

ZERODHA CAPITAL PRIVATE LIMITED

ANNUAL REPORT 2023- 2024

Zerodha Capital

Zerodha Capital Private Limited
E-mail: audit@zerodha.com, Ph: 080- 47166888

DIRECTORS:

Mr. Nithin Kamath	-Director
Mr. Nikhil Kamath	-Director
Mrs. Seema Patil	-Director
Mr. Abdul Hanan Delvi	-Director
Mr. Karthik Rangappa	-Additional Director

COMPANY SECRETARY:

Mrs. Meetal T Jain

REGISTERED OFFICE ADDRESS:

175/176, 2nd Floor, Bannerghatta Main Road, Next to Rainbow Hospital, Bilekahalli, Bannerghatta Road, Bangalore, Bangalore South, Karnataka, India, 560076.

BRANCH OFFICE

No.172/1F/12A, (old Door No.769-1F-12A), Spencer Plaza, Anna Salai, Chennai-600002

STATUTORY AUDITOR:

M/s Tarai & Co
Chartered Accountants
No:12/3, 3rd floor, Sri Sathya Sai Krupa,
Vani Vilash Road, VV Puram, Near Lalbagh Westgate,
Opp to Kaveri Petrol Bunk, Basavanagudi,
Bengaluru, Karnataka, 560004

CIN: U67100KA2014PTC073653 Website: www.zerodhacapital.com

Registered office: 175/176, 2nd Floor Bannerghatta Main Road next to Rainbow Hospital, Bilekahalli, Bannerghatta Road, Bangalore-560076, Karnataka, India

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DIRECTOR'S REPORT

To the Members,

Your Directors have pleasure in presenting the Eleventh Annual Report of the Company together with the Audited Financial Statements for the Financial Year ended 31st March 2024.

1. FINANCIAL SUMMARY OF THE COMPANY:

The Board's Report shall be prepared based on the Audited Financial Statements of the Company:

PARTICULARS	(Amount in Lakhs)	
	STANDALONE	
	2023-2024	2022-2023
Revenue from Operations	1176.59	528.11
Other Income	63.86	0.31
Total Revenue	1240.46	528.42
Profit /loss before Exceptional items and Tax Expense	975.02	390.25
Add/Less: Exceptional Items	--	--
Profit /loss before Tax Expense	975.02	390.25
Less: Current Tax	248.32	105.02
Less: Deferred Tax	0.92	1.31
Income tax for earlier years	(0.23)	(1.04)
Net Profit /loss for the year	726.02	284.97
Earnings Per Share (Basic)	14.52	5.70
Earnings per Share (Diluted)	10.19	4.36

The Company is a Non-Banking Financial Company, engaged in the business of providing Loan against Securities wherein stocks and mutual funds in the Demat account can be pledged to avail loan against it.

(Amount in lakhs')

On a Standalone basis, in the FY 2023-24 and FY 2022-23, the Company has generated a revenue from operations of Rs. 1176.59 and Rs.528.11 respectively. The Profit after tax (PAT) attributable to shareholders for the FY 2023-24 and FY 2022-23 is Rs. 726.18 and Rs. 284.97 respectively.

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The affairs of the Company are conducted in accordance with the accepted business practices and within the purview of the applicable legislations.

In accordance with Section 136(1) of the Act, the Annual Report of the Company including audited financial statements, auditor's report and every other document required by law to be annexed or attached to the financial statements will be available for inspection to any member of the Company.

2. SHARE CAPITAL

At the end of the Financial Year under review, the Authorised Share Capital of the company is Rs. 11,00,00,000/- divided into 80,00,000 Equity Shares of the face value of Rs. 10/- each and 30,00,000 Preference Shares of Rs.10/- each. The paid-up Capital of the Company is Rs. 7,86,94,360/- divided into 50,00,000 Equity Shares of the face value of Rs. 10/- each and 28,69,436 Preference Shares of Rs. 10 each.

On 30/10/2023, the Company had issued and allotted 12,80,676 Compulsorily Convertible Preference Shares of a face value of Rs.10 by Private Placement to Zerodha Technology Private Limited. The holder of CCPS does not carry voting rights.

3. TRANSFER TO RESERVES

According to Section 45 IC of the Reserve Bank of India Act 1934, every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. Accordingly, the Company has transferred an amount of Rs.145.20 (Amount in Lakhs') to Statutory Reserve Account in accordance with Section 45 IC of the Reserve Bank of India Act, 1934.

4. DIVIDEND

Keeping in view to conserve the Company's resources and to meet the Company's growth, your directors have decided not to recommend any dividend for the year.

5. TRANSFER OF UNCLAIMED DIVIDENDS TO THE INVESTOR EDUCATION AND PROTECTION FUND.

The provisions of Section 125 (2) of the Companies Act, 2013, do not apply to the company, as there was no dividend declared in the previous years.

6. CHANGE IN NATURE OF BUSINESS

There is no Change in the nature of the business of the Company during the Financial Year 2023-24.

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7. MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company that have occurred between the end of the Financial Year 2023-24 of the Company and the date of the Report.

8. DEPOSITS

The Company being NBFC has not accepted any fixed deposits and public deposits during the year and as such no principal or interest was outstanding as on the date of the Balance sheet also and will not accept any public deposits in the future without obtaining prior written approval of the Reserve Bank of India.

9. INFORMATION ABOUT SUBSIDIARIES/JOINT VENTURES/ASSOCIATE

There are no Subsidiary Company, Joint Ventures and Associate Company within the meaning of Section 2 of the Companies Act 2013.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

Pursuant to Section 186(11) of the Companies Act, 2013 (the 'Act') read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by an NBFC registered with Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act. As such, the particulars of loans have not been disclosed in this Report. The details of the Investments of the Company are given in the Notes to the accompanying Financial Statements.

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188.

All related party transactions that were entered into during the financial year ended 31st March, 2024 were on an arm's length basis and were in the ordinary course of business. Therefore, the provisions of Section 188 of the Companies Act, 2013 were not attracted. Further, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, or other designated persons which may have a potential conflict with the interest of the Company at large. Thus, disclosure in Form AOC-2 is not required. However, the disclosure of transactions with related party for the year, as per Accounting Standard -18 Related Party Disclosures is given in Notes to the Balance Sheet as on 31st March, 2024.

12. DETAILS OF LOANS FROM DIRECTORS AND THEIR RELATIVES:

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The unsecured loan raised from Directors, Mr. Nithin Kamath and Mr. Nikhil Kamath to the tune of Rs. 1636 (Amount in Lakhs) and Rs. 1700 (Amount in Lakhs) respectively, in the FY 2022-23 and FY 2023-24 has been repaid by the Company in the FY 2023-24.

13. DIRECTORS

Following are the Directors of the Company as on 31.03.2024:

SL.NO	NAME	DIN
1	Nithin Kamath	03142935
2	Nikhil Kamath	03142938
3	Seema Patil	03441620
4	Karthik Rangappa	03596015
5	Abdul Hanan Delvi	06687440

It is to be noted that Mr. Venu Madhav K.S ceased to hold directorship in the Company as on 01/04/2023 and Mr. Karthik Rangappa was appointed as an Additional Director as on 01/11/2023.

As per section 149(4) and Section 198 of the Companies Act 2013, the Company is not required to appoint Independent Directors and Key Managerial Personnel (other than Company Secretary) in the Company.

14. MEETINGS

a) Board Meeting

14 (Fourteen) Board Meetings were held during the Financial Year ended March 31st, 2024. (i.e., 01.04.2023, 15.05.2023, 19.05.2023, 30.06.2023, 09.08.2023, 23.09.2023, 25.09.2023, 30.10.2023, 29.11.2023, 28.12.2023, 29.01.2024, 06.03.2024, 11.03.2024, 25.03.2024). The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013. The names of the Board of Directors and their attendance at the Board Meetings are as under:

Name of Directors	Number of meetings attended / Total Meetings Held during the year. F.Y 2023-24
Mr. Nithin Kamath	14/14
Mr. Nikhil Kamath	08/14
Ms. Seema Patil	13/14
Mr. Karthik Rangappa	6/6
Mr. Abdul Hanan Delvi	4/14

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b) Annual General Meeting

AGM for the Financial Year 2022-23 was held on 08/07/2023.

15. AUDIT COMMITTEE AND NOMINATION AND REMUNERATION COMMITTEE

During the year under review, the Company is not required to constitute the Audit Committee, Nomination and Remuneration Committee in accordance to the Companies Act, 2013.

16. CORPORATE SOCIAL RESPONSIBILITY

During the year under review, the provisions of Sec 135 of the Companies Act, 2013 are not applicable to the company.

17. RISK MANAGEMENT POLICY

In terms of the requirement of Section 134 (3) (n) of the Companies Act, 2013, the Company has developed the Risk Management Policy. The Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating risks and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Risk Management Committee.

18. PARTICULARS OF EMPLOYEES REMUNERATION:

No employees were in receipt of remuneration of more than Rs. 8,50,000 p.m. or Rs. 1,02,00,000 p.a. as the provisions of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014, and amendments made thereunder. Accordingly, disclosure under the same is not required.

19. STATUTORY AUDITORS AND STATUTORY AUDITORS REPORT

As per the provision of the Companies Act 2013, M/s TARAI & CO (FRN: 0221665) has been appointed as the Statutory Auditor for the term of 5 years from the conclusion of the 8th AGM of the Company till the conclusion of the 13th AGM of the Company to be held in FY 2025-26.

Your directors confirm that the Statutory Auditor's Report for the Financial Year 2023-24 does not contain any qualifications, reservations, disclaimers or adverse remarks.

20. REPORTING OF FRAUDS BY AUDITORS

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During the year under the review, the Statutory Auditor has not reported any instances of fraud committed in the Company by its officers or employees to the Board under Section 143 (12) of the Companies Act, 2013, details of which need to be mentioned in this report.

21. BOARD COMMENT ON THE AUDITOR REPORT

The observation of the Statutory Auditors, when read together with the relevant notes to the accounts and accounting policies are self-explanatory and does not call for any further comment.

22. MAINTAINING OF COST RECORDS

Maintenance of cost records as specified by the Central Government under Section 148 of the Act, is not applicable to the company. Accordingly, such accounts and records are not made or maintained.

23. INTERNAL FINANCIAL CONTROL SYSTEM AND ITS ADEQUACY (INTERNAL AUDIT)

The Company has a well-established internal financial control and risk management framework to ensure the highest standards of integrity and transparency in its operations and a strong corporate governance structure. Appropriate controls are in place to ensure:

- a) the orderly and efficient conduct of business, including adherence to policies;
- b) safeguarding of assets;
- c) prevention and detection of frauds/errors;
- d) accuracy and completeness of accounting records; and
- e) timely preparation of reliable financial information

24. SECRETARIAL AUDIT

During the year under the review, Pursuant to the provisions of Section 204 of the Companies Act 2013 and rules made thereunder, the Company is not required to appoint a Secretarial Auditor as the provisions are not applicable.

25. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

No Significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and the Company's operations in future.

26. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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The Company has in place a policy for prevention of sexual harassment, in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints. All employees are covered under this policy. The members of the Committee are as follows:

Name	Designation
Meetal T Jain	Presiding Officer
Kulsum Khanum	Member
Abhilash S R	Member
Roshni Murali	External Member

No complaints were received during the financial year nor were any pending unresolved as on 31st March 2024.

27. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors confirm that to the best of their knowledge and belief and according to the information and explanation obtained by them,

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) Such accounting policies as mentioned in the notes to the financial statements have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year 2023-24 and of the profit or loss of the Company for that period;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts for the year 2023-24 have been prepared on a going concern basis;
- v) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- vi) That systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

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28. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**A. Conservation of Energy**

The Company's operations are not energy-intensive and as such involve low energy consumption. However, adequate measures have been taken to conserve the consumption of energy.

B. Technology Absorption

Operations of the company do not involve any kind of special technology and there was no expenditure on research & development during this financial year. However, the company continues to upgrade its technology (computer technology and telecom infrastructure) in ensuring it is connected with its clients across the globe.

C. Foreign Exchange Earnings and outgo

The Foreign Exchange earnings and outgo during the financial period ended 31st March, 2024, is as follows:

Particulars	31 st March, 2024	31 st March, 2023
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgo	NIL	NIL

D. Human Resource Development and Industrial Relations

Your Company continues to take new initiatives to further align its HR policies to meet the growing needs of its business. People development continues to be a key focus area of the Company. The industrial relations in all the units of the Company remained cordial and peaceful throughout the year.

29. COMPLIANCE WITH SECRETARIAL STANDARDS

During the Financial Year 2023- 24, the Company has complied with applicable Secretarial Standards issued by the Institute of the Company Secretaries of India.

30. THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR.

NIL

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31. THE DETAILS OF DIFFERENCE BETWEEN THE AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING A LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF.

NIL

32. DISCLOSURE ABOUT THE CHANGE IN THE REGISTERED OFFICE ADDRESS OF THE COMPANY

The Company has on 29/01/2024 changed its registered office to 175/176, 2nd Floor Bannerghatta Main Road, next to Rainbow Hospital, Bilekahalli, Bengaluru, Karnataka 560076.

33. DISCLOSURE UNDER SECTION 62(1)(B) OF THE ACT

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

34. DISCLOSURE UNDER SECTION 54(1)(D) OF THE ACT

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1) (d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

35. EXTRACT OF THE ANNUAL RETURN:

In accordance with Section 92 (3) and Section 134 of the Companies Act, 2013 the annual return in the prescribed format is available at Website link <https://zerodhacapital.com/>

36. RBI GUIDELINES

The Company has complied with the regulations of the RBI as on March 31, 2024 and, the Scale Based Regulations ("SBR") as notified by the RBI which came into effect from October 01, 2022. The Company is classified as a Base Layer NBFC pursuant to the SBR. The Company continues to fulfil all the norms and standards laid down by the RBI pertaining to non-performing assets, capital adequacy, statutory liquidity assets, policies etc.

37. ACKNOWLEDGMENTS

Your Directors take this opportunity to express their sincere appreciation to the shareholders, customers, bankers, suppliers and other business associates for the excellent support and cooperation extended by them. Your Directors gratefully acknowledge the ongoing cooperation and support provided by the Central and State Governments, Stock Exchanges, SEBI, RBI and other Regulatory Bodies. We place on record our appreciation of the

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contribution made by employees at all levels. Our consistent performance was made possible by their hard work, solidarity, co-operation and support.

For and on behalf of the Board of Directors of
Zerodha Capital Private Limited


Nithin Kamath
(DIN: 03142935)
Director




Karthik Rangappa
(DIN: 03596015)
Additional Director



Place: Bangalore
Date: 13th June 2024

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