABILITIES		
Financial Liabilities		
(a) Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises	1.97	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	22,762.32	9,394.93
(b) Borrowings	11,714.69	4,908.79
(c) Other Financial Liabilities	1,797.06	1,304.65
	36,276.04	**15,608.36**
Non-Financial Liabilities		
(a) Current Tax Liabilities (Net)	120.52	0.45
(b) Provisions	90.99	67.08
(c) Other Non-Financial Liabilities	340.77	311.68
	552.28	**379.21**
EQUITY		
(a) Equity Share Capital	818.27	719.95
(b) Other Equity	10,491.70	5,194.24
	11,309.97	**5,914.19**
Total Liabilities and Equity	**48,138.29**	**21,901.77**

Consolidated total assets of the Company increased to ₹ 48.1 billion as on 31 March, 2021 from ₹ 21.9 billion as on 31 March, 2020. This was primarily due to 277.6 Percent jump in client funding book and 440.6 Percent growth in security deposit with exchanges. The Company's consolidated client funding book increased to ₹ 11.7 billion as on 31 March, 2021 as against ₹ 3.1 billion as on 31 March, 2020. Due to higher activity, the Company had to keep higher margins as security with the stock exchanges. As a result, security deposits with stock exchanges increased to ₹ 14.2 billion as on 31 March, 2021 from ₹ 2.6 billion as on 31 March, 2020.

Consolidated total liabilities of the Company increased to ₹ 36.8 billion as on 31 March, 2021 from ₹ 16.0 billion as on 31 March, 2020, representing an increase of 130.4 Percent. This increase was primarily due to 142.3 Percent, 138.6 Percent and 37.7 Percent rise in trade payables, borrowings and other financial liabilities respectively. Trade payables of ₹ 22.8 billion, represent the ledger balance of clients' funds kept with the Company to execute their future trades. This money is further kept as margins in the form of deposits with exchanges and the remaining is retained as balance in bank. Borrowings increased to ₹ 11.7 billion as on 31 March, 2021 driven by growth in the Company's client funding book in the exit quarter of the year. Consolidated other financial liabilities increased due to higher payables towards our Authorised Persons, employee benefits and other expenses.

D) Cash Flow

	Year ended 31 March, 2021	Year ended 31 March, 2020
Cash flow (used in) / generated from operating activities	(9,443.75)	6,432.96
Cash flow generated from / (used in) investing activities	247.97	(281.32)
Cash flow generated from / (used in) financing activities	8,941.18	(4,488.90)

Cash used in operating activities

Net cash (used in) / generated from operating activities changed to ₹ (9.4) billion for the year ended 31 March, 2021 from ₹ 6.4 billion for the year ended 31 March, 2020. This was primarily due to utilisation of cash flow from operating activity to finance the Company's growing client funding book. During the year, as the client base expanded, the Company's trade payables also increased. Some portion of these funds were kept as security deposit with exchanges as margin while the balance was retained in the Company's bank balance. Higher profit also led to higher tax outgo for the Company during the year.

Cash generated from investing activities

Net cash generated from / (used in) investing activities changed to ₹ 248 million for the year ended 31 March, 2021 from ₹ (281) million for the year ended 31 March, 2020. Net cash generated from investing activities was on account of net proceeds from treasury investments held by the Company on a consolidated basis.

Cash generated from financing activities

Net cash generated from / (used in) financing activities changed to ₹ 8.9 billion for the year ended 31 March, 2021 from ₹ (4.5) billion for the year ended 31 March, 2020. This change was primarily due to a net increase in borrowings by ₹ 6.9 billion during the year against net repayment of ₹ 3.8 billion in the previous year. During the year the Company raised ₹ 3 billion through its IPO. The Company paid out higher dividend of ₹ 427 million during the year as compared to ₹ 234 million paid out in the previous year.

Material developments in Human Resources / Industrial Relations front, including number of people employed

The Company has generated value for its clients by creating value for its internal customers, which are its employees. The purpose is driven by focus on its clients and making their lives simpler. This culture has made your Company one of the Best Workplaces in BFSI, India and also a certified Great Place To Work for 5 consecutive years by Great Place To Work Institute.

With 2,908 Angelites, the Company has the most optimistic and prepared team to lead its vision of becoming the most revered Fintech platform in India.

The Company has formulated progressive programs as it continues to channel Angelites' innovation, acumen through Design Lab, Shark tank and Failure Club. The culture of innovation & agility gives the Company an edge to create industry-leading turn-around times, while releasing critical features. Angelites, have immense growth opportunities & clearly defined and personalised developmental journeys to hone their skills and accelerate their career. The Company follows a fair & independent assessment process to identify future leaders and offer coaching & mentoring to groom them.

Young & dynamic culture enables the Company to not only change with times but also stay ahead and thrive. A collaborative and cohesive environment, is key to the Company's success. Angelites come together to create strategies and robust plans aimed at creating value for their clients. People are empowered to think and experiment, without holding back their breakthrough opportunities while working with an 'intra-preneurial' mindset.

Operating Profit Margin:

During the year the Company experienced benefits of scale and digitalisation which led to less than proportionate growth in expenses as compared to its revenues. This led to 1,850bps expansion in its consolidated operating profit margin to 47.9 Percent in FY 2020-21.

Interest Coverage Ratio:

Improved profitability on growing revenue coupled with lower finance cost, led to a significant improvement in the Company's interest coverage ratio to 11.6 times in FY 2020-21 from 3.4 times in FY 2019-20, on a consolidated basis.

Net Profit Margin:

Healthy growth in profit before tax, partially offset by higher tax outgo led to 1,497 bps improvement in the Company's consolidated net profit margin (from continuing operations) to 33.2 Percent in FY 2020-21.

Debt Equity Ratio:

The Company's borrowing increased by 138.6 Percent over the previous year to ₹ 11.7 billion in FY 2020-21. Majority of this was short term in nature, which was used to meet the Company's working capital requirements. Shareholders' equity (share capital + other equity) increased by 91.2 Percent to ₹ 11.3 billion in FY 2020-21 due to retention of profits for the year. This led to a marginal increase in the Company's debt equity ratio to 1.0x in FY 2020-21 from 0.8x in FY 2019-20.

Return on Networth:

Return on networth, calculated as a ratio of consolidated profit from continuing operations (before adjusting for loss on discontinued operations and other comprehensive income) on consolidated average networth of the Company expanded to 34.6 Percent in FY 2020-21 from 15.5 Percent in FY 2019-20. 243.4 Percent growth in consolidated profit after tax (from continuing operations) on an expanded consolidated average networth (contributed by IPO proceeds) led to this improvement in Return on Networth.

Details of significant changes (i.e. change of 25 Percent or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor, including:

29.4 % (FY 2019-20)

47.9%

OPERATING PROFIT MARGIN

3.4 TIMES (FY 2019-20)

11.6 TIMES

INTEREST COVERAGE RATIO

18.3 % (FY 2019-20)

33.2%

NET PROFIT MARGIN

0.8 TIMES (FY 2019-20)

1.0 TIMES

DEBT EQUITY RATIO

15.5 % (FY 2019-20)

34.6%

RETURN ON NETWORTH

Financials and ratios are on consolidated basis

Angel Broking

ANGEL BROKING LIMITED

L67120MH1996PLC101709

Registered Office and Corporate Office: G-1, Ground Floor, Akruti Trade Centre,
Road No.-7, MIDC, Andheri (East) Mumbai - 400093
Website: *www.angelbroking.com*
E-mail: *investors@angelbroking.com*

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 25TH ANNUAL GENERAL MEETING ("**AGM**") OF THE EQUITY SHAREHOLDERS OF ANGEL BROKING LIMITED WILL BE HELD ON TUESDAY, 29 JUNE, 2021 AT 10:30 A.M. (IST) THROUGH VIDEO CONFERENCING **('VC')/** OTHER AUDIO VISUAL MEANS **('OAVM')** TO TRANSACT THE FOLLOWING BUSINESS:-

ORDINARY BUSINESS:

1. **Adoption of Financial Statements**

   To receive, consider and adopt the audited (Standalone and Consolidated) Statements of Profit and Loss, Cash Flow Statement of the Company for the financial year ended 31 March, 2021 and the Balance Sheet as at 31 March, 2021 and the Reports of the Directors and the Auditors thereon.

2. **Confirmation of payment of the Interim Dividend for FY 2020-21**

   To confirm the payment of three Interim Dividends aggregating to ₹ 12.86 per equity share for the financial year ended 31 March, 2021.

3. **Appointment of Director retiring by rotation**

   To appoint a Director in place of Mr. Ketan Shah (DIN: 01765743), who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

4. **Appointment of Mr. Ketan Shah (DIN: 01765743) as Whole-time Director of the Company w.e.f. 05 May, 2021 till 04 May, 2026.**

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 190,196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 ("the Act") and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s), amendment(s) or re-enactment(s) thereof, for the time being in force) read with Schedule V thereof, as proposed and recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company respectively, the consent of the Members of the Company be and is hereby accorded for Change in the designation of Mr. Ketan Shah (DIN: 01765743) from Non-Executive Director to Whole-time Director of the Company for a period of five years starting from 05 May, 2021 till 04 May, 2026 on the terms and conditions including remuneration as set out in the Explanatory Statement attached to this Notice convening this meeting with liberty to the Board of Directors (including Committee) to alter and vary the terms and conditions of the said appointment in such manner as may deem fit.

   RESOLVED FURTHER THAT the Board of Directors (including Nomination and Remuneration Committee) be and is hereby authorised to vary or to increase the remuneration specified above from time to time to be payable to Mr. Ketan Shah in such manner as the Board of Directors considers appropriate, provided that such variation or increase, as the case may be, are subject to the same not exceeding the overall limits specified under Section 197 and Schedule V to the Companies Act, 2013 or any amendments thereof.

   RESOLVED FURTHER THAT the other terms and conditions of appointment of Mr. Ketan Shah (**DIN: 01765743**), currently holding the office as non-executive Director of the Company, liable to retire by rotation pursuant to Section 152(6) of Companies Act, 2013 and Rules made thereunder and any subsequent amendment(s) and/or modification(s) in the Act, Rules and/or applicable laws, will remain unaltered.

RESOLVED FURTHER THAT consent of the Company be and is hereby accorded for payment of performance incentives to the Whole-time Director subject to the terms and conditions as set out in the Explanatory Statement attached to this Notice and the said performance incentives will form part of Whole-time Director's Remuneration.

RESOLVED FURTHER THAT Mr. Ketan Shah, Whole-time Director be entrusted with such powers and perform such duties as may from time to time be delegated / entrusted to him subject to the supervision and control of the Board.

RESOLVED FURTHER THAT any of the Directors or the Key Managerial Personnel of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give full effect to the foregoing resolution."

5. **Addition to the main object clause of the Memorandum of Association of the Company:**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 4, 13, 15 and other applicable provisions, if any, of Companies Act, 2013 ("the Act") read with rules framed thereunder, (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to the approval of the Registrar of Companies, Mumbai **("ROC")**, the consent of the Members be and is hereby accorded for insertion of Clause 4 mentioned below in the main object of the Memorandum of Association of Company in addition to the existing clause:

4. To act, whether in India or abroad, as a Sponsor, Asset Management Company and/ or trustees for any type of investment funds, mutual funds and for that purpose to set up, promote, settle and execute trusts, devise and manage various schemes for raising funds in any manner from persons, bodies corporate, Trusts, Societies, Association of persons and to deploy, whether in India or abroad, funds raised and earn reasonable returns on their investments and to deal with, engage in any carry out all other functions, incidental thereto and such other activities as may be approved by the Securities and Exchange Board of India and/or other regulatory authorities and to undertake and carry on the functions, duties, activities and business of Asset Management Company and/or Trustees and to undertake and execute trusts of all kinds, whether public or private including declaring the company itself as an Asset Management Company and/ or Trustees in India or abroad and to carry out business of formulating, marketing, rising funds, plans and schemes, including mutual funds schemes, and to arrange for the sale, redemption, cancellation, revocation of the unit and to distribute the proceeds thereof among the other unit holders or investors, beneficiaries or all person entitled to the same periodically or otherwise in furtherance of any trust direction, discretion or other obligation or permission and generally to carry on what is usually known as trustee business and in particular and without limiting the generality of above, to act as Trustee.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Mr. Dinesh Thakkar (DIN: 00004382) or Mr. Ketan Shah (DIN: 01765743), Director of the Company or Mr. Vineet Agrawal (Chief Financial Officer) or Ms. Naheed Patel (Company Secretary) of the Company be and are hereby severally authorised, on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution along with filing of necessary E-form as return of appointment with the Registrar of Companies."

By Order of the Board
For **Angel Broking Limited**

Naheed Patel
Company Secretary & Compliance Officer
Membership Number: A22506

Date: 29 May, 2021
Place: Mumbai

NOTES

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated 08 April, 2020, Circular No.17/2020 dated 13 April, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated 05 May, 2020 and Circular No. 02/2021 dated 13 January, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/ OAVM.

2. Pursuant to the Circular No. 14/2020 dated 08 April, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.

3. The Members can join the AGM in the VC/ OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2 Percent or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated 08 April, 2020, 13 April, 2020 and 05 May, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-Voting system as well as e-Voting on the date of the AGM will be provided by NSDL.

6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated 13 April, 2020, the Notice calling the AGM has been uploaded on the website of the Company at *www.angelbroking.com*. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at *www.bseindia.com* and *www.nseindia.com* respectively and the AGM Notice is also available on the website of NSDL (agency for providing the remote e-Voting facility) i.e. *www.evoting.nsdl.com*.

7. GM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated 08 April, 2020 and MCA Circular No. 17/2020 dated 13 April, 2020, MCA Circular No. 20/2020 dated 05 May, 2020 and MCA Circular No. 2/2021 dated 13 January, 2021.

8. As the AGM is being conducted through VC/ OAVM, for the smooth conduct of proceedings of the AGM, Members who would like to express their views during the AGM may register themselves as a speaker by sending their request from their registered e-mail address/ send their queries in advance, mentioning their name, demat account number / folio number, email id, mobile number at *investors@angelbroking.com*. Questions / queries/ registration requests received by the Company from from 22 June, 2021 (9:00 a.m. IST) to 23 June, 2021 (5:00 p.m. IST), shall only be considered and responded during the AGM and those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-Voting period begins on Thursday, 24 June, 2021 at 9:00 A.M. and ends on, Monday, 28 June, 2021 at 05:00 P.M. The remote e-Voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 22 June, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 22 June, 2021.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

In terms of SEBI circular dated 09 December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	If you are already registered for **NSDL IDeAS facility**, please visit the e-Services website of NSDL. Open web browser by typing the following URL: *https://eservices.nsdl.com/* either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the **"Beneficial Owner"** icon under "Login" which is available under **"IDeAS"** section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or **e-Voting service provider - NSDL** and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If the user is not registered for IDeAS e-Services, option to register is available at *https://eservices.nsdl.com*. Select **"Register Online for IDeAS"** Portal or click at *https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp* Visit the e-Voting website of NSDL. Open web browser by typing the following URL: *https://www.evoting.nsdl.com/* either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or **e-Voting service provider - NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are *https://web.cdslindia.com/myeasi/home/login* or *www.cdslindia.com* and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL.** Click on **NSDL** to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at *https://web.cdslindia.com/myeasi/Registration/EasiRegistration* Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in *www.cdslindia.com* home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or **e-Voting service provider-NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

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

B) **Login Method for e-Voting and joining virtual meeting shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

<u>How to Log-in to NSDL e-Voting website?</u>

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: *https://www.evoting.nsdl.com/* either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on *e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

   a) Click on "**<u>Forgot User Details/ Password</u>**?"(If you are holding shares in your demat account with NSDL or CDSL) option available on *www.evoting.nsdl.com.*

   b) **<u>Physical User Reset Password</u>**?" (If you are holding shares in physical mode) option available on *www.evoting.nsdl.com*.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at *evoting@nsdl.co.in* mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to scrutinisers@mmjc.in with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on *www.evoting.nsdl.com* to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of *www.evoting.nsdl.com* or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Soni Singh, Assistant Manager, NSDL or Mr. Anubhav Saxena, NSDL at evoting@nsdl.co.in
4. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. 22 June, 2021, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-Voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on *www.evoting.nsdl.com* or call on toll free no. 1800 1020 990 and 1800 22 44 30 . In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. 22 June, 2021 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to *investors@angelbroking.com*
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested

scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to *investors@angelbroking.com*. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.

3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated 09 December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-Voting.

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at *investors@angelbroking.com*. The same will be replied by the Company suitably.

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

ITEM NO. 4:

Mr. Ketan Shah was appointed as Non-Executive Director on the Board of Company on 11 May, 2018 and was regularised in the Annual General Meeting held on 21 May, 2018 as a Non-Executive Director of the Company liable to retire by rotation.

He has shown his willingness to act as Whole-time executive director of the Company.

He holds a bachelor's degree in Commerce from the University of Mumbai. He has over 25 years of experience in the broking and financial service industry. Keeping in view his vast experience, role and responsibilities, leadership capabilities, and contribution in the performance of the Company, the Nomination and Remuneration Committee and Board of Directors of the Company at their meeting held on 05 May, 2021, have proposed to change his designation from Non-executive Director to whole-time Director of the Company for a period of five years with effect from 05 May, 2021 on the remuneration and terms and conditions set out below:-

1. **Remuneration, Perquisites and allowances:**

Breakup of the Remuneration for FY 2021-22

Particulars	**Amount**
Basic	6,001,028
House Rent Allowance	3,000,514
Special Allowance	4,955,359
Flexi Benefits	1,029,996
Provident Fund	0
NPS	0
Mediclaim	6,996
Term plan	8,676
Total (Gross salary for the year)	15,002,569

Details of stock options granted to Mr. Ketan Shah under the various ESOP Plans of the Company are as follows:

1. Under Angel Broking Employee Stock Option Plan 2018 – 153,300 stock options
2. Under Angel Broking Employee Long Term Incentive Plan 2021 –33,768 stock options

Explanation: Perquisites shall be evaluated as per Income-tax Rules, wherever applicable and in the absence of any such rule, perquisites shall be evaluated at actual cost.

2. **Commission/Performance Bonus**:

As may be decided by the Board of Directors, on the recommendations of the Nomination and Remuneration Committee, from year to year.

3. **Overall Remuneration**:

The aggregate of salary allowances and perquisites in any financial year shall not exceed the limits prescribed under Section 197 and other applicable provisions of the Act read with Schedule V to the said Act, as may, for the time being, be in force.

The approval of the shareholders is sought by way of special resolution to the appointment and payment of remuneration to Mr. Ketan Shah as Executive Whole-time Director of the Company in accordance with the relevant provisions of the Act read with Schedule V thereto.

The Company has received from Mr. Ketan Shah consent in writing to act as Whole-time Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; intimation in Form DIR-8 to the effect that he is not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013, declaration pursuant to Part I of Schedule V and a declaration that he has not been debarred from holding office of a Director by virtue of any Order passed by SEBI or any other such authority.

None of the Directors/ Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 4 of the Notice except Mr. Ketan Shah and his relatives and to the extent of his shareholding in the Company.

The Board recommends to the shareholders the said resolution to be passed as Special resolution.

ITEM NO. 5:

The Company is primarily engaged in the business of shares and stock brokers and throughout this year and the Company had achieved its best ever performance across all parameters, be it business, market-share or financial. The Company achieved its best ever ranking for active clients on NSE, amongst all broking businesses during the year. The Company has various plans for expansion of its business operations from the present level and accordingly, it is proposed to include the additional business activity of Sponsoring of Asset management business or and/or trustees for any type of investment funds, mutual funds etc. by altering the Main objects clause of the Memorandum of Association (MOA) through insertion of Clause 4 in the existing MOA of the Company.

The Board of Directors of the Company, vide its resolution passed at the meeting held on 29 May, 2021 has proposed to add clause 4 to the main object of the Memorandum of Association of the Company and seek the approval of the Members by way of Special resolution.

Further, the Company has already utilised more than 95 Percent of the funds raised by way of Initial Public Offering (IPO) and based on the report issued by the monitoring agency i.e. ICICI bank limited there has been no deviation from the object of offer. Company hereby confirms that Company shall not use unutilised funds raised from IPO to finance the proposed new object.

The revised set of draft Memorandum of Association after incorporating the alterations/amendment/ modifications as approved by the Board of Directors of the Company is available on our website i.e. *www.angelbroking.com*.

None of the Directors of the Company or KMP or their relatives are in any way, concerned or interested in the resolution.

The Board recommends the said resolution to be passed as Special resolution to the shareholders.

By Order of the Board
For **Angel Broking Limited**

Naheed Patel
Company Secretary & Compliance Officer
Membership Number: A22506

Date: 29 May, 2021
Place: Mumbai