

**Seventh Annual Report of  
Zerodha Securities Private Limited  
Bangalore  
For the year  
2017-2018**

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# ZERODHA SECURITIES PRIVATE LIMITED

## Company **Information**

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### **DIRECTORS**

Mr. Abdul Hanan Delvi  
Mr. Udyavara Raghuram Kamath  
Mr. Pawan Kumar Tripathi

### **REGISTERED OFFICE**

No.153/154, Ground Floor,  
4<sup>th</sup> Cross, 4<sup>th</sup> Phase, J P Nagar  
Bangalore-560078, Karnataka.

### **AUDITORS**

B O & Co LLP  
Chartered Accountants  
#144/1, 5<sup>th</sup> Main, Opp. Andhra Bank  
Chamrajpet, Bangalore-560018.

### **BANKERS**

Axis Bank Limited  
HDFC Bank Limited

# ZERODHA SECURITIES PRIVATE LIMITED

## NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of **Zerodha Securities Private Limited** will be held on Friday, 21<sup>st</sup> day of September 2018 at 10.00 A.M at the Registered Office of the Company situated at No.153/154, Ground Floor, 4<sup>th</sup> Cross, 4<sup>th</sup> Phase, J.P Nagar Bangalore-560078 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31.03.2018 and the annexed Profit and Loss Account for the period ended as on that date together with the Report of Director's and Auditor's thereon.

### **SPECIAL BUSINESS:**

2. To Consider and pass the following as resolution, with or without modification, as an ordinary Resolution:

RESOLVED THAT Mr.Pawan Kumar Tripathi (DIN: 07945621), appointed as Additional Director of the Company effective from 17/10/2017 pursuant section 161 and other applicable provisions of the Companies Act, 2013, and whose term of office expires at the Annual General Meeting, be and is hereby appointed as the Director of the Company.

By Order of the Board  
For Zerodha Securities Private Limited



**U.R Kamath**

DIN: 07408348

Director

Address: #01,B-6 Elita Promenade 19th Floor,  
J.P Nagar 7th Phase, Bangalore South,  
Bangalore-560078 KA

**Place: Bangalore**

**Date: 23.08.2018**

# ZERODHA SECURITIES PRIVATE LIMITED

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 2

The Board of Directors had appointed Mr. Pawan Kumar Tripathi (DIN: 07945621), as Additional Director of the Company effective from 17/10/2017. His term of office expires at the Annual General Meeting of the Company. Board of Directors recommends appointment of Mr. Pawan Kumar Tripathi as director of the Company and to pass the resolution as an Ordinary Resolution. His services would be valuable to the Company.

Except Mr. Pawan Kumar Tripathi, no other Director or Key Managerial Personnel are interested in the resolution set out in item No.2.

**By Order of the Board**  
**For Zerodha Securities Private Limited**



**U.R Kamath**  
DIN: 07408348  
Director  
Address: #01,B-6 Elita Promenade 19th Floor,  
J.P Nagar 7th Phase, Bangalore South,  
Bangalore-560078 KA

**Place: Bangalore**  
**Date: 23.08.2018**

# **ZERODHA SECURITIES PRIVATE LIMITED**

## **NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2. THE EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013 IN RESPECT TO THE MEETING IS ANNEXED HEREWITH.**

## Independent Auditor's Report

To the Members of Zerodha Securities Private Limited

Report on the standalone Financial Statements

### Opinion

We have audited the accompanying Standalone financial statements of **Zerodha Securities Private Limited** ("*the Company*") which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

### Basis for Opinion

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

### Key Audit Matters

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

Following are some of the Key Audit Matters:

- Deposits with banking and financial institution form a significant part of the total assets the company. We have given a special attention in the verification of deposit statements, interest certificate, and confirmation from the concerned financial institution.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the company's financial reporting process

### **Auditor's Responsibility**

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

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

- i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and 29 other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For BO & CO LLP  
Chartered Accountants  
F R No. 129834W/W100061



Bharath Kumar P Jain  
Partner  
M No. : 228415




Place: Bangalore  
Date: 23/08/2018

**ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ZERODHA SECURITIES PRIVATE LIMITED**

- i.
  - a. In our opinion and according to the information and explanation given to us the Company has no fixed asset, so clause 3 (i) (a) is not applicable to the company.
  - b. In our opinion and according to the information and explanation given to us the Company has no fixed asset, so clause 3 (i) (b) is not applicable to the company.
  - c. In our opinion and according to the information and explanation given to us the Company has no fixed asset, so clause 3 (i) (c) is not applicable to the company.
- ii. In our opinion and according to the information and explanation given to us, there was no inventory, so clause 3 (ii) is not applicable to the company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to the companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of the clause 3(iii) of the Order are not applicable to the Company.
- iv. According to the information and explanation given to us, in respect of loans, investments, guarantees and securities the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.
- v. According to the information and explanation given to us, the Company has not accepted any deposits during the year within the meaning of Sections 73 to 76 of the Act and the rules framed there under.
- vi. In our opinion and according to the information and explanation given to us, the company does not fall under the categories of specified entities required to maintain the cost records pursuant to the Companies (cost records and audit) Rules, 2014 specified by the Central Government of India under Section 148 of the Companies Act, 2013. So clause 3(vi) is not applicable to the company.
- vii.
  - a. According to the information and explanation given to us, the Company has been generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, services tax, custom duty, excise duty, value added tax, cess and other material statutory dues as applicable with the appropriate authorities.
  - b. According to the information and explanations given to us, there is no dues of income tax, sales tax, service tax, customs duty, excise duty, value added tax and cess, which have not been deposited on account of any dispute.
- viii. According to the information and explanation given to us the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders.

- ix. Based on our audit procedure performed for the purpose of reporting the true and fair view on the financial statements and according to the information and explanation given to us by the management we report that the company did not raise monies by way of term loans. The company did not raise monies by way of initial public offer or further public offer (including debt instruments)
- x. Based on our audit procedure performed for the purpose of reporting the true and fair view on the financial statements and according to the information and explanation given to us, we report that no fraud by the Company or on the company by its officers or employees have been noticed or reported during the year.
- xi. According to the information and explanation given to us, the provisions of section 197 read with schedule V of the act are not applicable to the Company and hence the reporting under clause 3(xi) of the Order are not applicable to the company.
- xii. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company hence the provisions of clause 3(xii) of the Order are not applicable to the company.
- xiii. According to the information and explanation given to us, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the company and accordingly, reporting under clause 3(xiii) in so far as it relates to section 177 of the Act is not applicable to the company and hence, not commented upon
- xiv. According to the information and explanation given to us, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanation given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For B O & Co LLP  
Chartered Accountants  
F.R.N 129834W/W100061

  
Bharath Kumar P Jain  
Partner  
M No. : 228415



Place: Bangalore  
Date: 23/08/2018

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ZERODHA SECURITIES PRIVATE LIMITED**

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

We have audited the internal financial controls over financial reporting of **ZERODHA SECURITIES PRIVATE LIMITED** ('the Company') as of March 31, 2018, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting with reference to these Financial Statements**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to these Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

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

For B O & Co LLP  
Chartered Accountants  
F.R.N 129834W/W100061



**Bharath Kumar P Jain**  
Partner  
M No. : 228415



Place: Bangalore  
Date: 23/08/2018

## ZERODHA SECURITIES PRIVATE LIMITED

CIN: U67190KA2011PTC058078

Cash Flow Statement for the period March 31, 2018

Amount in Rs

## A CASH FLOW FROM OPERATING ACTIVITIES

Net Profit Before Tax		7,76,61,715
Adjustments for:		
Income from Fixed Deposits	(66,17,749)	
Tax Expense		
Provision of Income Tax	3,19,03,550	
Deferred Tax	29,910	2,53,15,711
Operating Profit before Working Capital Changes		10,29,77,426
Adjustments for:		
Decrease/(Increase) in Receivables	(6,12,59,292)	
Decrease/(Increase) in Short Term Advances	(1,97,000)	
Decrease/(Increase) in Other Current Assets	1,04,503	
(Increase)/Decrease in Long Term Advance	(2,09,05,014)	
Increase/(Decrease) in Trade Payable	10,67,743	
Increase/(Decrease) in Other Current Liabilities	1,28,09,339	(6,83,79,720)
Cash generated from operations		3,45,97,706
Income Tax Paid		3,19,03,550
Net Cash flow from Operating activities		26,94,155

## B CASH FLOW FROM INVESTING ACTIVITIES

Interest income	66,17,749	
Net Cash used in Investing activities		66,17,749

## C CASH FLOW FROM FINANCING ACTIVITIES

Net Cash used in Financing activities		
Net increase in cash & Cash Equivalents		93,11,905
Cash and Cash equivalents as at 01.04.2017		9,89,97,605
Cash and Cash equivalents as at 31.03.2018		10,83,09,510

Cash & Cash Equivalents	As on 31.03.2018	As on 31.03.2017
Cash in Hand	-	-
Cash at Bank	7,38,019	10,14,526
Deposits with HDFC Bank	10,75,71,490	9,79,83,079
Cash & Cash equivalents as stated	10,83,09,510	10,14,526

FOR BO & Co LLP  
Chartered Accountants  
Firm Reg. No.: 120834W/W100061

Bharath Kumar P Jain  
Partner  
M No. : 228415  
Place Bangalore  
Date: 23/08/2018



For Zerodha Securities Private Limited

Ravi Kumar Tripathi  
DIN: 07945621

Udayavara Raghuram Kamath  
DIN: 07408348

Directors

ZERODHA SECURITIES PRIVATE LIMITED  
CIN: U67190KA2011PTC058078  
BALANCE SHEET AS AT 31ST MARCH, 2018

Particulars	Notes	Amount in Rs 31-Mar-2018	Amount in Rs 31-Mar-2017
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	4,04,20,000	4,04,20,000
(b) Reserves and Surplus	3	15,34,80,959	7,58,19,244
(c) Money received against share warrants		-	-
<b>(2) Share Application money pending allotment</b>			
		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings		-	-
<b>(4) Current Liabilities</b>			
(a) Trade Payables	4	30,74,302	20,06,559
(b) Other Current Liabilities	5	1,33,68,959	5,59,620
(c) Short-Term Provisions		-	-
(d) Short-Term Borrowings		-	-
<b>Total</b>		<b>21,03,44,221</b>	<b>11,88,05,424</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Plant, Property and Equipment		-	-
(b) Long term loans and advances	6	2,52,05,014	43,00,000
(c) Deferred Tax Asset (Net)	7	76,534	1,06,444
<b>(2) Current Assets</b>			
(a) Inventories		-	-
(b) Trade receivables	8	7,34,49,682	1,21,90,391
(c) Cash and Cash equivalents	9	10,83,09,509	9,89,97,605
(d) Short-term loans and advances	10	29,36,560	27,39,560
(e) Other Current Assets	11	3,66,921	4,71,424
<b>Total</b>		<b>21,03,44,221</b>	<b>11,88,05,424</b>

Significant Accounting Policies and Notes to Financial Statement 1  
As per our Report of even date

FOR BO & Co LLP  
Chartered Accountants  
Firm Reg. No.: 129834W/W/00061

Bharath Kumar P Jain  
Partner  
M No. : 228415  
Place Bangalore  
Date: 23/08/2018



For Zerodha Securities Private Limited

Pawan Kumar Tripathi  
DIN: 07945621

Udayavara Raghuram Kamath  
DIN: 07408348  
Directors

ZERODHA SECURITIES PRIVATE LIMITED  
CIN: U67190KA2011PTC058078  
PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Note No	Amount in Rs	Amount in Rs
		2017-18	2016-17
<b>Income</b>			
I Revenue from operations	12	15,41,80,383	3,22,21,995
II Other income	13	71,17,353	63,58,890
III Total Revenue (I + II)		16,12,97,736	3,85,80,884
<b>IV Expenses:</b>			
Cost Of Material Consumed		-	-
Purchase of Stock in Trade		-	-
Change in Inventories of finished goods, work in progress, and stock-in-trade		-	-
Employee Benefit Expense	14	1,57,42,396	75,78,835
Other Administrative Expenses	15	3,59,56,674	95,52,868
Financial Costs	16	3,491	2,867
Depreciation and Amortization Expense		-	-
Total Expenses		5,17,02,561	1,71,34,570
V Profit before exceptional and extraordinary items and tax (III-IV)		10,95,95,175	2,14,46,315
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V - VI)		10,95,95,175	2,14,46,315
VIII Extraordinary Items		-	-
IX Profit before tax (VII - VIII)		10,95,95,175	2,14,46,315
X Tax expense:			
(1) Current tax		3,19,03,550	69,33,697
(2) Deferred tax		29,910	37,123
XI Profit/(Loss) for the period from continuing operations (IX - X)		7,76,61,715	1,44,75,495
XII Profit/(Loss) from discontinuing operations		-	-
XIII Tax Expense of Discontinuing operations		-	-
XIV Profit/(Loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV Profit/(Loss) for the period (XI+XIV)		7,76,61,715	1,44,75,495
XVI Earning per equity share:			
(1) Basic		19.21	3.58
(2) Diluted		19.21	3.58

Significant Accounting Policies and Notes to Financial Statement  
As per our Report of even date

FOR BO & Co LLP  
Chartered Accountants  
Firm Reg. No.: 128834W/W100061

Bharath Kumar Jain  
Partner  
M No.: 228415  
Place Bangalore  
Date: 23/08/2018



For Zerodha Securities Private Limited

Pawan Kumar Tripathi  
DIN: 07945621

Udayavara Raghuram Kamath  
DIN: 07408348

Directors

## Notes : 2 Share Capital

Sr. No	Particulars	Amount in Rs	Amount in Rs
		March 31, 2018	March 31, 2017
1	<b>AUTHORIZED CAPITAL</b> 50,00,000 Equity Shares of Rs. 10/- each.	5,00,00,000	5,00,00,000
		5,00,00,000	5,00,00,000
2	<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b> <i>To the Subscribers of the Memorandum</i> 40,42,000 Equity Shares of Rs.10/- each; Fully	4,04,20,000	4,04,20,000
	<b>Total</b>	<b>4,04,20,000</b>	<b>4,04,20,000</b>

## (a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Sr. No	Particulars	March 31, 2018		March 31, 2017	
		No.	Amount in Rs	No.	Amount in Rs
	At the beginning of the period	40,42,000	4,04,20,000	27,10,000	2,71,00,000
	Issued during the year			13,32,000	1,33,20,000
	Outstanding at the end of the period	40,42,000	4,04,20,000	40,42,000	4,04,20,000

## b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity is entitled to one vote per share.

In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## (c) Details of shareholders holding more than 5% shares in the company

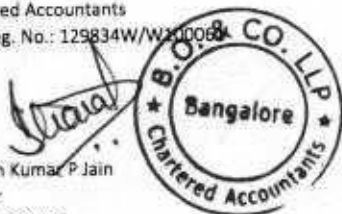
Sr. No	Name of Shareholders	31 March 2018		31 March 2017	
		No	% holding in	No	% holding in
1	Straddle Capital Private Limited	28,22,400	69.83%	28,22,400	69.83%
2	Austin Global Ventures Private Limited	12,09,600	29.93%	12,09,600	29.93%
		40,32,000	99.75%	40,32,000	99.75%

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

## (d) Aggregate number shares issued for consideration other than cash during the period of five years immediately preceding the reporting date - NIL

## (e) Aggregate number of Bonus shares issued during the period of five years immediately preceding the reporting date - NIL

FOR BO & Co LLP  
Chartered Accountants  
Firm Reg. No.: 129834W/WA00068



Bharath Kumar P Jain  
Partner  
M No. : 228415  
Place Bangalore  
Date: 23/08/2018

For Zerodha Securities Private Limited

Pawan Kumar Tripathi  
DIN: 07945621

Udayavara Raghuram Kamath  
DIN: 07408348  
Directors

## ZERODHA SECURITIES PRIVATE LIMITED

CIN: U67190KA2011PTC058078

Notes Forming Integral Part of the Balance Sheet as at 31st March 2018

## Notes : 3 Reserve &amp; Surplus

Sr. No	Particulars	Amount in Rs.	Amount in Rs.
		March 31, 2018	March 31, 2017
1	Surplus/ (deficit) in the statement of profit and loss		
	Balance as per last financial statements	1,45,39,244	63,750
	Profit/Loss for the year	7,76,61,715	1,44,75,495
		9,22,00,959	1,45,39,244
2	Securities Premium Account		
	Opening Balance	6,12,80,000	80,00,000
	Add: Addition During the Year	-	5,32,80,000
	Less: Utilised During the Year	-	-
	Closing Balance	6,12,80,000	6,12,80,000
	Total reserves and surplus	15,34,80,959	7,58,19,244

## Notes : 4 Trade Payable

Sr. No	Particulars	Amount in Rs.	Amount in Rs.
		March 31, 2018	March 31, 2017
1	Trade Payable		
	For Expenses (As Per Note : A 1)	30,67,912	12,97,209
2	Others (As Per Note : A 2)	6,390	7,09,350
	Total	30,74,302	20,06,559

## Notes : 5 Other Current Liabilities

Sr. No	Particulars	Amount in Rs.	Amount in Rs.
		March 31, 2018	March 31, 2017
1	Statutory Dues (As Per Note : A3)	1,20,52,670	2,34,133
2	Provision for Income Tax	12,16,945	-
3	Salary Payable	89,344	3,25,487
	Total	1,33,68,959	5,59,620

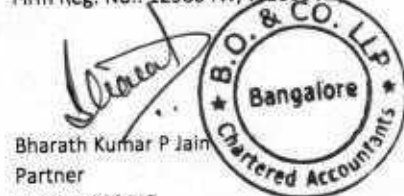
## Notes : 6 Long Term Loans and Advances

Sr. No	Particulars	Amount in Rs.	Amount in Rs.
		March 31, 2018	March 31, 2017
1	Deposit with BSE	1,00,000	-
2	Deposit with NSCCL	40,00,000	-
3	Deposit with NSEIL	27,00,000	-
4	Deposit with MCX	45,00,000	-
5	Deposit with Central Depository Services Ltd	5,00,000	5,00,000
6	Deposit with National Stock Exchange India Ltd.	85,00,000	25,00,000
7	Deposit with HCL Comnet Ltd	1,00,000	1,00,000
8	Deposit with IL & FS Securities Service Ltd.	15,00,000	12,00,000
9	Deposit with NSCCL-CDS	25,03,699	-
10	Deposit with NSEIL-CDS	8,01,315	-
	Total	2,52,05,014	43,00,000

FOR BO &amp; Co LLP

Chartered Accountants

Firm Reg. No.: 129834W/W100061



Bharath Kumar P Jain  
Partner  
M No. : 228415  
Place Bangalore  
Date: 23/08/2018

For Zerodha Securities Private Limited

Pawan Kumar Tripathi  
DIN: 07945621

Udayavara Raghuram Kamath  
DIN: 07408348

Directors

## ZERODHA SECURITIES PRIVATE LIMITED

CIN: U67190KA2011PTC058078

Notes Forming Integral Part of the Balance Sheet as at 31st March 2018

Notes : 7 Deferred Tax Asset (Net)		Amount in Rs March 31, 2018	Amount in Rs March 31, 2017
Sr. No	Particulars		
1	Deferred tax Asset		
2	Opening Deferred Tax Asset	1,06,444	1,43,567
	Preliminary Expenses Allowed	1,16,154	1,16,154
	Tax Amount	29,910	37,123
	Less: Deferred Tax Liability		
	Net deferred tax asset	76,534	1,06,444
	Net deferred tax liability		
	Net	76,534	1,06,444

Notes : 8 Trade Receivable		Amount in Rs March 31, 2018	Amount in Rs March 31, 2017
Sr. No	Particulars		
1	Trade Receivable Less Six Months	7,34,09,897	1,21,43,569
2	Accrued Interest	39,786	46,822
	Total	7,34,49,682	1,21,90,391

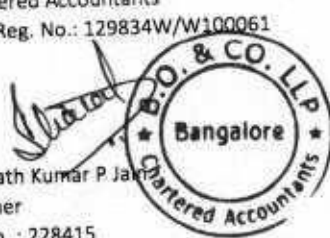
Notes : 9 Cash & Cash Equivalent		Amount in Rs March 31, 2018	Amount in Rs March 31, 2017
Sr. No	Particulars		
	Cash Balance		
2	Bank Balance As Per Annexure	7,38,019	10,14,526
3	Fixed Deposit With HDFC Bank Ltd	10,75,71,490	9,79,83,079
	Total	10,83,09,509	9,89,97,605

Notes : 10 Short-term loans and advances		Amount in Rs March 31, 2018	Amount in Rs March 31, 2017
Sr. No	Particulars		
1	Advance to Staff	2,60,000	63,000
2	Income Tax Refund Due	26,76,560	26,76,560
	Total	29,36,560	27,39,560

Notes : 11 Other Current Assets		Amount in Rs March 31, 2018	Amount in Rs March 31, 2017
Sr. No	Particulars		
1	Unclaimed Input Tax Credit	6,951	-
2	Cenvat Credit C/f		3,07,443
3	Prepaid Expenses	3,59,970	1,63,981
	Total	3,66,921	4,71,424

FOR BO & Co LLP  
Chartered Accountants  
Firm Reg. No.: 129834W/W100061

Bharath Kumar P J  
Partner  
M No. : 228415  
Place Bangalore  
Date: 23/08/2018



For Zerodha Securities Private Limited

Pawan Kumar Tripathi  
DIN: 07945621  
Directors

Udayavara Raghuram Kamath  
DIN: 07408348

## ZERODHA SECURITIES PRIVATE LIMITED

CIN: U67190KA2011PTC058078

Notes Forming Part of the Profit &amp; Loss Accounts for the year ended 31st March, 2018

Note : 12 Revenue from Operation		Amount in Rs	Amount in Rs
Sr. No	Particulars	2018-18	2016-17
1	Sale of Goods		
2	Sale of Services	15,41,80,383.11	3,22,21,994.86
	<b>Total</b>	<b>15,41,80,383</b>	<b>3,22,21,995</b>

Note : 13 Other Income		Amount in Rs	Amount in Rs
Sr. No	Particulars	2018-18	2016-17
1	Interest Income	66,17,749	58,48,326
2	Incentive From Depository	4,99,254	5,10,564
3	Discount Received and Other Misc. Income	350	
	<b>Total</b>	<b>71,17,353</b>	<b>63,58,890</b>

Note : 14 Employee Benefit Expenses		Amount in Rs	Amount in Rs
Sr. No	Particulars	2018-18	2016-17
1	Director Remuneration	38,93,392	61,68,403
2	Salary Expenses Including Bonus	1,15,32,245	13,86,064
3	ESIC Employer Contribution	39,757	2,868
4	Provident Fund (Employer Contribution)	2,77,002	
5	Staff Welfare Expenses		21,500
	<b>Total</b>	<b>1,57,42,396</b>	<b>75,78,835</b>

Notes : 15 Other Administrative Expenses		Amount in Rs	Amount in Rs
Sr. No	Particulars	2018-18	2016-17
	<b>Direct Expenses</b>		
1	Transaction Charges	3,07,10,269	73,51,214
2	KRA Charges		2,94,016
3	Software Charges & IT Infrastructure Charges	3,83,375	1,81,483
	<b>Indirect Expenses</b>		
4	Audit Fee	20,03,000	5,00,000
5	Internal and Concurrent Audit Fees	11,00,000	9,25,000
6	Professional Fees	13,40,378	1,05,020
7	Sebi Charges	1,50,003	
8	PAN Verification Charges	1,40,220	
9	Other Administrative Expenses	1,29,429	1,96,134
	<b>Total</b>	<b>3,59,56,674</b>	<b>95,52,868</b>

Notes : 16 Financial Cost		Amount in Rs	Amount in Rs
Sr. No	Particulars	2018-18	2016-17
1	Bank Charges	1217	775
2	Interest Expenditure	2274	2,093
	<b>Total</b>	<b>3,491</b>	<b>2,867</b>

FOR BO & Co LLP  
Chartered Accountants  
Firm Reg. No.: 129834W/W180062

Bharath Kumar P Jain  
Partner  
M No.: 228415  
Place Bangalore  
Date: 23/08/2018



For Zerodha Securities Private Limited

Rawan Kumar Tripathi  
DIN: 07945621

Udayavara Raghuram Kamath  
DIN  
Directors

# ZERODHA SECURITIES PRIVATE LIMITED

Break up & Grouping forming part of the financial statements

## A: 1 Trade Payables for Expenses

S No	Particulars	As at 31/03/2018	As at 31/03/2017
1	Central Depository Services Limited	28,52,228	12,43,075
2	ISSL Settlement & Transaction Service Limited	9,591	69,434
3	Kochar Consultants Private Limited	4,320	
4	Multy Commodity Exchange of India	20,250	
5	NSE Reimbursement	20,622	(15,300)
6	NSDL e-Governance Infrastructure Limited	1,60,902	
	<b>Total</b>	<b>30,67,912</b>	<b>12,97,209</b>

## A: 2 Trade Payables (Others)

S No	Particulars	As at 31/03/2018	As at 31/03/2017
1	Boco Taxi Advisory Services Private Limited	-	600
2	Boco LLP	3,190	5,25,000
3	Suruchi & Co.	-	1,83,750
4	Zerodha Technology Private Limited	3,200	-
	<b>Total</b>	<b>6,390</b>	<b>7,09,350</b>

## A: 3 Other Current Liabilities (Statutory Dues)

S No	Particulars	As at 31/03/2018	As at 31/03/2017
1	TDS On Professional Fees	4,95,178	1,44,587
2	TDS On Contractor	50	680
3	TDS on Salary	73,524	81,941
4	Professional Tax	3,800	3,000
5	ESIC Payable	5,555	3,925
6	Provident Fund	58,929	-
7	Goods and Service Tax	1,14,25,634	-
	<b>Total</b>	<b>1,20,62,670</b>	<b>2,34,133</b>

## A: 4 Trade Receivables (Others)

S No	Particulars	As at 31/03/2018	As at 31/03/2017
1	CDSL IAP Reimbursement	-	34,000
2	Receivable from Clients DP & AMC Charges	7,32,91,897	1,21,09,569
	NSEIL	1,18,000	-
	<b>Total</b>	<b>7,34,09,897</b>	<b>1,21,43,569</b>

## A: 5 Balance With Schedule Banks

S No	Particulars	As at 31/03/2018	As at 31/03/2017
1	HDFC CM SETTLEMENT A/C_57500000105651	47,085	-
2	HDFC Bank Limited Client A/c -05230340003714	9,886	9,886
3	HDFC Bank Limited Exchange Dues - 00990650011787	-	663
4	HDFC Bank Limited General A/c	5,80,738	9,03,977
5	HDFC Bank Limited NSE Settlement A/c	1,00,310	1,00,000
		<b>7,38,019</b>	<b>10,14,526</b>
	Short term Deposits With HDFC Banks	10,75,71,490	9,79,83,079
	<b>Total</b>	<b>10,83,09,509</b>	<b>9,89,97,605</b>

**A: 6 Sale of Service**

Sr. No	Particulars	2017-18	2016-7
1	Demat Annual Maintenance Charges	6,23,15,723	1,23,01,791
2	Varsity Advisory Fee	-	-
3	DP Transaction Charges	9,09,92,513	1,97,68,954
4	Demat & Remat Charges	8,72,147	1,51,250
		-	-
	<b>Total</b>	<b>15,41,80,383</b>	<b>3,22,21,995</b>

**A: 7 Other Administrative Expenses**

Sr. No	Particulars	2017-18	2016-7
1	Compliance Fees & ROC Filing Fees	19,880	3,308
2	Rates & Taxes	30,029	1,15,207
3	Registration Expenses	8,000	22,700
4	Advertisement	36,520	-
5	Office Expenses	15,765	8,956
6	GST Expenses	3,735	-
7	G-Suite Charges	1,500	-
8	Insurance Expenses	-	13,000
9	Printing & Stationary	-	12,312
10	Membership fees for Anmi	-	10,305
11	Penalties	14,000	-
12	Conveyance	-	8,846
13	Seminar Fee	-	1,500
	<b>Total</b>	<b>1,29,429</b>	<b>1,96,134</b>

## **Zerodha Securities Private Limited**

### **Notes to the financial statements for the year ended 31<sup>st</sup> March 2018**

#### **Corporate Information**

Zerodha Securities Private Limited ("the Company") is a Bangalore based company, incorporated on November 14, 2011 as a private limited company under the Companies Act, 1956. The Company is engaged in the business of providing Depository, stock broker and other stock market related services.

Significant Accounting Policies Notes on Accounts Forming Part of the Financial Statement for the Year Ended 31<sup>st</sup> March 2018 of Zerodha Securities Private Limited

#### **1. Significant Accounting Policies**

##### **a. Basis of preparation of financial statements**

The accompanying financial statements are consistently prepared under the historical cost convention, on the accrual basis of accounting and comply with the accounting standards issued by the Institute of Chartered Accountants of India (to the extent applicable) and in accordance with the generally accepted accounting principle.

##### **b. Use of estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known / materialized.

##### **c. Revenue Recognition**

- i. Revenue from Annual maintenance Charges on accrual basis and Advisory services provided and other assistance services as per the terms of contract and rendering service.
- ii. Interest Income/Expenses are recognised using the time proportion method on the rates implicit in the transaction.
- iii. In respect of other heads of income the Company accounts the same on accrual basis.
- iv. Revenue from services is recognized as per the terms of the contract and on rendering of services
- v. Revenue excludes service tax and GST.

#### **d. Cash and Cash equivalents**

Cash and cash equivalents comprise Cash Balance, Balance with banks, Fixed deposits with banks and cheques on hand.

#### **e. Employee benefits**

- **Short Term Employees Benefits**

All employees' benefits falling due wholly under within 12 months of rendering service are classified as short term employee's benefits. The benefits like salaries, wages, and short term compensated absence etc.

- **Provident fund**

Eligible employees of Zerodha Securities Private Limited receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company's portion as well as the employees' portion is contributed to the government-administered pension fund.

- **Employee State Insurance Fund**

Eligible employees of Zerodha Securities Private Limited receive benefits from an ESIC fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions at the rate of 1.75% and 4.75% of the covered employee's gross salary to the Employee State Insurance fund plan. The Company's portion as well as the employees' portion is contributed to the government-administered pension fund.

#### **f. Income Tax**

Tax on current income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961 and based on the expected outcome of assessment/ appeals.

Deferred tax is recognized on timing difference between the income accounted in financial statements and the taxable income in the year and quantified using the tax rate and laws enacted or substantively enacted as on the balance sheet date. The company has not maintained any deferred tax asset or liability prior to the year under audit. However the company has started maintaining the same from the year under audit.

#### **g. Provisions, Contingent Liabilities and Contingent Assets:**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

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

#### **h. Earnings per Share (EPS)**

Basic EPS is computed by dividing the net profit after tax by the weighted average number of equity share outstanding during the period

#### **i. Disclosure in respect of Related Parties/ Related Parties Transaction as prescribed by the accounting Standard 18 issued by ICAI for the year ended 31ST March 2018 is as given below:**

##### **a) List of Related parties**

<b>Sr. No.</b>	<b>Name</b>	
1	Abdul Hanan Delvi	Directors
2	Udyavara Raghuram Kamath	Directors
3	Pawan Kumar Tripathi	Directors
4	Karthik Rangappa	KMP
4	Austin Global Venture Private Limited	Share Holder
5	Straddle Capital Private Limited	Share Holder
5	Zerodha Commodities Private Limited	Enterprises in KMP/ Relative of KMP exercises significant influence
6	Straddle Capital Private Limited	
7	Zerodha Capital Private Limited	
8	Opentrade Investment Advisors Private Limited	
9	Zerodha	
10	Zerodha Technology Private Limited	

##### **b) Name of the Related Parties with whom transaction were carried out during the year And description of relationship**

<b>Relationship</b>	<b>Name of Related Party</b>
Key Management Personnel	Abdul Hanan Delvi
Key Management Personnel	Pawan Kumar Tripathi
Key Management Personnel	Karthik Rangappa
Enterprises in KMP/ Relative of KMP exercises significant influence	Zerodha
	Zerodha Securities Private Limited

c) Summary of Transaction with Related Parties during the year.

Transaction	Name of the related Party	Key Management Personnel's	Relative of Key Management Personnel's	Enterprises in KMP/ Relative of KMP exercises significant influence
Remuneration and Bonus	Abdul Hanan Delvi	30,00,773	-----	-----
Remuneration and Bonus	Karthik Rangappa	17,58,527	-----	-----
Remuneration	Pawan Kumar Tripathi	7,34,092	-----	-----
Payment on behalf	Zerodha Technology Private Limited	-----	-----	3,79,556

j. Payment to Auditors

Sl No.	Nature of Payment	Current year (Rs)
1	Statutory Audit Fees	8,00,000

k. Paise have been rounded off to nearest rupee and since this rounding off is generated by the computer there might be apparent difference in some of the totals in the final accounts print out which is to be ignored.

l. Previous year figures have been regrouped/ reclassified wherever necessary to confirm current year requirement.

Subject to our report of even date

For BO & CO LLP

Chartered Accountants

F R No. 129834W/W100061

Bharath Kumar P Jain  
Partner

M No.: 228415

Place: Bangalore

Date: 23/08/2018



for Zerodha Securities Private Limited

Pawan Kumar Tripathi  
DIN: 07945621

Udyavara Raghuram Kamath  
DIN: 07408348  
Directors