

DIGISPICE

TRANSFORMING LIVES THROUGH TECHNOLOGY PLATFORMS

ANNUAL REPORT 2020-21

 Spice money

तो **Life** बनी

korero
Platforms

travel
Union
●● Khulenge
naye raaste ...



Important Information for Shareholders

E-VOTING THROUGH SINGLE LOGIN CREDENTIAL

All individual shareholders holding securities in Demat mode can now exercise e-voting by way of a single login credential through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

TRANSFER OF PHYSICAL SHARES PROHIBITED

As per Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository.

Shareholders, holding shares in physical form, are requested to get physical shares dematerialized at the earliest to avoid any inconvenience in future for transferring these shares.

TRANSFER OF SHARES/ UNPAID DIVIDEND TO IEPF

All shares in respect of which dividend has not been paid or claimed for seven consecutive years or more are liable to be transferred to the Demat Account of the Investor Education and Protection Fund.

Any dividend transferred to the Unpaid Dividend Account which remains unpaid/unclaimed for a period of seven years from the date of such transfer is liable to be transferred to the Fund established by the Investor Education and Protection Fund.

To avoid such transfer of unpaid dividend/ shares to IEPF, shareholders are advised to claim their unpaid/unclaimed dividend, the details of which are available on the Company's website www.digispice.com under the heading 'Investor Relations'.

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Chairman's Statement

Dear Shareholders,

It gives me great pleasure to connect with all of you to present the performance for the financial year 20-21 and the outlook for the future. I am excited to share with you all the work we have been doing to lay the foundation for the coming years.

The financial year 20-21 has been a transformative foundation year for the Company as we start our new journey towards building Digital Platforms and Solutions in new growth segments. Overall, during the year we achieved a consolidated revenue of Rs. 712 cr which represented a 74.9% YOY growth compared to financial year 19-20, which closed at a consolidated revenue of Rs. 407 cr. We also reported positive growth in earnings at both EBITDA and PAT level with consolidated EBITDA (before other income and exceptional items) at Rs. 13 cr and consolidated PAT at approx. Rs. 5 cr for the financial year 20-21 compared to a consolidated EBITDA of Rs. 7 cr and consolidated losses of Rs. 55 cr in the financial year 19-20. So it was heartening to see the company back in profits at a consolidated level.

The main driver for our growth has been our Digital Financial Technologies business, housed within Spice Money, a subsidiary of DiGiSpice. Let me first talk about this business.

1) Digital Financial Technologies Services:

At Spice Money, as I explained in my previous report to you, our mission is to build a **Digital services platform for Bharat, or consumers in rural India that will allow them to enjoy the efficiency, access and convenience of the digital revolution in location and formats they feel comfortable with.** As a start, we have enrolled merchants and entrepreneurs in

semi-urban and rural India on to our platform to serve as the human interface for the consumers in rural India and provide them access to the same services as are available to the savvy urban consumers.

The entrepreneurs are attracted to the earning potential we offer as we share with them a part of the transaction fee we are paid by businesses looking to reach out to service their customers in rural/semi-urban areas using the digital channels. The success of this model can be gauged by the following metrics:

- (a) As of the close of the last financial year, we on-boarded close to 576,000 entrepreneurs (Spice Money Adhikaris) on our platform which represented a 2.4X growth YOY.
- (b) Our merchants are present in all the districts and almost every pin code across the country.
- (c) This contributed to our overall GTV (Gross Transaction Value) reaching close to Rs. 82,000 cr for the last financial year which represented a similar growth of close to 2.3X compared to the previous financial year which closed at an overall GTV of Rs. 36,000 cr.

This growth in transactions and GTV was mainly on account of growth in cash withdrawal transactions, wherein our Spice Money Adhikaris used our platform to allow customers in rural/semi-urban areas withdraw cash from their DBT accounts. This was partly driven by the increase in subsidies disbursed by the Governments both at a Central and State levels. The Aadhar-enabled Payment System (AEPS) run by NPCI

forms the backbone on which we run our cash withdrawal services, and the bank consumer is able to access his account information and his cash by authenticating himself using the Aadhar biometric (so no need to carry any card or remember any pin or password). We provisioned about 13.7% of all the AEPS transactions value in the financial year 20-21 in the country, as compared to 11.8% in the financial year 19-20.

It is gratifying to be able to contribute as a platform towards connecting millions of customers in small town and rural India to their bank accounts when they need it the most. We will continue to build out our Adhikari network density to reach even closer to the doorstep of our target consumer.

Going forward, our focus will remain on expanding our market share within the AEPS industry segment by both scaling up our Adhikari network as well as making our platform the most preferred platform of choice for our Adhikaris.

We launched a cash management product for enterprises in the last financial year 20-21. This allows enterprises operating in rural areas to reduce their cost of collections, and get the cash faster in their accounts thus reducing working capital need. Microfinance companies and NBFCs have been the early adopters as their agents and consumers deposit cash into company bank accounts at our Adhikari points. We have seen this product scale in terms of GTV to around Rs. 419 cr in 20-21. We will continue to focus on this product and work towards closer integration of our platform with our enterprise customers.

We are also working to make utility payments (like electricity, water, gas, telecom, insurance etc.) very convenient for semi-urban and rural households. Our utility payment transactions value grew from Rs. 394 cr in financial year 19-20 to Rs. 893 cr in financial year 20-21. As a BBPSOU (Bharat Bill Payment Services Operating Unit), we expect more billers to join our platform in the coming year resulting in more customers being able to use our platform to pay more of their bills closer to where they live.

The next product vertical that we are focused on is the Travel product. This vertical got negatively impacted last year due to the intermittent lockdowns across the country. We used this time to re-invent our approach to this product and in Q2 of this financial year 21-22, we launched **Travel Union, a new B2B Traveltech platform targeted towards travel agents in small town and rural India** in partnership with Sonu Sood. Our hypothesis here is that there are many travel agents in semi-urban and rural India who do not have access to products and services akin to travel agents in urban India and, therefore, the Travel Union digital platform has been designed keeping their requirements in mind. I will keep you all updated on the progress with reference to adoption of this platform in our regular quarterly investor updates.

Going forward, we see our Spice Money platform working on multiple use cases targeted towards the needs of the rural consumers as we build towards our mission of providing them with the same service access as available to users in urban India. We are constantly running pilots in partnership with strategic players in the tech and

non-tech eco-system who would be interested in serving our target markets. I hope that some of these pilots will convert into scalable and profitable products, and I will continue to share with you updates on the progress of these initiatives.

Our main proposition to our partners (businesses) is both around rural customer access, convenience, education and around economic viability, i.e. Enabling product and service providers to access the large semi-urban and rural market in an economically viable manner. I am confident that going forward we will be able to become the rural digital platform of choice for our partners and customers.

2) Digital Technology Services:

This refers to our legacy product segment serving the telco industry that has been showing de-growth in recent years. We have been working to turn this business around and have decided to focus on building and growing Digital Platforms and Solutions within the expanded customer base of Telco, BFSI and Technology companies.

We launched Korero Platforms in Q1 of this financial year (21-22), our new C-PaaS (Communications Platform as a Service) offering for customers within our target markets. We see this as a promising opportunity in emerging markets as enterprises automate their customer engagement journeys. A trend we are observing for not only the large but also the micro enterprises. Through Korero Platforms, we expect to extend the benefits of such new industry platforms to small and medium sized enterprises. In the financial year 20-21, we on-boarded 30 enterprises for our communications

enterprise business and our enterprise revenues grew from Rs. 65 cr in financial year 19-20 to Rs. 87 cr in financial year 20-21. Going forward, our focus will be to both increase number of enterprises on to our C-PaaS Korero Platform as well as drive higher customer engagement (in terms of both number of transactions per customer as well as number of communication channels used per customer).

For the Telco segment, as I indicated in my last Annual report, we are focusing on building digital products for leading Telcos in select markets. In the financial year 20-21, while our overall Telco segment revenues YOY dropped to Rs. 47 cr from Rs. 91 cr in financial year 19-20, our revenues from the Digital Telco products grew from Rs. 3 cr in financial year 19-20 to Rs. 6 cr in financial year 20-21. Going forward, our focus will be to both drive the adoption of each of the digital products deployed in every Telco customer as well as drive number of Telco customers.

Overall Summary:

To summarise, we as DigiSpice Technologies remain committed to building relevant Digital platforms and solutions for the emerging digital consumer, a journey we started on about 3 years back. We see huge opportunities in our chosen space, as well as challenges that require us to remain agile in terms of defining and executing our strategic and operational actions in response to changes in the market landscape and technologies. We will thus continue to run many experiments around product development and business models as we go after these emerging opportunities. At the heart of everything we do will be 2 things: a) whether we are solving a real problem for our target customer while building something

scalable and b) can we build an economically viable business. Given that “Digital” is the new normal, I do hope that we will be able to create a valuable business that is relevant, impactful and scalable.

I thank all the members of our family at Digispice Technologies group, our employees and partners for their unstinting commitment, hard work and support over the last one year. I look forward to an even exciting year ahead with all of you as we explore ever new territories and build first of its kind products leveraging technology and the evolving Digital ecosystem. I would like to also take this opportunity to

thank all our shareholders for their belief and trust in the management and the company vision.

We will work hard every day to live up to this trust that you have imposed on us and hope to build a company for you that will grow on its core values of innovation, integrity and intensity.

Wishing you and all your families a very happy new year ahead. Please stay safe.

**Best wishes,
Dilip Modi**

COMPANY INFORMATION

DiGiSPICE Technologies Limited

BOARD OF DIRECTORS

Mr. Dilip Modi – Non Executive Chairman
Mr. Rohit Ahuja – Executive Director
Mr. Mayank Jain – Independent Director
Dr. (Ms.) Rashmi Aggarwal – Independent Director
Mr. Subramanian Murali – Non Executive Director
Mr. Suman Ghose Hazra – Independent Director

Company Secretary & Compliance Officer
 Mr. M. R. Bothra

KEY COMMITTEES OF THE BOARD

- I) Audit Committee**
 Mr. Suman Ghose Hazra – Chairman
 Dr. (Ms.) Rashmi Aggarwal
 Mr. Subramanian Murali
- II) Nomination and Remuneration Committee**
 Dr. (Ms.) Rashmi Aggarwal – Chairperson
 Mr. Subramanian Murali
 Mr. Suman Ghose Hazra
- III) Stakeholders Relationship Committee**
 Mr. Subramanian Murali – Chairman
 Dr. (Ms.) Rashmi Aggarwal
 Mr. Suman Ghose Hazra
- IV) Risk Management Committee**
 Mr. Rohit Ahuja – Chairman
 Mr. Mayank Jain
 Dr. (Ms.) Rashmi Aggarwal
 Mr. M.R. Bothra
 Mr. Vinit Kishore
- V) Corporate Social Responsibility Committee**
 Mr. Dilip Modi – Chairman
 Mr. Subramanian Murali
 Mr. Suman Ghose Hazra

Chief Financial Officer
 Mr. Vinit Kishore

CIN: L72900DLI986PLC330369

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Corporate Office
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 Noida, District Gautam Budh Nagar, U.P.-201301
 Phone :0120-5029101

Statutory Auditors
Singhi & Co.
 Chartered Accountants
 Noida

Internal Auditors
G S A & Associates LLP
 Chartered Accountants
 New Delhi

Secretarial Auditors
Sanjay Grover & Associates
 Company Secretaries
 New Delhi

Registrar & Share Transfer Agent
MAS Services Ltd.
 T-34, 2nd Floor, Okhla Industrial Area
 Phase-II, New Delhi-110 020
 Phone : 011-26387281/82/83
 E-mail : info@masserv.com

Bankers
 HDFC Bank Limited
 IndusInd Bank Limited

Symbol/Scrip ID at NSE /BSE
 BSE and NSE Symbol : DIGISPICE
 BSE Scrip ID : 517214

Green Initiative: In order to enable the Company to send various documents through electronic mode, the members of the Company are requested to register/update their e-mail addresses with the Company in case the shares are held in Physical mode and with the concerned Depository Participant in case the shares are held in Demat mode.

BOARD OF DIRECTORS

Mr. Dilip Modi Non Executive Chairman

Mr. Dilip Modi was appointed to the Board on 21st August, 2006 as Director and has been Chairman of the Company since 18th February, 2014 and was redesignated as Non Executive Chairman w.e.f. 1st October, 2019.

Mr. Dilip Modi is one of India's most successful young entrepreneurs and has pioneered several new technologies in the mobility and technology sector in India. As a young entrepreneur, Mr. Modi is passionate about creating usable and affordable technologies that can help improve lives of people. Driven by his firm belief that technology can become a key enabler for achieving inclusive growth in the country, his group's current business interests in the digital technologies, fintech and mobility spaces exemplify this vision by furthering the digital and financial inclusion goals.

In the last two decades, he has created a strong portfolio of businesses within the mobility and technology sector, starting from successfully launching India's first mobile service – Modi Telstra in 1995 that also hosted the very first mobile phone call made in India. After a successful divestment of Modi Telstra in the year 2000, he launched

Spice Communications in Punjab and Karnataka, which soon became one of the most valuable and enduring brands in the two highly profitable mobile markets of the country.

As Chairman of DiGiSPICE, Mr. Modi leads the Group's businesses spread across Asia and Africa in the mobility & digital technologies space.

Mr. Dilip Modi has also been closely involved in industry forums and has held the position of Chairman of the Cellular Operators Association of India (COAI) and has also had the honour of being the youngest ever President of ASSOCHAM (Associated Chambers of Commerce), working on key industry programs such as "Making Inclusive Transformation Happen". His efforts in the industry were duly recognized as he was conferred the "Youth Icon Award" by the Gujarat Chamber of Commerce and Industry.

An alumnus of the prestigious Imperial College in London, Mr. Modi completed his Master's in Business Administration with a specialization in Finance. He also holds a First Class Bachelor of Science Degree in Management Technology from Brunel University, London.

Mr. Rohit Ahuja Executive Director

Mr. Rohit Ahuja was appointed to the Board on 5th May, 2020 as an Executive Director.

After completing his education, he became the Founder and Managing Director of a Manufacturing Facility, Menthol India, for Mint based products and Aromatic Chemicals, and had set-up a state of the art manufacturing facility for Mint products with Sulzer, Germany. He also represented Indian Menthol Exporters in prestigious IFEAT conferences.

Mr. Ahuja also served as a Managing Director of Non-Banking Finance Company, Trozen Finance & Securities Pvt. Ltd., which specialized in real estate finance & investments. He has been the Founder & CEO of a IATA accredited Travel and Tourism Company, Odyssey World, which became the leading hospitality company in India serving Judiciary, Government

Officials and Diplomats. He was also the Founder and Managing Director of Super Speciality Medical Centre, Empathy MedCare Pvt. Ltd., which had OPD, IPD by full time doctors from FORTIS Healthcare and Pathology Lab by Dr Lal Path Labs, providing full medical treatment.

Mr. Ahuja has been associated with the Company since 2015 as Advisor to the Chairman. He was instrumental in defining strategy, growth and operational plans for strategic projects from the Chairman's office across the group. He plays a key role in business development in new geographies for the group and heads both the Businesses i.e. Telco Business and Enterprise Business of the Company.

Mr. Rohit Ahuja has completed his Bachelor of Science in Accounting and Finance from USA in the year 1997.

BOARD OF DIRECTORS

Mr. Mayank Jain Independent Director

Mr. Mayank Jain was appointed to the Board on 1st October, 2019 as an Independent Director.

Mr. Mayank Jain started his career with Tata Motors and worked for two years in both Jamshedpur and Pune. Mr. Mayank then worked at one of the big 4 consulting firms in Toronto, Deloitte Consulting. Here he helped several clients in the mining industry in Northern Ontario to streamline and improve their business processes. He also assisted Bell Canada establish their new billing system for Broadband services.

After his stint at Deloitte, Mr. Mayank went on to join Siebel Systems in the United States, the largest Customer Relationship Management (CRM) company in the world. Siebel also became the fastest growing company globally during the early 2000s. Mr. Mayank held the position

of Senior Director of Products for Automotive and Manufacturing industries for a number of years with Siebel.

In 2006, Mr. Mayank moved back home to India to pursue business opportunities, and over the last few years, he has built an internet and Cyber Security business spanning across 5 States in India and growing at a very fast pace. His company is also partners with Facebook Express Wifi Project providing WiFi Services to many offices, hospitals, malls and outdoor customers.

Mr. Mayank Jain has done Bachelor in Engineering. Also, Mr. Mayank holds the degree of MBA from Richard Ivey School of Business at the University of Western Ontario in London, Ontario. Mr. Mayank holds the distinction of being named to the Dean's Honour List in his MBA class.

Dr. (Ms.) Rashmi Aggarwal Independent Director

Dr. (Ms.) Rashmi Aggarwal was appointed to the Board on 2nd November, 2018 as an Independent Director.

She started her career as an advocate in the Punjab and Haryana High Court and Supreme Court of India before joining academics. Dr. Aggarwal is presently associated with IMT Ghaziabad since 2007. She is currently a faculty in the area of Economics, Environment and Policy at IMT Ghaziabad and visiting faculty with IIMs and Management Institutes in France and Dubai.

Dr. Aggarwal research domains are predominately in the area of Corporate Laws, Corporate Governance, Cybercrimes, Labour Laws and Intellectual Property Rights with more

than 70 reputed publications to her credit, including books, international research publications, book chapters, book reviews and case studies. Dr. Aggarwal has presented her research work in national and international conferences in India and abroad including USA, Japan, UK, Hong Kong, UAE and Italy. She has designed and delivered numerous executive training programmes both as a facilitator and Program Director for In-company and Open Company and conducts workshops and training programs for Higher Education accreditation.

Dr. (Ms.) Rashmi Aggarwal is Bachelor of Science, Law Graduate, Masters' in Law and PhD (Patents Law) from Law Department, Punjab University, Chandigarh.