

## INDEPENDENT AUDITOR'S REPORT

To the Members of Anand Rathi Wealth Limited (formerly known as Anand Rathi Wealth Services Limited)

Report on the Audit of the Standalone Ind AS Financial Statements

### Opinion

1. We have audited the accompanying Standalone Ind AS Financial Statements of **Anand Rathi Wealth Limited** (formerly known as Anand Rathi Wealth Services Limited) ('the Company'), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the 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 aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ('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, 2021, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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.

### Information Other than the Financial Statements and Auditor's Report Thereon

3. The Company's Board of Directors is responsible for the preparation of the other information, comprising of the information included in the Management Discussion and Analysis, Directors' Report including Annexures to Directors' Report, Corporate Governance and such other disclosures related Information, excluding the Standalone Ind AS Financial Statements and auditors report thereon ('Other Information'). The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the Standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially



misstated. When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charges with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'

## Responsibility of Management for Standalone Ind AS Financial Statements

4. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under prescribed 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 accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the Standalone Ind AS 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 are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

5. Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS 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 Standalone Ind AS Financial Statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, to 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- 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.
- 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 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. Our audit process in accordance with the SAs is narrated in Annexure 1 to this report.



## Other Matters

6. The entire audit finalization process was carried from remote locations i.e. other than the office of the Company where books of account and other records are kept, based on data/details or financial information provided to us through digital medium, owing to lockdown imposed by the State Government to restrict the spread of COVID19. Being constrained, we resorted to and relied upon the results of the related alternate audit procedures to obtain sufficient and appropriate audit evidence for the significant matters in course of our audit. Our report is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

7. 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 Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.
8. As required by Section 143(3) of the Act, we report that:
- 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.
  - 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.
  - The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 3 of the Companies (Accounting Standards) Rules, 2015.
  - On the basis of the written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - With respect to the adequacy of the internal financial controls with reference to over financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 2.
  - In terms of provisions of Section 197(16) of the Act, as per the information and explanations given, we report that the managerial remuneration paid by the Company to its Directors is in accordance with provisions of Section 197 read with schedule V of the Act.





# Khimji Kunverji & Co LLP

Chartered Accountants

h. 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, we report as under:

- (i) The Company has disclosed the impact of pending litigations on the financials position in its Standalone Ind AS Financial Statements. Refer Note no. 35 to the Standalone Ind AS Financial Statements;
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Khimji Kunverji & Co LLP

Chartered Accountants

Firm's Registration No.: 105146W / W-100621

Gautam V Shah

Partner

Membership No.: 117348

ICAI UDIN : 21117348AAAAAV2836



Place : Mumbai

Date : June 16, 2021

## Annexure 1 to the Independent Auditors' Report to the members of Anand Rathi Wealth Limited (formerly known as Anand Rathi Wealth Services Limited)

[referred to in para 7 under 'Report on Other Legal and Regulatory Requirements']

- i.
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As informed to us, fixed assets were physically verified by the Management at regular intervals. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its business. During the year, the Company was unable to conduct the physical verification of Fixed assets as per the planned program due to lockdown on account of Covid 19 pandemic. However, the Company plans to conduct the physical verification once the situation normalizes.
  - (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The nature of business of the Company does not require it to have any inventory. Hence, the reporting under clause 3(ii) of the Order is not applicable to it.
- iii. According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
  - (b) The Schedule of repayment of principal and interest is regular as and when they fall due
  - (c) There were no overdue as at the balance sheet date.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and Section 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act in respect of services rendered by the Company.
- vii. In respect of Statutory dues:
  - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Service tax, Goods and Service Tax, Cess and other material statutory dues generally have been regularly deposited during the year by the Company with the appropriate authorities. There are no undisputed statutory dues payable in respect to the above statues, outstanding as at March 31, 2021 for a period of more than six months from the date they became payable.





- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no cases of non-deposit with appropriate authorities of disputed dues of Income tax, Sales Tax, Service Tax, Custom duty, Cess and other material statutory dues.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. Further, the Company has not taken loans or borrowings from government and has not issued any debentures during the year.
- ix. In our opinion and according to the information and explanations given to us, Company has not raised moneys by way of initial public offer (including debt instruments). Further, monies raised by the Company by way of term loans were applied for the purpose for which they were raised.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with limits given in section II of Part II of Schedule V to the Act by passing a resolution as prescribed.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, reporting under clause (xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Ind AS Financial Statements as required under applicable Indian Accounting Standards (Ind AS).
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of 260,100 equity shares at Rs 411 per equity share (Face value: Rs 5 per equity share) during the year as per the provisions of Act and the amount raised have been used for the purpose for which it was raised.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, reporting under clause (xv) of the Order is not applicable to the Company.



# Khimji Kunverji & Co LLP

Chartered Accountants

- xvi. In our opinion, the Company is required to be registered under Section 45IA of the Reserve Bank of India Act, 1934 considering that the Company's Financial Assets and Financial income constitute more than 50 percent of the total assets and gross income. However, the Management is of the view that the Company is actively engaged in Wealth Management business and the investments in the subsidiaries, which are considered in the nature of financial assets are primarily for the purpose of infrastructure and software and should not be considered as Financial Assets. In the opinion of the management, the said investments in subsidiaries should not be considered as financial assets for computation of 50 percent test and thus the Company may not require to register as NBFC. The Company has also submitted request to RBI explaining this position and seeking guidance on captioned matter.

For Khimji Kunverji & Co LLP

Chartered Accountants

Firm's Registration No.: 105146W / W-100621

  
Gautam V Shah

Partner

Membership No.: 117348

ICAI UDIN : 21117348AAAAAV2836

Place : Mumbai

Date : June 16, 2021





## **Annexure 3 to the Independent Auditors' Report to the members of Anand Rathi Wealth Limited (formerly known as Anand Rathi Wealth Services Limited)**

[referred to in paragraph 8(f) under 'Report on Other Legal and Regulatory Requirements']

### **Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of **Anand Rathi Wealth Limited** (formerly known as Anand Rathi Wealth Services Limited) ('the Company') as at March 31, 2021 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

#### **Opinion**

In our opinion, the Company has an internal financial controls system with reference to Standalone Ind AS financial statements which are operating effectively, design whereof needs to be enhanced to make it comprehensive. Based on verification of process control matrixes, made available to us for the financial year under report and thereafter, in our opinion considering the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note, appropriate documentation thereof needs to be strengthened to make the same commensurate with the size of the Company and nature of its business.

#### **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 ("ICAI"). 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 the 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 Act.

#### **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 Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 Standalone Ind AS Financial Statements, whether due to fraud or error.



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

## Meaning of Internal Financial Controls Over Financial Reporting

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

- (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.
- (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Ind AS Financial Statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are 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.

For Khimji Kunverji & Co LLP

Chartered Accountants

Firm's Registration No.: 105146W / W-100621

**Gautam V Shah**

Partner

Membership No.: 117348

ICAI UDIN : 21117348AAAAV2836



Place : Mumbai

Date : June 16, 2021



ANAND RATHI WEALTH LIMITED  
(Previously Known as Anand Rathi Wealth Services Limited)  
CIN : U67120MH1995PLC086696  
IND AS STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

(Rs in Lakh)

| PARTICULARS  | Notes  | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
|--|--------|-------------------------|-------------------------|
| <b>I ASSETS</b>  |        |                         |                         |
| <b>Non-Current Assets</b>  |        |                         |                         |
| Property, Plant and Equipment  | 3      | 671.97                  | 826.14                  |
| Right-of-use Asset   | 3      | 1,292.06                | 2,312.27                |
| Capital Work in Progress   | 4      | 6,903.92                | 6,538.58                |
| Other Intangible assets  | 5      | 39.43                   | 74.34                   |
| <b>Financial Assets</b>  |        |                         |                         |
| - Investments  | 6(i)   | 19,164.65               | 19,114.92               |
| - Loan   | 7(i)   | 203.69                  | 236.36                  |
| - Other Financial assets   | 8(i)   | 223.20                  | 199.00                  |
| Deferred Tax Assets (Net)  | 9      | 177.36                  | 210.08                  |
| Other Non Current Assets   | 10     | 1,006.63                | 291.78                  |
| <b>Total Non-Current Assets</b>  |        | <b>29,682.91</b>        | <b>29,803.47</b>        |
| <b>Current Assets</b>  |        |                         |                         |
| <b>Financial Assets</b>  |        |                         |                         |
| - Investments  | 6(ii)  | 267.84                  | 183.21                  |
| - Trade Receivables  | 11     | 1,000.94                | 799.19                  |
| - Cash and cash equivalents  | 12     | 3,781.89                | 2,596.31                |
| - Loans  | 7(ii)  | 112.03                  | 5,274.84                |
| - Other Financial Assets   | 8(ii)  | 1,232.40                | 3,095.96                |
| Other Current Assets   | 13     | 137.00                  | 1,154.23                |
| <b>Total Current Assets</b>  |        | <b>6,532.10</b>         | <b>13,103.74</b>        |
| <b>TOTAL ASSETS</b>  |        | <b>36,215.01</b>        | <b>42,907.21</b>        |
| <b>II EQUITY AND LIABILITIES</b>   |        |                         |                         |
| <b>Equity</b>  |        |                         |                         |
| Equity Share Capital   | 14     | 1,375.68                | 1,351.37                |
| Other Equity   | 15     | 26,601.23               | 21,154.98               |
| <b>Total Equity</b>  |        | <b>27,976.91</b>        | <b>22,506.35</b>        |
| <b>Liabilities</b>   |        |                         |                         |
| <b>Non-Current Liabilities</b>   |        |                         |                         |
| <b>Financial Liabilities</b>   |        |                         |                         |
| - Borrowings   | 16(i)  | 2,496.37                | 3,335.97                |
| - Other Financial Liabilities  | 18(i)  | 637.37                  | 1,422.17                |
| Provision  | 20(i)  | 95.54                   | 185.73                  |
| <b>Total Non-Current Liabilities</b>   |        | <b>3,229.28</b>         | <b>4,943.87</b>         |
| <b>Current Liabilities</b>   |        |                         |                         |
| <b>Financial liabilities</b>   |        |                         |                         |
| - Borrowings   | 16(ii) | 839.62                  | 837.02                  |
| - Trade Payables   | 17     |                         |                         |
| Total Outstanding dues of micro enterprises and small enterprises                      |        | 8.15                    | 34.25                   |
| Total Outstanding dues of creditors other than micro enterprises and small enterprises |        | 8.35                    | 121.14                  |
| - Other Financial Liabilities  | 18(ii) | 1,299.20                | 10,011.16               |
| Other Current Liabilities  | 19     | 911.87                  | 519.97                  |
| Provisions   | 20(ii) | 1,941.63                | 3,933.45                |
| <b>Total Current Liabilities</b>   |        | <b>5,008.82</b>         | <b>15,456.99</b>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |        | <b>36,215.01</b>        | <b>42,907.21</b>        |
| Notes Forming Part of Ind AS Standalone Financial Statement                            | 1-44   |                         |                         |

As per our attached report of even date.

For and on Behalf of Board of Directors

For and on Behalf of  
Khimji Kunverji & Co LLP  
Chartered Accountants  
Registration No.:105146W/W100621

Gautam V Shah  
Partner  
Membership No: 117348  
Mumbai  
Date: June 16, 2021



Amit Rathi  
Managing Director  
DIN : 00029791  
June 14, 2021

Ashish Chauhan  
Company Secretary  
June 14, 2021

Rakesh Rawal  
Director & Chief Executive Officer  
DIN : 02639168  
June 14, 2021

Rajesh Bhutara  
Chief Financial Officer  
June 14, 2021



**ANAND RATHI WEALTH LIMITED**

(Previously Known as Anand Rathi Wealth Services Limited)

CIN : U67120MH1995PLC086696

IND AS STANDALONE STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED ON MARCH 31, 2021

(Rs in Lakh)

| PARTICULARS   | NOTES | FOR THE YEAR<br>ENDED MARCH 31,<br>2021 | FOR THE YEAR<br>ENDED MARCH<br>31, 2020 |
|---|-------|---|---|
| I Revenue From Operation  | 21    | 25,431.87                               | 32,235.53                               |
| II Other Income   | 22    | 793.41                                  | 570.22                                  |
| <b>Total Revenue</b>  |       | <b>26,225.28</b>                        | <b>32,805.75</b>                        |
| III Expenses:   |       |   |   |
| Employee Benefit Expenses   | 23    | 14,451.82                               | 16,035.68                               |
| Finance Costs   | 24    | 274.77                                  | 323.98                                  |
| Depreciation and Amortisation Expenses  | 3 & 5 | 1,239.13                                | 1,575.40                                |
| Other Expenses  | 25    | 4,025.04                                | 5,294.86                                |
| <b>Total Expenses</b>   |       | <b>19,990.76</b>                        | <b>23,229.92</b>                        |
| IV Profit Before Tax  |       | 6,234.52                                | 9,575.83                                |
| V Tax Expenses:   | 26    |   |   |
| 1. Current Tax  |       | 1,590.05                                | 2,579.90                                |
| 2. Prior Year Taxes   |       | 192.74                                  | 4.23                                    |
| 3. Deferred Tax   |       | 32.74                                   | (136.10)                                |
| <b>Total Tax Expenses</b>   |       | <b>1,815.53</b>                         | <b>2,448.03</b>                         |
| VI Profit for the year  |       | <b>4,418.99</b>                         | <b>7,127.80</b>                         |
| VII Other Comprehensive Income/(loss)   |       |   |   |
| (A) (i) Items that will not be subsequently reclassified to profit or loss<br>-Remeasurement of the net defined benefit liability |       | 11.17                                   | (105.82)                                |
| (ii) Less : Income tax relating to items that will not be reclassified to profit or loss  |       | -                                       | -                                       |
| (B) (i) Items that will be reclassified to profit or loss   |       | -                                       | -                                       |
| (ii) Income tax relating to items that will be reclassified to profit or loss   |       | -                                       | -                                       |
| <b>Total Other comprehensive Income/(Loss)</b>  |       | <b>11.17</b>                            | <b>(105.82)</b>                         |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>  |       | <b>4,430.16</b>                         | <b>7,021.98</b>                         |
| VIII Earning Per Equity Share of Face Value of Rs. 5 each   | 30    |   |   |
| Basic   |       | 16.20                                   | 26.40                                   |
| Diluted   |       | 15.97                                   | 26.04                                   |
| Notes Forming Part of Ind AS Standalone Financial Statement   | 1-44  |   |   |

As per our attached report of even date.

For and on Behalf of Board of Directors

 For and on Behalf of  
 Khimji Kunverji & Co LLP  
 Chartered Accountants  
 Registration No.:105146W/W100621



Gautam V Shah  
 Partner  
 Membership No: 117348  
 Mumbai  
 Date: June 16, 2021




Amit Rathi  
 Managing Director  
 DIN : 00029791  
 June 14, 2021



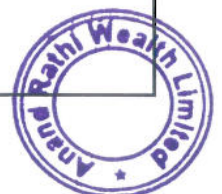
Ashish Chauhan  
 Company Secretary  
 June 14, 2021



Rakesh Rawal  
 Director & Chief Executive Officer  
 DIN : 02839168  
 June 14, 2021



Rajesh Bhutara  
 Chief Financial Officer  
 June 14, 2021





**ANAND RATHI WEALTH LIMITED**  
 (Previously Known as Anand Rathi Wealth Services Limited)  
 CIN : U67120MH1995PLC086696  
 IND AS STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(Rs in Lakh)

|   | FOR THE YEAR<br>ENDED MARCH<br>31, 2021 | FOR THE YEAR<br>ENDED MARCH<br>31, 2020 |
|---|---|---|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                 |   |   |
| NET PROFIT BEFORE TAX   | 6,234.52                                | 9,575.83                                |
| Add / (Less) :  |   |   |
| Depreciation & Amortisation                                   | 1,239.13                                | 1,575.40                                |
| Interest Income   | (312.14)                                | (238.62)                                |
| Finance Costs   | 274.77                                  | 323.98                                  |
| Gain on Sale of Investments                                   | (265.01)                                | (230.00)                                |
| Net Fair Value (Gain)/Loss on Financial Instruments           | (147.66)                                | 62.80                                   |
| Dividend  | (0.63)                                  | (0.65)                                  |
| Stock Compensation Expenses                                   | 647.93                                  | 2.65                                    |
| (Gain) or Loss on Sale of Fixed Assets/Asset written off      | (0.17)                                  | 1.41                                    |
| (Gain)/Loss on Investment in PMS                              | -                                       | (0.22)                                  |
| Bad Debts written off   | -                                       | 10.14                                   |
| Gratuity  | 106.70                                  | 79.92                                   |
| Leave   | 47.17                                   | 130.05                                  |
|   | <b>1,590.09</b>                         | <b>1,716.86</b>                         |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>        | <b>7,824.59</b>                         | <b>11,292.69</b>                        |
| Adjustment for :  |   |   |
| Decrease/(Increase) in Other Financial Assets                 | 1,884.17                                | (2,163.27)                              |
| Decrease/(Increase) in Trade Receivables                      | (201.74)                                | 118.47                                  |
| Decrease/(Increase) in Other Current Assets                   | 1,017.23                                | (808.68)                                |
| (Decrease)/Increase in Trade Payables                         | (138.90)                                | 147.89                                  |
| (Decrease)/Increase in Other Financial Liabilities            | (8,540.34)                              | 7,091.03                                |
| (Decrease)/Increase in Provisions                             | (2,224.74)                              | 416.82                                  |
| (Decrease)/Increase Other Current Liabilities                 | 391.90                                  | 120.81                                  |
|   | <b>(7,812.42)</b>                       | <b>4,923.07</b>                         |
| <b>CASH GENERATED FROM OPERATIONS</b>                         | <b>12.17</b>                            | <b>16,215.76</b>                        |
| Add / (Less) :  |   |   |
| Direct Taxes Paid (Net)                                       | (2,362.64)                              | (1,963.95)                              |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                     | <b>(2,350.47)</b>                       | <b>14,251.81</b>                        |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>               |   |   |
| Purchase of Property Plant and Equipment                      | (406.23)                                | (4,975.70)                              |
| Proceeds from Sale of Property Plant and Equipment            | 3.97                                    | 2.00                                    |
| Acquisition of Software                                       | -                                       | (79.31)                                 |
| (Loans Given)/Loans Repayment Received                        | 5,136.62                                | (4,417.56)                              |
| Dividend received   | 0.63                                    | 0.65                                    |
| Interest Received   | 267.45                                  | 197.59                                  |
| Security Deposit (Given)/Received                             | 127.33                                  | (0.75)                                  |
| Investment in Subsidiaries and Other Companies                | (0.00)                                  | (13,723.95)                             |
| Payments to acquire Investments                               | (28,242.63)                             | (568,205.00)                            |
| Proceeds on sale of Investments                               | 28,455.38                               | 575,738.77                              |
| Advance for Vehicle Purchase                                  | (135.00)                                | -                                       |
| Bank Deposits placed  | (3.00)                                  | (149.00)                                |
| <b>NET CASH (USED IN)/ FROM INVESTING ACTIVITIES</b>          | <b>5,204.52</b>                         | <b>(15,612.26)</b>                      |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>               |   |   |
| Net Borrowings  | (836.99)                                | 4,113.31                                |
| Interest paid   | (99.11)                                 | (63.43)                                 |
| Issue of Shares   | 1,080.31                                | 5.94                                    |
| Dividend paid   | (687.84)                                | -                                       |
| Repayment of Lease liabilities                                | (1,124.84)                              | (1,209.66)                              |
| <b>NET CASH (USED IN)/ FROM FINANCING ACTIVITIES</b>          | <b>(1,668.47)</b>                       | <b>2,846.16</b>                         |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> | <b>1,185.58</b>                         | <b>1,485.71</b>                         |
| CASH AND CASH EQUIVALENTS - Opening Balance                   | 2,596.31                                | 1,110.60                                |
| <b>CASH AND CASH EQUIVALENTS - Closing Balance</b>            | <b>3,781.89</b>                         | <b>2,596.31</b>                         |

**Details of Cash and Cash equivalent at the end of the year**

|                              |                 |                 |
|------------------------------|-----------------|-----------------|
| - Cash in Hand               | 1.29            | 3.36            |
| - Balance in Current Account | 980.60          | 2,592.95        |
| - Balance in Deposit Account | 2,800.00        | -               |
| <b>Total</b>                 | <b>3,781.89</b> | <b>2,596.31</b> |

Cash Flow Statement has been prepared under the Indirect Method as set out in Ind AS-7 Statement of Cash flows.

As per our attached report of even date.

For and on Behalf of Board of Directors

For and on Behalf of  
 Khimji Kunverji & Co LLP  
 Chartered Accountants  
 Registration No.:105146W/W100022

Gautam V Shah  
 Partner  
 Membership No: 117348  
 Mumbai  
 Date: June 16, 2021

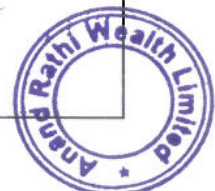


Amir Rathi  
 Managing Director  
 DIN : 00029791  
 June 14, 2021

Ashish Chauhan  
 Company Secretary  
 June 14, 2021

Rakesh Rawal  
 Director & Chief Executive Officer  
 DIN : 02839168  
 June 14, 2021

Rajesh Bhutara  
 Chief Financial Officer  
 June 14, 2021



**ANAND RATHI WEALTH LIMITED**  
(Previously Known as Anand Rathi Wealth Services Limited)  
CIN : U67120MH1995PLC086696  
IND AS STANDALONE STATEMENT OF CHANGES IN EQUITY

| A. Equity Share Capital |            |
|-------------------------|------------|
| Nos.                    | Rs in Lakh |
| 26,908,600              | 1,345.43   |
| 118,840                 | 5.94       |
| 27,027,440              | 1,351.37   |
| 486,120                 | 24.31      |
| 27,513,560              | 1,375.68   |

|  | Reserves and Surplus |                   |        | Share Options Outstanding | Other Comprehensive Income | Total Other Equity |
|--|----------------------|-------------------|--------|---------------------------|----------------------------|--------------------|
|  | Securities Premium   | Retained Earnings |        |                           |                            |                    |
| Balance as at April 1, 2019                              | 2,520.03             | 11,640.93         | 2.47   |                           | (33.08)                    | 14,130.35          |
| Profit for the year                                      | -                    | 7,127.80          | -      | -                         | -                          | 7,127.80           |
| Remeasurement of the net defined benefit liability/asset | -                    | -                 | -      | -                         | (105.82)                   | (105.82)           |
| Total  | 2,520.03             | 18,768.73         | 2.47   | -                         | (138.90)                   | 21,152.33          |
| Issue of shares on premium                               | 1.68                 | -                 | -      | -                         | -                          | 1.68               |
| Total  | 2,521.71             | 18,768.73         | 2.47   | -                         | (138.90)                   | 21,154.01          |
| Addition in Share Options during the year                | -                    | 2.65              | -      | -                         | -                          | 2.65               |
| Less : Utilisation during the year                       | -                    | (1.68)            | -      | -                         | -                          | (1.68)             |
| Transfer on account of options not exercised             | -                    | 0.14              | (0.14) | -                         | -                          | -                  |
| Balance as at March 31, 2020                             | 2,521.71             | 18,768.87         | 3.30   | -                         | (138.90)                   | 21,154.98          |
| Profit for the year                                      | -                    | 4,418.99          | -      | -                         | 11.17                      | 4,418.99           |
| Remeasurement of the net defined benefit liability/asset | -                    | -                 | -      | -                         | (127.73)                   | -                  |
| Total  | 2,521.71             | 23,187.86         | 3.30   | -                         | (127.73)                   | 25,585.14          |
| Issue of shares on premium                               | 1,267.77             | -                 | -      | -                         | -                          | 1,267.77           |
| Total  | 3,789.48             | 23,187.86         | 3.30   | -                         | (127.73)                   | 26,852.91          |
| Addition in Share Options during the year                | -                    | 647.93            | -      | -                         | -                          | 647.93             |
| Less : Utilisation during the year                       | -                    | (211.77)          | -      | -                         | -                          | (211.77)           |
| Transfer on account of options not exercised             | -                    | 0.21              | (0.21) | -                         | -                          | -                  |
| Less : Dividend Paid                                     | -                    | (687.84)          | -      | -                         | -                          | (687.84)           |
| Balance as at March 31, 2021                             | 3,789.48             | 22,500.23         | 439.25 | -                         | (127.73)                   | 26,601.23          |

As per our attached report of even date.

For and on Behalf of  
Khimji Kunverji & Co LLP  
Chartered Accountants  
Registration No.: 105146W/W/100621



Gautam V Shah  
Partner  
Membership No: 117348  
Mumbai  
Date: June 16, 2021

For and on Behalf of Board of Directors

Amit Rathi  
Managing Director  
DIN : 00029791  
June 14, 2021

Rakesh Rawal  
Director & Chief Executive Officer:  
DIN : 02839168  
June 14, 2021

Rajesh Bhdara  
Chief Financial Officer  
June 14, 2021





**ANAND RATHI WEALTH LIMITED**

(Previously Known as Anand Rathi Wealth Services Limited)

CIN : U67120MH1995PLC086696

NOTES TO IND AS STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

**1 CORPORATE INFORMATION**

Anand Rathi Wealth Limited ("the Company") having CIN U67120MH1995PLC086696 was incorporated on March 22, 1995. On March 8, 2017, the Company was converted from Private Company to Public Company. Its registered office is at Express Zone, A Wing, 10th Floor, Western Express Highway, Goregaon (E), Mumbai - 400 063, Maharashtra. With effect from January 7, 2021 the name of the company was changed from Anand Rathi Wealth Services Limited to Anand Rathi Wealth Limited. It is engaged in business of Services for Distribution and Sale of Financial products.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**(a) Statement of Compliance**

These financial statements are prepared in accordance with the Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ("the Act"), amendments thereto and other relevant provisions of the Act.

The financial statements were approved for issue by the Board of Directors of the Company at their meeting held on June 14, 2021.

**(b) Basis of preparation of Ind AS Standalone Financial Statements**

These Financial Statements have been prepared on historical cost basis, except for certain financial instruments, which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 and leasing transactions that are within the scope of Ind AS 116.

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the previous year by the Company.

**Fair Value Measurement**

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability.

**(c) Critical Accounting Judgments and key Sources of Estimation Uncertainty**

The preparation of the Company's Ind AS Standalone Financial Statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in next financial years.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

(i) Amortisation of Customer relationship cost: During the year 2016-17 company has acquired Private Wealth Management business from Religare Wealth Management Limited, for which the company has made payment which have been capitalised as Customer Relationship Cost. Company expects that it will get future economic benefit of it over the period of 3 years.

(ii) Depreciation / Amortisation and useful lives of property, plant and equipment: Company depreciate its tangible assets over the useful life of an Asset as prescribed under Part C of Schedule II of Companies Act, 2013. Company remeasure remaining useful life of an asset at the end of each reporting date.



**ANAND RATHI WEALTH LIMITED**

(Previously Known as Anand Rathi Wealth Services Limited)

CIN : U67120MH1995PLC086696

NOTES TO IND AS STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(iii) Fair value measurement: Fair Value is a price of orderly transaction between market participants at the measurement date under current market conditions. Company determines Fair Value of Quoted Investment from available market price. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

(iv) Provisions: Provisions are recognized when there is a present obligation (legal or constructive) as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation. Management estimates it by using its best judgement of future cash outflow.

(v) Taxes: The Company periodically assesses its liabilities and contingencies related to income taxes for all years open to scrutiny based on latest information available. For matters where it is probable that an adjustment will be made, the Company records its best estimates of the tax liability in the current tax provision. The Management believes that it has adequately provided for the probable outcome of these matters.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

**(vi) Recognition and measurement of defined benefit obligations**

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and attrition rate. The discount rate is determined by reference to market yields at the end of the reporting period on government securities.

(vii) Leases: The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**(d) Current and Non-Current Classification**

An asset shall be classified as current when it satisfies any of the following criteria:—

- (a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
  - (b) it is held primarily for the purpose of being traded;
  - (c) it is expected to be realised within twelve months after the reporting date; or
  - (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
- All other assets shall be classified as non-current.

A liability shall be classified as current when it satisfies any of the following criteria:—

- (a) it is expected to be settled in the company's normal operating cycle;
  - (b) it is held primarily for the purpose of being traded;
  - (c) it is due to be settled within twelve months after the reporting date; or
  - (d) the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.
- Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. All other liabilities shall be classified as non-current.

**(e) Property, Plant and Equipment & Intangible Assets and Depreciation & Amortisation**

**Property, Plant and Equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Direct costs in relation to the fixed assets are capitalized until such assets are ready for use.





**ANAND RATHI WEALTH LIMITED****(Previously Known as Anand Rathi Wealth Services Limited)**

CIN : U67120MH1995PLC086696

NOTES TO IND AS STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(i) Tangible Assets: Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased during a period is proportionately charged. The Management estimates the useful lives and residual values of the fixed assets as prescribed under Part C of Schedule II of the Companies Act 2013 as follows.

| <u>Fixed Assets</u>          | <u>Useful Life</u> |
|------------------------------|--------------------|
| Office Equipments            | 5 years            |
| Computer Equipments          |                    |
| a. Server                    | 6 years            |
| b. Other Computer Equipments | 3 years            |
| Motor Car                    | 8 years            |
| Furniture and Fixtures       | 10 years           |

(ii) Improvements on leased premises are depreciated over the lease period or useful life of the fixtures, whichever is lower.

(iii) Intangible Assets: Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment, if any. Amortisation is recognised in profit & loss on a straight line basis over the estimated useful lives of respective intangible assets, but not exceeding the useful lives given hereunder:

Customer Relationship and Software cost is amortised over the period of 3 years.

(iv) Capital work-in-progress comprises cost of property, plant and equipment that are not yet ready for their intended use as at the year end

**(f) Financial Instruments**

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

**Initial Recognition :**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Profit and Loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**(i) Classification & Measurement of Financial Assets**

Financial assets are classified as 'Amortised Cost', 'Fair Value through Profit and Loss' (FVTPL) and 'Fair Value through Other Comprehensive Income' (FVTOCI) in the following categories:

Debt Instruments at amortised cost: Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for those designated at FVTPL on initial recognition)

- the asset is held within a business model whose objective is to hold asset to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Debt Instruments at FVTOCI: Debt instruments that meet the following conditions are subsequently measured at FVTOCI (except for those designated at FVTPL on initial recognition)

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Debt Instruments at FVTPL: Any debt instrument which is either initially designated at FVTPL or which does not meet the criteria for Amortised cost or FVTOCI is measured at FVTPL.



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CIN : U67120MH1995PLC086696

NOTES TO IND AS STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

**Effective Interest Rate Method:** Interest income from security deposits and debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**Equity Instruments at FVTOCI:** On initial recognition, the Company can make an irrevocable election (on an instrument by instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the instrument is held for trading. The cumulative gain or loss is not reclassified to the Statement of Profit and Loss on disposal of the investment.

**Financial Assets at FVTPL:** Investments in equity instruments are classified at FVTPL, unless they were irrevocably elected on initial recognition as FVOCI. Financial Assets at FVTPL are measured at Fair Value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the Statement of Profit and Loss.

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

*(ii) Impairment of financial assets*

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost, FVOCI debt instruments, and other financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

*(iii) Derecognition of financial assets*

A financial asset is derecognised only when :

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

*(iv) Financial Liabilities:*

Financial liabilities which are held for trading or are designated at FVTPL are measured at fair value with changes being recognised in the statement of Profit and Loss.

Financial liabilities that are not held for trading and are not designated as at FVTPL, are measured at amortised cost. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

*(v) Derecognition of financial liabilities*

Company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. A substantial modification in the terms of an existing financial liability is accounted as a discharge of original financial liability and recognition of new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised as profit or loss.

*(vi) Offsetting financial assets and liabilities*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right and ability to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.





**ANAND RATHI WEALTH LIMITED**

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NOTES TO IND AS STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

**(g) Derivatives financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss.

**(h) Impairment of Assets**

Property, plant or equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amount may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value in use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent to those from other assets.

The Carrying Amount of Assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss, if any, is charged to Statement of Profit and Loss in the year in which an asset is identified as impaired. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exists or have decreased

**(i) Cash and cash equivalents**

(i) Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term deposit with original maturity upto three months, which are subject to insignificant risk of changes in value.

(ii) For the purpose of presentation in the statement of cash flows, cash and cash equivalents consists of cash and short-term deposit, as defined above, net of outstanding bank overdraft as they are considered as an integral part of Company's cash management.

**(j) Borrowing Cost and Finance Charges**

Borrowing cost attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such assets up to the date when such assets are ready for its intended use. Other borrowing cost are charged to the statement of profit and loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate applicable to the respective borrowings.

**(k) Leases**

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated on a straight-line basis over the lease term. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.



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The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**(l) Employee Benefits**

Defined Contribution plan - Retirement benefit in the form of Provident Fund is a defined contribution scheme. The Company is statutorily required to contribute a specified portion of the basic salary of an employee to a provident fund as a part of retirement benefits to its employees. The contributions during the period are charged to statement of profit and loss. The Company recognizes contribution payable to the Provident Fund scheme as an expenditure when an employee renders related service.

Defined Benefit Plan - Gratuity, which is in the nature of Defined Benefit Schemes, are payable only to employees and accounted for on accrual basis. The Cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses are recognised in other comprehensive income in the period in which they occur and are not reclassified to the Statement of Profit and Loss.

The Company has funded its Gratuity liability under group scheme with an Insurer. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of the scheme assets. Any asset resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the scheme.

Short Term Employee Benefits - The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include incentive and Annual Leave which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

**(m) Revenue Recognition**

Ind AS 115 - The Company assesses the nature, timing and extent of revenue based on performance obligations in its contracts/understanding/trade customs with customers & clients.

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Company and the amount based on performance obligation can be reliably measured. Revenue is measured at the fair value of consideration received or receivable taking into account the amount of discounts.

Income from Distribution and sale of Financial product includes Distribution income on Mutual Fund, Portfolio Management Service (PMS), Referral fees, Consultancy income, Gain/ Loss on sale of Investment (Structured Product), Commission income and Marketing Support charges.

1. Income related with Distribution income on Mutual Fund, PMS, Advisory activities, Referral fees, Consultancy, commission Income and Marketing Support charges is accounted on accrual basis.
2. Dividend income is accounted for when the right to receive the Dividend income is established.
3. Difference between the sale price and the carrying value of investment is recognised as profit or loss on sale/ redemption on investment on trade date of transaction. Carrying value of investments is determined based on weighted average cost of investments sold.
4. Interest income is recognised on a time basis using the effective interest method.





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**(n) Taxes on Income**

Current Tax: Provision for Income Tax is determined in accordance with the provisions of the Income Tax Act, 1961. Provision for Minimum Alternative Tax (MAT) is in accordance with the provisions of Section 115JB of the Income Tax Act, 1961.

Deferred Tax: Deferred tax is provided, on all temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Tax relating to items recognised directly in equity or OCI is recognised in equity or OCI and not in the Statement of Profit and Loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable.

**(o) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when there is a present obligation (legal or constructive) as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation.

Contingent Liabilities are possible but not probable obligations as on the Balance Sheet date, based on the available evidence. Contingent Liabilities are not recognised in the Ind AS Standalone Financial Statements.

Contingent Assets are neither recognized nor disclosed.

**(p) Earning per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(q) Cash Flow Statement**

Cash flows statement is prepared using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**(r) Share Based payment Arrangements**

Equity settled share based payments to employees and others are measured at the fair value of equity instruments at the grant date. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instrument that will eventually vest, with a corresponding increase in equity.

**(s) Rounding of amounts**

All amounts disclosed in the Ind AS Standalone Financial Statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.



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3 PROPERTY, PLANT AND EQUIPMENT

(Rs In Lakh)

| Description                                   | Right-of-Use Asset | Leasehold Improvements | Computer equipment | Vehicles | Office equipments | Furniture & Fixtures | Total    |
|---|--------------------|------------------------|--------------------|----------|-------------------|----------------------|----------|
| Gross Block as at April 1, 2020               | 3,443.50           | 52.36                  | 539.18             | 164.43   | 64.87             | 302.39               | 4,566.73 |
| Additions                                     | -                  | -                      | 34.49              | -        | 5.28              | 1.12                 | 40.89    |
| Disposals/Written off                         | 373.13             | -                      | 5.94               | -        | -                 | 0.50                 | 379.57   |
| Gross Block as at March 31, 2021              | 3,070.37           | 52.36                  | 567.73             | 164.43   | 70.15             | 303.01               | 4,228.05 |
| Accumulated depreciation as at April 1, 2020  | 1,131.23           | 6.30                   | 174.55             | 53.23    | 19.41             | 43.60                | 1,428.32 |
| Depreciation for the year                     | 1,009.92           | 4.97                   | 128.17             | 19.53    | 12.76             | 28.88                | 1,204.23 |
| Less : Disposals/Written off                  | 362.84             | -                      | 5.65               | -        | -                 | 0.04                 | 368.53   |
| Accumulated depreciation as at March 31, 2021 | 1,778.31           | 11.27                  | 297.07             | 72.76    | 32.17             | 72.44                | 2,264.02 |
| Net carrying amount as at March 31, 2021      | 1,292.06           | 41.09                  | 270.66             | 91.67    | 37.98             | 230.57               | 1,964.03 |

| Description                                   | Right-of-Use Asset | Leasehold Improvements | Computer equipment | Vehicles | Office equipments | Furniture & Fixtures | Total    |
|---|--------------------|------------------------|--------------------|----------|-------------------|----------------------|----------|
| Gross Block as at April 1, 2019               | -                  | 52.36                  | 261.96             | 164.43   | 60.13             | 262.37               | 801.25   |
| Additions                                     | 3,443.50           | -                      | 280.01             | -        | 4.82              | 42.29                | 3,770.62 |
| Disposals                                     | -                  | -                      | 2.79               | -        | 0.08              | 2.27                 | 5.14     |
| Gross Block as at March 31, 2020              | 3,443.50           | 52.36                  | 539.18             | 164.43   | 64.87             | 302.39               | 4,566.73 |
| Accumulated depreciation as at April 1, 2019  | -                  | 1.31                   | 71.46              | 33.65    | 7.50              | 18.02                | 131.94   |
| Depreciation for the year                     | 1,131.23           | 4.99                   | 104.16             | 19.58    | 11.96             | 26.19                | 1,298.11 |
| Less : Disposals                              | -                  | -                      | 1.07               | -        | 0.05              | 0.61                 | 1.73     |
| Accumulated depreciation as at March 31, 2020 | 1,131.23           | 6.30                   | 174.55             | 53.23    | 19.41             | 43.60                | 1,428.32 |
| Net carrying amount as at March 31, 2020      | 2,312.27           | 46.06                  | 364.63             | 111.20   | 45.46             | 258.79               | 3,138.41 |

4 CAPITAL WORK IN PROGRESS

| Description          | Building | Total    |
|----------------------|----------|----------|
| As at April 1, 2020  | 6,538.58 | 6,538.58 |
| Additions            | 365.34   | 365.34   |
| Disposals            | -        | -        |
| As at March 31, 2021 | 6,903.92 | 6,903.92 |

| Description          | Building | Total    |
|----------------------|----------|----------|
| As at April 1, 2019  | -        | -        |
| Additions            | 6,538.58 | 6,538.58 |
| Disposals            | -        | -        |
| As at March 31, 2020 | 6,538.58 | 6,538.58 |

5 OTHER INTANGIBLE ASSETS

(Rs In Lakh)

| Description                                   | Software | Customer Relationship | Total  |
|---|----------|-----------------------|--------|
| Opening Gross Block as at April 1, 2020       | 101.06   | 856.31                | 957.37 |
| Additions                                     | -        | -                     | -      |
| Disposals                                     | -        | -                     | -      |
| Gross Block as at March 31, 2021              | 101.06   | 856.31                | 957.37 |
| Accumulated amortisation as at April 1, 2020  | 29.63    | 853.40                | 883.03 |
| Amortisation for the year                     | 32.00    | 2.91                  | 34.91  |
| Disposals                                     | -        | -                     | -      |
| Accumulated amortisation as at March 31, 2021 | 61.63    | 856.31                | 917.94 |
| Net carrying amount as at March 31, 2021      | 39.43    | -                     | 39.43  |

| Description                                   | Software | Customer Relationship | Total  |
|---|----------|-----------------------|--------|
| Gross Block as at April 1, 2019               | 21.75    | 856.31                | 878.06 |
| Additions                                     | 79.31    | -                     | 79.31  |
| Disposals                                     | -        | -                     | -      |
| Gross Block as at March 31, 2020              | 101.06   | 856.31                | 957.37 |
| Accumulated amortisation as at April 1, 2019  | 4.46     | 601.29                | 605.75 |
| Amortisation for the year                     | 25.17    | 252.11                | 277.28 |
| Less : Disposals                              | -        | -                     | -      |
| Accumulated amortisation as at March 31, 2020 | 29.63    | 853.40                | 883.03 |
| Net carrying amount as at March 31, 2020      | 71.43    | 2.91                  | 74.34  |





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6 INVESTMENTS

(Rs In Lakh)

|  | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Qty. In Nos.            | Qty. In Nos.            | Amount                  | Amount                  |
| (i) Investments - Non current  |                         |                         |                         |                         |
| <b>Un-Quoted - Fully Paid</b>  |                         |                         |                         |                         |
| Investment in Equity Shares of Subsidiaries at Cost                                  |                         |                         |                         |                         |
| AR Digital Wealth Private Limited  | 4,057,059               | 4,057,059               | 5,147.06                | 5,147.06                |
| Freedom Wealth Solutions Private Limited   | 2,371,625               | 2,371,625               | 237.16                  | 237.16                  |
| Ffreedom Intermediary Infrastructure Private Limited*                                | 829,252                 | 829,252                 | 3,598.95                | 3,598.95                |
| Investment in Equity Shares of Other Companies at Fair Value through Profit and Loss |                         |                         |                         |                         |
| Anand Rathi Global Finance Limited*  | 2,250,000               | 2,250,000               | 10,181.48               | 10,131.75               |
|  |                         |                         | <b>19,164.65</b>        | <b>19,114.92</b>        |
| Aggregate amount of Un-quoted Investment   |                         |                         | 19,164.65               | 19,114.92               |
| Aggregate provision made for unquoted Investment                                     |                         |                         | -                       | -                       |

\* During the FY 19-20, Company had purchased 8,29,252 shares of Ffreedom Intermediary Infrastructure Private Limited for consideration of Rs 3598.95 lakhs and 22,50,000 shares of Anand Rathi Global Finance Limited for consideration of Rs. 10125.00 lakhs

(Rs in Lakh)

|   | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Qty. In Nos.            | Qty. In Nos.            | Amount                  | Amount                  |
| (ii) Investments - Current  |                         |                         |                         |                         |
| <b>Quoted</b>   |                         |                         |                         |                         |
| Investment in Mutual Fund   |                         |                         | (0.00)                  |                         |
| Franklin India Ultra Short Bond Fund - Super Institutional - Growth | 41,405.24               | -                       | 12.31                   | -                       |
| Franklin Low Duration Fund Growth Plan                              | 13,182.28               | -                       | 3.06                    | -                       |
| Franklin India Low Duration Fund - Direct - Growth                  | 3,553.75                | -                       | 0.85                    | -                       |
| Investment in PMS at Fair Value through Profit and Loss*            |                         |                         | 156.07                  | 109.31                  |
| <b>Unquoted</b>   |                         |                         |                         |                         |
| Investment in PMS at Fair Value through Profit and Loss*            |                         |                         | 95.55                   | 73.90                   |
|   |                         |                         | <b>267.84</b>           | <b>183.21</b>           |
| Aggregate amount of Quoted Investment and market value thereof      |                         |                         | 172.29                  | 109.31                  |
| Aggregate amount of Un-quoted Investment                            |                         |                         | 95.55                   | 73.90                   |

\* The amount represents Investment in Portfolio which is managed by Anand Rathi Advisors Limited - PMS and includes equity shares, mutual fund units, debentures and other investments.



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| 7 LOANS |  | (Rs in Lakh)            |                         |
|---------|--|-------------------------|-------------------------|
|         |  | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
| (i)     | Loans - Non current  |                         |                         |
|         | (Un Secured, Considered Good)  |                         |                         |
|         | Security Deposits  | 203.69                  | 236.36                  |
|         |  | <b>203.69</b>           | <b>236.36</b>           |
|         |  | (Rs in Lakh)            |                         |
|         |  | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
| (ii)    | Loans - Current  |                         |                         |
|         | (Un Secured, Considered Good)  |                         |                         |
|         | Security Deposits  | 112.03                  | 178.86                  |
|         | Intercorporate Deposit To Related Party<br>Anand Rathi Advisors Ltd                                  | -                       | 5,076.31                |
|         | (Secured, Considered Good)   |                         |                         |
|         | Others   | -                       | 19.67                   |
|         |  | <b>112.03</b>           | <b>5,274.84</b>         |
|         |  | (Rs in Lakh)            |                         |
|         |  | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
| 8       | OTHER FINANCIAL ASSETS   |                         |                         |
| (i)     | Other Financial Assets - Non current   |                         |                         |
|         | Fixed Deposit with Bank*   | 202.00                  | 199.00                  |
|         | Staff Advances   | 21.20                   | -                       |
|         |  | <b>223.20</b>           | <b>199.00</b>           |
|         | *(Of the above Rs. 199 lakh is under Lien against Bank Overdraft)                                    |                         |                         |
|         |  | (Rs in Lakh)            |                         |
|         |  | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
| (ii)    | Other Financial Assets - Current   |                         |                         |
|         | Option Premium (net)   | -                       | 409.23                  |
|         | Accrued Interest   | 25.32                   | 8.46                    |
|         | Fixed Deposit with Bank<br>(Above Fixed Deposit is under Lien against Bank Overdraft)                | 350.00                  | 50.00                   |
|         | Securities Held as Stock in trade  |                         |                         |
|         | <u>Un-Quoted - Fully Paid up</u>   |                         |                         |
|         | Debentures at Fair Value through Profit and Loss<br>In Anand Rathi Global Finance Limited Debentures | 836.19                  | 2,481.51                |
|         | Staff Advances   | 20.89                   | 146.75                  |
|         | Other Receivables  | -                       | 0.01                    |
|         |  | <b>1,232.40</b>         | <b>3,095.96</b>         |
|         | Aggregate amount of Un-quoted Debentures   | 836.19                  | 2,481.51                |





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|    |   | (Rs in Lakh)            |                         |
|----|---|-------------------------|-------------------------|
| 9  | DEFERRED TAX ASSETS / (LIABILITIES)                             | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
|    | Depreciation  | 50.02                   | 62.25                   |
|    | Long Term Capital Loss  | 9.86                    | 9.86                    |
|    | Leave Provision   | 88.25                   | 76.37                   |
|    | Fair Valuation of Financial Instruments and Equity Shares       | (31.68)                 | 15.80                   |
|    | Impact on recognition of Right-of-Use Asset and Lease Liability | 60.91                   | 45.80                   |
|    |   | <u>177.36</u>           | <u>210.08</u>           |
|    |   | (Rs in Lakh)            |                         |
| 10 | OTHER NON CURRENT ASSETS  | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
|    | Advance Tax (Net of Provision)                                  | 871.63                  | 291.78                  |
|    | Capital Advances  | 135.00                  | -                       |
|    |   | <u>1,006.63</u>         | <u>291.78</u>           |
|    |   | (Rs in Lakh)            |                         |
| 11 | TRADE RECEIVABLES   | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
|    | (Unsecured, Considered good)<br>Trade Receivables               | 1,000.94                | 799.19                  |
|    |   | <u>1,000.94</u>         | <u>799.19</u>           |
|    |   | (Rs in Lakh)            |                         |
| 12 | CASH AND CASH EQUIVALENTS                                       | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
|    | Balances with Banks   |                         |                         |
|    | - in Current Accounts   | 980.60                  | 2,592.95                |
|    | - in Deposit Accounts   | 2,800.00                | -                       |
|    | Cash in Hand  | 1.29                    | 3.36                    |
|    |   | <u>3,781.89</u>         | <u>2,596.31</u>         |
|    |   | (Rs in Lakh)            |                         |
| 13 | OTHER CURRENT ASSETS  | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
|    | (Unsecured, Considered good)                                    |                         |                         |
|    | Staff Advances  | -                       | 0.46                    |
|    | Income Tax Refund Receivable                                    | -                       | 948.35                  |
|    | Prepaid Expenses  | 69.76                   | 16.03                   |
|    | Input tax credit receivable                                     | 28.44                   | 89.73                   |
|    | TCS Recoverable   | 35.48                   | -                       |
|    | Other Receivables   | 0.85                    | -                       |
|    | Advance to Others   | 2.47                    | 99.66                   |
|    |   | <u>137.00</u>           | <u>1,154.23</u>         |



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|    |  | (Rs in Lakh)            |                         |
|----|--|-------------------------|-------------------------|
|    |  | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
| 14 | <b>EQUITY SHARE CAPITAL</b>  |                         |                         |
|    | <b>Authorised</b>  |                         |                         |
|    | 4,00,00,000 (FY 19-20 - 4,00,00,000 Equity Shares of Rs.5/-each) Equity Shares of Rs.5/-each                 | 2,000.00                | 2,000.00                |
|    |  | <b>2,000.00</b>         | <b>2,000.00</b>         |
|    | <b>Issued, Subscribed and Paid Up</b>  |                         |                         |
|    | 2,75,13,560 (FY 19-20 - 2,70,27,440 Equity Shares of Rs 5/- each ) Equity Shares of Rs.5/-each Fully Paid Up | 1,375.68                | 1,351.37                |
|    |  | <b>1,375.68</b>         | <b>1,351.37</b>         |

## (i) Reconciliation for No. of shares outstanding during the year

| Equity Shares  | April 20 to March 21 |                 | April 19 to March 20 |                 |
|--|----------------------|-----------------|----------------------|-----------------|
|  | No. of Shares        | (Rs in Lakh)    | No. of Shares        | (Rs in Lakh)    |
| Shares outstanding at the beginning of the year              | 27,027,440           | 1,351.37        | 26,908,600           | 1,345.43        |
| Shares Issued during the year for consideration of Rs 5 each | 486,120              | 24.31           | 118,840              | 5.94            |
| Shares outstanding at the end of the year                    | <b>27,513,560</b>    | <b>1,375.68</b> | <b>27,027,440</b>    | <b>1,351.37</b> |

 (ii) Terms/Rights attached to the Equity Shares  
Equity Shares

The Company has only one class of shares referred to as Equity Shares having a face value of Rs 5 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupee. The dividend proposed by the Board of Directors, if any, is subject to the approval of the Shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2021, interim dividend of Rs 2.5/- per share (PY - Rs nil ) has been paid and recognised as distribution to equity shareholders.

In the event of Liquidation of the Company, the holders of equity shares will 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.

## (iii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

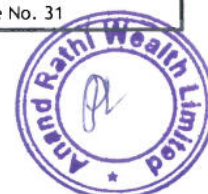
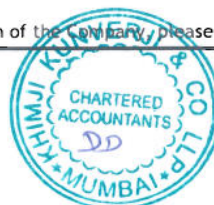
| Name of Shareholders                   | AS AT MARCH 31, 2021 |               | AS AT MARCH 31, 2020 |               |
|--|----------------------|---------------|----------------------|---------------|
|  | No. of shares held   | % of Holdings | No. of shares held   | % of Holdings |
| Anand Rathi Financial Services Limited | 11,964,082           | 43.48         | 11,964,082           | 44.27         |
| Anand Rathi                            | 3,658,260            | 13.30         | 3,658,260            | 13.54         |
| Pradeep Kumar Gupta                    | 1,510,508            | 5.49          | 1,510,508            | 5.59          |

## (iv) Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

|                | Bonus shares issued by the Company | Issue of shares for consideration other than cash | Shares bought back |
|----------------|------------------------------------|---|--------------------|
| March 31, 2020 | -                                  | -   | -                  |
| March 31, 2019 | -                                  | -   | -                  |
| March 31, 2018 | -                                  | -   | -                  |
| March 31, 2017 | -                                  | -   | -                  |
| March 31, 2016 | 6,230,464                          | -   | -                  |

## (v) Share reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer Note No. 31





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(Previously Known as Anand Rathi Wealth Services Limited)

CIN : U67120MH1995PLC086696

NOTES TO IND AS STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

|           |  | (Rs in Lakh)            |                         |
|-----------|--|-------------------------|-------------------------|
|           |  | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
| <b>15</b> | <b>OTHER EQUITY</b>                            |                         |                         |
| (a)       | <b>Securities Premium</b>                      |                         |                         |
|           | Opening balance                                | 2,521.71                | 2,520.03                |
|           | Add: Addition During the year                  | 1,267.77                | 1.68                    |
|           | Balance as at year end                         | <u>3,789.48</u>         | <u>2,521.71</u>         |
| (b)       | <b>Share Options Outstanding Account</b>       |                         |                         |
|           | Opening Balance                                | 3.30                    | 2.47                    |
|           | Addition during the year                       | 647.93                  | 2.65                    |
|           | Less : Transferred to Securities Premium       | (211.77)                | (1.68)                  |
|           | Less : Reversal during the year                | (0.21)                  | (0.14)                  |
|           | Balance as at year end                         | <u>439.25</u>           | <u>3.30</u>             |
| (c)       | <b>Retained Earnings</b>                       |                         |                         |
|           | Opening Balance                                | 18,768.87               | 11,640.93               |
|           | Add: Profit During the year                    | 4,418.99                | 7,127.80                |
|           | Add : Reversal of ESOP                         | 0.21                    | 0.14                    |
|           | Less: Dividend Paid                            | (687.84)                | -                       |
|           | Balance as at year end                         | <u>22,500.23</u>        | <u>18,768.87</u>        |
| (d)       | <b>Other Comprehensive Income</b>              |                         |                         |
|           | Opening Balance                                | (138.90)                | (33.08)                 |
|           | Remeasurement of defined employee benefit plan | 11.17                   | (105.82)                |
|           | Balance as at year end                         | <u>(127.73)</u>         | <u>(138.90)</u>         |
|           | <b>TOTAL OTHER EQUITY</b>                      | <u>26,601.23</u>        | <u>21,154.98</u>        |

**Nature & Purpose of Reserves :****Securities Premium**

Balance of Security premium consist on issue of share over its face value. The balance will be utilised for issue of as per provisions of Section 52 of the Companies Act, 2013.

**Share Option Outstanding Account**

The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees.

**Retained earnings**

Retained earnings comprises of the of the amounts that can be distributed by the Company as dividends to its equity share holders.

**Other Comprehensive Income (OCI)**

OCI includes remeasurement of defined employee benefit plan on account of actuarial gains and losses as per Ind AS 19 Employee Benefits



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|           |  | (Rs in Lakh)            |                         |
|-----------|--|-------------------------|-------------------------|
|           |  | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
| <b>16</b> | <b>BORROWINGS</b>  |                         |                         |
| (i)       | Borrowings - Non current   |                         |                         |
|           | Term Loan - Loan against Property  | 2,487.76                | 3,312.81                |
|           | (Secured against 8th & 9th Floor (2nd & 3rd Office Floor), Block 'B' & 'C' of Wing E, Trade Link, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai)       |                         |                         |
|           | Terms of repayment - Repayable in 5 Years (20 quarters), last instalment falling due on March 18, 2025   |                         |                         |
|           | The rate of interest will be I-MCLR 1 Year + Spread, determined at the date of disbursement and reset at end of every 12 months from the date of disbursement. |                         |                         |
|           | The Company has made regular repayment of principal & interest due over the reporting period   |                         |                         |
|           | Term Loan - Vehicle Loan   | 8.61                    | 23.16                   |
|           | (Secured against hypothecation of vehicle purchased)   |                         |                         |
|           | Terms of repayment - Repayable in 36 to 60 equal monthly instalments, last instalment falling due on March 02, 2020 to March 03, 2023.                         |                         |                         |
|           | The rate of interest ranges between 8% to 11% p.a.   |                         |                         |
|           | The Company has made regular repayment of principal & interest due over the reporting period   |                         |                         |
|           |  | <b>2,496.37</b>         | <b>3,335.97</b>         |
|           |  |                         | (Rs in Lakh)            |
|           |  | AS AT MARCH 31,<br>2021 | AS AT MARCH 31,<br>2020 |
| (ii)      | Borrowings - Current   |                         |                         |
|           | Current Maturity of Secured Loan from Banks  |                         |                         |
|           | Term Loan - Loan against Property  | 825.07                  | 823.34                  |
|           | Term Loan - Vehicle Loan   | 14.55                   | 13.68                   |
|           |  | <b>839.62</b>           | <b>837.02</b>           |
| <b>17</b> | <b>TRADE PAYABLES</b>  |                         |                         |
|           | Total outstanding dues of micro, small and medium enterprises*   | 8.15                    | 34.25                   |
|           | Total outstanding dues to other than micro, small and medium enterprises   | 8.35                    | 121.14                  |
|           |  | <b>16.50</b>            | <b>155.39</b>           |

\* The above disclosure is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the Micro, Small and Medium Enterprise Development Act, 2006 (Refer Note - 38).





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|           |   | (Rs in Lakh)                        |                                       |
|-----------|---|-------------------------------------|---------------------------------------|
|           |   | AS AT MARCH 31,<br>2021             | AS AT MARCH 31,<br>2020               |
| <b>18</b> | <b>OTHER FINANCIAL LIABILITIES</b>  |                                     |                                       |
| (i)       | Other Financial Liabilities - Non Current<br>Lease Liability  | 637.37                              | 1,422.17                              |
|           |   | <b>637.37</b>                       | <b>1,422.17</b>                       |
| (ii)      | Other Financial Liabilities - Current<br>Accrued Salaries and Benefits<br>Lease Liability<br>Provision for Expenses<br>Advance from Customers | 43.31<br>781.37<br>272.13<br>202.39 | 11.75<br>956.75<br>179.41<br>8,863.25 |
|           |   | <b>1,299.20</b>                     | <b>10,011.16</b>                      |
|           |   | (Rs in Lakh)                        |                                       |
| <b>19</b> | <b>OTHER CURRENT LIABILITIES</b>  | AS AT MARCH 31,<br>2021             | AS AT MARCH 31,<br>2020               |
|           | Statutory Dues  | 910.89                              | 519.84                                |
|           | Advance Received  | 0.98                                | 0.13                                  |
|           |   | <b>911.87</b>                       | <b>519.97</b>                         |
| <b>20</b> | <b>PROVISIONS</b>   | (Rs in Lakh)                        |                                       |
|           |   | AS AT MARCH 31,<br>2021             | AS AT MARCH 31,<br>2020               |
| (i)       | Employee Benefit Liabilities - Non Current<br>Gratuity Provision  | 95.54                               | 185.73                                |
|           |   | <b>95.54</b>                        | <b>185.73</b>                         |
| (ii)      | Employee Benefit Liabilities - Current<br>Leave Provision<br>Incentive Provision  | 350.63<br>1,591.00                  | 303.45<br>3,630.00                    |
|           |   | <b>1,941.63</b>                     | <b>3,933.45</b>                       |



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|  |   | (Rs in Lakh)                            |   |
|--|---|---|---|
|  |   | FOR THE YEAR<br>ENDED MARCH 31,<br>2021 | FOR THE YEAR<br>ENDED MARCH<br>31, 2020 |
| <b>21</b>  | <b>REVENUE FROM OPERATION</b>   |   |   |
|  | Mutual Fund Distribution Income   | 8,645.28                                | 9,621.74                                |
|  | Income from Distribution & Sale of Financial Product  | 16,786.59                               | 22,613.79                               |
|  |   | <b>25,431.87</b>                        | <b>32,235.53</b>                        |
|  |   | (Rs in Lakh)                            |   |
|  |   | FOR THE YEAR<br>ENDED MARCH 31,<br>2021 | FOR THE YEAR<br>ENDED MARCH<br>31, 2020 |
| <b>22</b>  | <b>OTHER INCOME</b>   |   |   |
|  | Interest Income   | 312.14                                  | 238.62                                  |
|  | Gain on sale of Investment  | 265.01                                  | 230.21                                  |
|  | Dividend Received   | 0.63                                    | 0.65                                    |
|  | Miscellaneous and Other Income  | 215.63                                  | 100.74                                  |
|  |   | <b>793.41</b>                           | <b>570.22</b>                           |
|  |   | (Rs in Lakh)                            |   |
|  |   | FOR THE YEAR<br>ENDED MARCH 31,<br>2021 | FOR THE YEAR<br>ENDED MARCH<br>31, 2020 |
| <b>23</b>  | <b>EMPLOYEE BENEFIT EXPENSES</b>  |   |   |
|  | Salaries, Incentive & Allowances  | 12,960.47                               | 15,121.28                               |
|  | Contribution to Provident and Other Funds   | 783.53                                  | 793.75                                  |
|  | Share based Payments to Employees   | 647.93                                  | 2.65                                    |
|  | Staff Welfare Expenses  | 59.89                                   | 118.00                                  |
|  |   | <b>14,451.82</b>                        | <b>16,035.68</b>                        |
| <p>The Company is recognizing and accruing the retirement benefits as per Indian Accounting Standard (Ind AS) 19 on "Employee Benefits". The details are as enunciated below as certified by an Independent Actuary.</p> |   |   |   |
| <b>A</b>   | <b>Defined Benefit Plans</b>  |   |   |
|  | <b>Gratuity:</b>  |   |   |
|  | The gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Group and is in accordance with the Rules of the Company for payment of gratuity. |   |   |





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**Inherent Risk**

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, this exposes the Company to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employee in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

| Particulars   | (Rs in Lakh)                            |   |
|---|---|---|
|   | FOR THE YEAR<br>ENDED MARCH 31,<br>2021 | FOR THE YEAR<br>ENDED MARCH<br>31, 2020 |
| <b>Amounts recognized in the Balance Sheet in respect of gratuity (funded by the Company):</b>  |   |   |
| Present value of the funded defined benefit obligation at the end of the year   | 700.34                                  | 582.43                                  |
| Less: Fair value of plan assets   | 604.80                                  | 396.70                                  |
| <b>Net Liability/( Asset)</b>   | <b>95.54</b>                            | <b>185.73</b>                           |
| <b>Amounts recognized in Salary, Wages and Employee Benefits in the Profit and Loss Account in respect of gratuity (funded by the Company):</b> |   |   |
| Current Service cost  | 95.80                                   | 74.67                                   |
| Interest on Defined Benefit Obligations   | 37.09                                   | 30.12                                   |
| Expected return on plan assets  | (26.18)                                 | (24.87)                                 |
| Past Service Cost - Vested Benefit recognised during the year   | -                                       | -                                       |
| <b>Net Gratuity Cost</b>  | <b>106.71</b>                           | <b>79.92</b>                            |
| <b>Amount recognized in Other Comprehensive Income (OCI)</b>  |   |   |
| Amount recognized in OCI in beginning of the year   | 138.89                                  | 33.08                                   |
| <b>Remeasurement due to:</b>  |   |   |
| Effect of Change in financial assumptions   | 20.46                                   | 27.12                                   |
| Effect of Change in demographic assumptions   | -                                       | (1.42)                                  |
| Effect of experience adjustments  | 48.40                                   | 56.61                                   |
| <b>Actuarial (Gains)/Losses</b>   | <b>68.86</b>                            | <b>82.31</b>                            |
| Less : Return on plan assets (excluding interest)   | 80.03                                   | (23.50)                                 |
| <b>Total remeasurements recognized in OCI</b>   | <b>(11.16)</b>                          | <b>105.81</b>                           |
| <b>Amount recognized in OCI, End of year</b>  | <b>127.73</b>                           | <b>138.89</b>                           |
| <b>Actual Return on Plan Assets :</b>   |   |   |
| Expected Return on Plan Assets  | 26.18                                   | 24.87                                   |
| Actuarial gain/(loss) on Plan Assets  | 80.03                                   | (23.50)                                 |
| <b>Actual Return on Plan Assets</b>   | <b>106.21</b>                           | <b>1.37</b>                             |



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NOTES TO IND AS STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

|  |           |           |
|--|-----------|-----------|
| Reconciliation of present value of the obligation and the fair value of the plan assets: |           |           |
| Change in present value of obligation:   |           |           |
| Opening Defined Benefit Obligation   | 582.42    | 416.78    |
| Current Service Cost   | 95.80     | 74.67     |
| Interest Cost  | 37.09     | 30.12     |
| Liability Transferred out  | -         | -         |
| Actuarial (Gain)/loss  | 68.86     | 82.31     |
| Benefits Paid  | (83.83)   | (21.45)   |
| Past Service Cost  | -         | -         |
| Closing Defined Benefit Obligation   | 700.34    | 582.43    |
| Change in fair value plan assets:  |           |           |
| Opening Fair Value of the plan assets  | 396.70    | 329.46    |
| Expected return on plan assets   | 26.18     | 24.87     |
| Actual Enterprise's Contribution   | 185.73    | 87.32     |
| Actual Benefits Paid   | (83.83)   | (21.45)   |
| Actuarial Gain/(loss)  | 80.03     | (23.50)   |
| Closing Fair value of the plan assets  | 604.80    | 396.70    |
| Investment details of plan assets  |           |           |
| Government of India Securities   | -         | -         |
| Corporate Bonds  | -         | -         |
| Special Deposit Scheme   | -         | -         |
| Insurer Managed Fund   | 100%      | 100%      |
| Others   | -         | -         |
| Total  | 100%      | 100%      |
| Experience Adjustment  |           |           |
| Defined Benefit Obligation   | 700.34    | 582.43    |
| Plan Assets  | 604.80    | 396.70    |
| (Surplus)/deficit  | 95.54     | 185.73    |
| Actuarial (Gains)/Losses on Obligations - Due to Experience                              | 68.86     | 82.31     |
| Actuarial Gains/(Losses) on Plan Assets - Due to Experience                              | 80.03     | (23.50)   |
| Weighted average duration of Define benefit obligation                                   | 14.26 Yrs | 12.95 Yrs |
| Maturity profile of defined benefit obligation   |           |           |
| Within next 12 months  | 69.90     | 41.01     |
| Between 1 and 5 Years  | 116.89    | 133.69    |
| Between 5 and 10 Years   | 237.80    | 157.74    |





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The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

There are no amounts included in the fair value of plan assets for:

- i) Company's own financial instrument
- ii) Property occupied by or other assets used by the Company

**Discount Rate:**

Discount Rate for this valuation is based on Yield to Maturity (YTM) available on Government bonds having similar term to decrement-adjusted estimated term of liabilities.

For valuation as at March 31, 2021 the estimated term of liabilities is 14.26 years, corresponding to which YTM on government bonds is 6.90%, after rounding to nearest 0.05%.

**Expected rate of return on assets:**

It is the average long term rate of return expected on investments of the Trust Fund.

**Salary Escalation Rate:**

Salary escalation assumption is based on estimates of over all long-term salary growth rates after taking in to consideration expected earnings inflation as well as performance and seniority related increases.

**Withdrawal Rate:**

Assumptions regarding withdrawal rates is based on the estimates of expected long term employee turnover within the organization.

**Mortality Rate**

It is based on Indian Assured Lives Mortality (2006-08) Ult. as issued by Institute of Actuaries of India for the actuarial valuation.

**General Description fair value of the plan:**

The Company has insurer Managed Fund.

**Principal Actuarial Assumptions:**

|                        |   |   |
|------------------------|---|---|
| Discount rate          | 6.90%   | 6.60%   |
| Salary Escalation Rate | 5.00%   | 3.50%   |
| Attrition Rate         | For Service 4 yrs. &<br>Below 20.00 % p.a. &<br>service 4 yrs. and<br>above 2.00 % p.a. | For Service 4 yrs. &<br>Below 20.00 % p.a. &<br>service 4 yrs. and<br>above 2.00 % p.a. |
| Retirement Age         | 60 years  | 60 years  |



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**Sensitivity Analysis**

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognized in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

|   |        |        |
|---|--------|--------|
| Defined Benefit Obligation (Base)                 | 700.34 | 582.43 |
| <b>Discount Rate</b>                              |        |        |
| Increase by 50 bps                                | 661.68 | 550.61 |
| Impact of increase by 50 bps in Percentage        | -5.52% | -5.46% |
| Decrease by 50 bps                                | 742.52 | 617.14 |
| Impact of decrease by 50 bps in Percentage        | 6.02%  | 5.96%  |
| <b>Salary Growth Rate</b>                         |        |        |
| Increase by 50 bps                                | 713.77 | 594.96 |
| Impact of increase by 50 bps in Percentage        | 1.92%  | 2.15%  |
| Decrease by 50 bps                                | 687.81 | 570.35 |
| Impact of decrease by 50 bps in Percentage        | -1.79% | -2.07% |
| Expected contribution for the next financial year | 69.90  | 41.01  |
| Weighted Average duration                         | 14.26  | 12.95  |

**Asset Liability Matching Strategy**

The money contributed by the Company to the Gratuity fund to finance the liabilities of the plan has to be invested.

The trustees of the plan have outsourced the investment management of the fund to an Insurance Company. The Insurance Company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset liability matching strategy.

There is no compulsion on the part of the Company to fully prefund the liability of the Plan. The Company's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

**B Defined Contribution Plans**

Amount recognized as an expense under the head "Contribution to Provident and other Funds" in Note 22 "Employee Benefit Expenses" of Statement of Profit and Loss towards Company's Contribution to Provident Fund is RS 676.46 Lakhs (FY 2019-20 Rs 713.83 Lakhs).

| 24 FINANCE COSTS | (Rs in Lakh)                      |                                   |
|------------------|-----------------------------------|-----------------------------------|
|                  | FOR THE YEAR ENDED MARCH 31, 2021 | FOR THE YEAR ENDED MARCH 31, 2020 |
| Interest Expense | 274.77                            | 323.98                            |
|                  | <b>274.77</b>                     | <b>323.98</b>                     |





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| 25 OTHER EXPENSES                         | (Rs in Lakh)                            |   |
|---|---|---|
|   | FOR THE YEAR<br>ENDED MARCH 31,<br>2021 | FOR THE YEAR<br>ENDED MARCH<br>31, 2020 |
| Business Support Charges                  | 986.53                                  | 863.77                                  |
| Data Processing and IT enabled services   | 650.53                                  | 656.33                                  |
| Legal & Professional Charges              | 139.34                                  | 230.15                                  |
| Director Sitting Fees                     | 9.75                                    | 7.75                                    |
| Electricity Expenses                      | 63.36                                   | 69.33                                   |
| Communication Expenses                    | 143.26                                  | 63.75                                   |
| Printing and Stationery                   | 114.10                                  | 178.95                                  |
| Postage and Telegram                      | 20.56                                   | 43.67                                   |
| Rent, Rates and Taxes                     | 91.78                                   | 72.22                                   |
| Repairs and Maintenance                   | 88.17                                   | 99.82                                   |
| Recruitment & Training                    | 94.32                                   | 75.61                                   |
| Business Promotion and Marketing Expenses | 272.15                                  | 1,349.48                                |
| Computer & Software Maintenance Charges   | 64.60                                   | 34.29                                   |
| Client Claim                              | 96.45                                   | 57.14                                   |
| Travelling & Conveyance Expenses          | 132.80                                  | 581.12                                  |
| Insurance Charges                         | 68.44                                   | 55.95                                   |
| Office Expenses                           | 131.12                                  | 177.38                                  |
| Brand Charges                             | 126.91                                  | 162.10                                  |
| <b>Auditors Remuneration</b>              |   |   |
| Audit Fees                                | 7.50                                    | 11.16                                   |
| Others Services/Certification             | 0.60                                    | -                                       |
| Donation                                  | 105.85                                  | 220.71                                  |
| CSR Expenses                              | 178.78                                  | 114.00                                  |
| Transaction Charges                       | 157.38                                  | 14.86                                   |
| Miscellaneous & General Expenses          | 280.76                                  | 155.32                                  |
|   | <b>4,025.04</b>                         | <b>5,294.86</b>                         |



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| 26 INCOME TAX EXPENSE                             | (Rs in Lakh)                            |   |
|---|---|---|
|   | FOR THE YEAR<br>ENDED MARCH 31,<br>2021 | FOR THE YEAR<br>ENDED MARCH<br>31, 2020 |
| <b>Current Tax</b>                                |   |   |
| Current tax on profit for the year                | 1,590.05                                | 2,579.90                                |
| Adjustments for current tax of prior periods      | 192.74                                  | 4.23                                    |
| <b>Total Current tax expenses</b>                 | <b>1,782.79</b>                         | <b>2,584.13</b>                         |
| <b>Deferred Tax</b>                               |   |   |
| Decrease / (Increase) in deferred tax assets      | 32.74                                   | (89.22)                                 |
| (Decrease) / Increase in deferred tax liabilities | -                                       | (46.89)                                 |
| MAT credit  | -                                       | -                                       |
| <b>Total deferred tax expenses / benefit</b>      | <b>32.74</b>                            | <b>(136.10)</b>                         |
| <b>Total Income Tax Expenses</b>                  | <b>1,815.53</b>                         | <b>2,448.03</b>                         |

| Effective Tax Rate Reconciliation            | (Rs in Lakh)                            |   |
|--|---|---|
|  | FOR THE YEAR<br>ENDED MARCH 31,<br>2021 | FOR THE YEAR<br>ENDED MARCH<br>31, 2020 |
| <b>Particulars</b>                           |   |   |
| Applicable Tax Rate (%)                      | 25.17                                   | 25.17                                   |
| Profit before tax                            | 6,234.52                                | 9,575.83                                |
| Tax Expenses as per above rate               | 1,569.10                                | 2,410.05                                |
| <b>Tax Impact Due to:</b>                    |   |   |
| Expenses Disallowed                          | 76.21                                   | 88.99                                   |
| Exempt Income                                | (8.84)                                  | (8.64)                                  |
| Net impact on adoption of new tax rate (net) | -                                       | 7.79                                    |
| Deductions u/s 80G                           | (13.29)                                 | (27.77)                                 |
| On Account of Previous Year Adjustments      | 192.67                                  | 4.24                                    |
| Others                                       | (0.32)                                  | (26.63)                                 |
| <b>Total Tax Expenses</b>                    | <b>1,815.53</b>                         | <b>2,448.03</b>                         |
| <b>Effective Tax Rate</b>                    | <b>29.12</b>                            | <b>25.56</b>                            |

For the current period and for FY 2019-20 tax is charged @ 25.17% (i.e. 22% Basic Tax, 10% Surcharge on Basic Tax and 4% Cess on Basic Tax and Surcharge).



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**27 OPERATING SEGMENTS**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the company. The CODM, who is responsible for allocating resources and assessing performance of operating segments, has been identified as Managing Director of the Company. The Company operates only in one business segment i.e. Services for distributions and sale of financial products within India, hence does not have any reportable segment as per Indian Accounting Standard 108 "operating segments"

**28 LEASES - Ind AS 116**

Effective April 1, 2019, the Company adopted Ind AS 116 and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application.

On the date of initial application, the adoption of the new standard resulted in recognition of "Right to Use" asset (premises) of Rs. 3295.49 Lakh and a lease liability of Rs.3183.41 Lakh.

The incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9.5%

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognise right to use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right to use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

Following is the information pertaining to leases :

| Particulars  | 31.03.2021 | 31.03.2020 |
|--|------------|------------|
| (a) Depreciation Charge for Right-of-Use Asset   | 1,009.92   | 1,131.23   |
| (b) Interest Expense on Lease Liability  | 174.95     | 260.40     |
| (c) Expense relating to short term leases accounted in profit & loss   | 72.81      | 73.52      |
| (d) Total Cash Outflow for Leases for the year (includes expense relating to short term lease and rent expense recognised) | 1,109.38   | 1,283.18   |
| (e) Additions to Right-of-Use Asset  | -          | 3,443.50   |
| (f) Deletions from Right-of-Use Asset (Gross Block)  | 373.13     | -          |
| (g) Deletions from Right-of-Use Asset (Provision for Depreciation)   | 362.84     | -          |
| (h) Carrying Amount of Right-of-Use Asset  | 1,292.06   | 2,312.27   |

The Company has applied Paragraph 46A of Ind AS 116 - Leases as amended by exposure draft on Covid - 19 related Rent Concessions. An amount of Rs. 88.28 lakhs is recognised in profit or loss for the period April 20 to March 21 in relation to the rent concessions received by the Company during this period.

Maturity Analysis of Lease Liabilities (on Undiscounted basis):

| Due  | (Rs in Lakh)     |                  |
|--|------------------|------------------|
|  | As at 31.03.2021 | As at 31.03.2020 |
| Not later than 1 year                        | 871.52           | 1,132.09         |
| Later than 1 year and not later than 5 years | 684.57           | 1,560.39         |
| Later than 5 years                           | -                | -                |
| <b>Total</b>                                 | <b>1,556.09</b>  | <b>2,692.49</b>  |

**29 RELATED PARTY DISCLOSURE**

- List of Related Parties
  - Subsidiary Companies
    - AR Digital Wealth Private Limited
    - Freedom Wealth Solutions Private Limited
    - Ffreedom Intermediary Infrastructure Private Limited
  - Entity of which the Company is an Associate
    - Anand Rathi Financial Services Limited
  - Key Managerial Persons (KMP)
    - Amit Rathi, Managing Director
    - Rakesh Rawal, Director & CEO
    - Rajesh Bhutara, CFO
    - Ashish Chauhan, Company Secretary (w.e.f 02-12-2019)
    - Hardik Chauhan, Company Secretary (upto 28-11-2019)





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| (iv) Other Related Parties   |  |                                      |                                      |
|--|--|--------------------------------------|--------------------------------------|
| Anand Rathi Global Finance Limited   |  |                                      |                                      |
| Anand Rathi Share and Stock Brokers Limited  |  |                                      |                                      |
| Anand Rathi Commodities Limited  |  |                                      |                                      |
| Anand Rathi Insurance Brokers Limited  |  |                                      |                                      |
| Anand Rathi Advisors Limited (Subsidiary of Anand Rathi Global Finance Limited )                                       |  |                                      |                                      |
| Anand Rathi International Ventures (IFSC) Private Limited (Subsidiary of Anand Rathi Share and Stock Brokers Limited ) |  |                                      |                                      |
| AnandRathi Housing Finance Limited (Subsidiary of Anand Rathi Global Finance Limited )                                 |  |                                      |                                      |
| (b) The following transactions were carried out with the related parties in the ordinary course of business:           |  | (Rs in Lakh)                         |                                      |
| Nature of Transaction/Relationship   |  | FOR THE YEAR ENDED<br>MARCH 31, 2021 | FOR THE YEAR ENDED<br>MARCH 31, 2020 |
| (i) Loan Given   |  |                                      |                                      |
| Subsidiary   |  | 142.00                               | 1,903.60                             |
| Other Related Parties  |  | 139,508.00                           | 24,239.00                            |
| (ii) Loan Repayment Received   |  |                                      |                                      |
| Subsidiary   |  | 142.00                               | 2,562.35                             |
| Other Related Parties  |  | 144,584.31                           | 19,164.00                            |
| (iii) Loan Taken   |  |                                      |                                      |
| Entity of which the Company is an Associate  |  | 144,467.00                           | 73,345.00                            |
| Other Related Parties  |  | 18,012.50                            | 175,745.00                           |
| (iv) Loan Repaid   |  |                                      |                                      |
| Entity of which the Company is an Associate  |  | 144,467.00                           | 73,345.00                            |
| Other Related Parties  |  | 18,012.50                            | 175,745.00                           |
| (v) Purchase of Debentures   |  |                                      |                                      |
| Other Related Parties  |  | 269,123.63                           | 262,117.79                           |
| (vi) Sale of Debentures  |  |                                      |                                      |
| Subsidiary   |  | 414.04                               | -                                    |
| (vii) Purchase of Investment   |  |                                      |                                      |
| Subsidiary   |  | -                                    | 2,598.95                             |
| (viii) Purchase of Fresh Equity  |  |                                      |                                      |
| Subsidiary   |  | -                                    | 1,000.00                             |
| Other Related Parties  |  | -                                    | 10,125.00                            |
| (ix) Support Service Given   |  |                                      |                                      |
| Subsidiary   |  | 7.84                                 | 13.41                                |
| Other Related Parties  |  | 97.11                                | 83.48                                |
| (x) Support Service Taken  |  |                                      |                                      |
| Subsidiary   |  | 38.23                                | 15.48                                |
| Entity of which the Company is an Associate  |  | 804.26                               | 768.85                               |
| Other Related Parties  |  | 483.66                               | 389.32                               |
| (xi) Brokerage Expenses  |  |                                      |                                      |
| Other Related Parties  |  | 15.57                                | 1.03                                 |
| (xii) Interest Income  |  |                                      |                                      |
| Subsidiary   |  | -                                    | 101.45                               |
| Entity of which the Company is an Associate  |  | 0.22                                 | -                                    |
| Other Related Parties  |  | 221.14                               | 1.46                                 |
| (xiii) Interest Expense  |  |                                      |                                      |
| Entity of which the Company is an Associate  |  | 59.31                                | 14.04                                |
| Other Related Parties  |  | 20.00                                | 14.46                                |
| (xiv) Rent Expenses  |  |                                      |                                      |
| Entity of which the Company is an Associate  |  | 14.40                                | 14.40                                |
| Other Related Parties  |  | 2.40                                 | 2.40                                 |



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|   |  |   |   |
|---|--|---|---|
| (xv) Brand Charges  |  |   |   |
| Entity of which the Company is an Associate   |  | 126.91                                  | 162.10                                  |
| (xvi) Rent Income   |  |   |   |
| Other Related Parties   |  | 0.60                                    | 0.60                                    |
| (xvii) Referral fees  |  |   |   |
| Subsidiary  |  | 60.23                                   | 100.24                                  |
| Other Related Parties   |  | -                                       | 181.28                                  |
| (xviii) Demat Charges   |  |   |   |
| Other Related Parties   |  | 21.22                                   | -                                       |
| (xix) Remuneration paid to KMP  |  |   |   |
| Short Term Employee Benefits  |  | 734.51                                  | 745.21                                  |
| Share Based Payments  |  | 0.02                                    | 0.03                                    |
| Post Employment Benefits *  |  |   |   |
| * The value of post employment benefit for all the employees is determined collectively by the appointed actuary and therefore not separately identifiable.     |  |   |   |
| (Rs in Lakh)  |  |   |   |
|   |  | FOR THE YEAR<br>ENDED MARCH 31,<br>2021 | FOR THE YEAR ENDED<br>MARCH<br>31, 2020 |
| (c) Outstanding Balances  |  |   |   |
| (i) Loan Given  |  |   |   |
| Other Related Parties   |  | -                                       | 5,075.00                                |
| (ii) Other Payables   |  |   |   |
| Subsidiary  |  | -                                       | 1.56                                    |
| (iii) Interest Receivable   |  |   |   |
| Other Related Parties   |  | -                                       | 1.31                                    |
| (iv) Advance Received   |  |   |   |
| Other Related Parties   |  | -                                       | 0.05                                    |
| (v) Other Receivables   |  |   |   |
| Other Related Parties   |  | 4.44                                    | -                                       |
| Note 1: Terms of Loan Given to related parties<br>Loan given to related parties at the interest rate in the range of 10% to 12% and it is receivable on demand. |  |   |   |
| Note 2: Related party relationships have been identified by the Management and relied upon by the Auditors.   |  |   |   |
| (Rs in Lakh)  |  |   |   |
| 30 EARNING PER SHARE  |  | FOR THE YEAR ENDED<br>MARCH 31, 2021    | FOR THE YEAR ENDED<br>MARCH 31, 2020    |
| Net Profit after tax  |  | 4,418.99                                | 7,127.80                                |
| Number of equity shares   |  | 27,513,560                              | 27,027,440                              |
| Face Value Per Share (in Rs)  |  | 5                                       | 5                                       |
| Weighted Average number of equity shares  |  | 27,278,833                              | 26,996,183                              |
| Diluted Weighted Average number of equity shares  |  | 27,664,913                              | 27,367,483                              |
| Earnings Per Share (in Rs)  |  |   |   |
| - Basic   |  | 16.20                                   | 26.40                                   |
| - Diluted   |  | 15.97                                   | 26.04                                   |



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### 31 SHARE BASED PAYMENTS

#### Employees Share Option Plans

The Employee Stock Option Scheme ('the Scheme') provides for grant of share options to the eligible employees and/or directors ("the Employees") of the Company and/or its subsidiaries. The Share Options are granted at an exercise price, which is either equal to the fair market price, or at a premium, or at a discount to market price as may be determined by the Board. Each Share Option converts into two equity shares of the Company.

#### ESOP Scheme 2017

During the financial year 2016-17, the Board had approved the Policy and the no. of options to be granted to the Employees that will vest in a graded manner and which can be exercised within a specified period. The Board had approved 3,20,000 Options at an exercise price of 10/- per option to the Employees.

The details of options are as under:

|   | FOR THE YEAR ENDED<br>MARCH<br>31, 2021 (Nos.) | FOR THE YEAR ENDED<br>MARCH<br>31, 2020 (Nos.) |
|---|--|--|
| Outstanding at the beginning of the year            | 187,860  | 256,000  |
| Add: Granted during the year                        | -  | -  |
| Less: Exercised and shares allotted during the year | 87,000   | 59,420   |
| Less: Exercised but pending allotment               | -  | -  |
| Less: Forfeited/cancelled during the year           | -  | -  |
| Less: Lapsed during the year                        | 9,510  | 8,720  |
| Outstanding at the end of the year                  | 91,350   | 187,860  |
| Exercisable at the end of the year                  | -  | -  |

#### Fair Value of Options granted

The estimated fair value of each stock option granted is 2.82 as on 1 January, 2017. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs the share price at respective grant dates, exercise price of Rs 10 per option, Standard Deviation of 52.44%, life of option being 6 months from date of grant, and a risk-free interest rate of 6.51%.

Standard deviation has been derived based on the one year historical numbers of the peer group companies adjusted with appropriate illiquidity discount.

The options granted on January 1, 2017 under ESOP 2017 have an exercise price of Rs. 10 per option and would vest over the period as under:

| Options Granted (in Nos.) | Vesting Date |
|---------------------------|--------------|
| 52,740                    | 31.12.2017   |
| 11,260                    | 31.03.2018   |
| 64,000                    | 31.12.2018   |
| 96,000                    | 31.12.2019   |
| 96,000                    | 31.12.2020   |

#### ESOP Scheme 2018

During the financial year 2018-19, the Board had approved the Policy and the no. of options to be granted to the Employees that will vest in a graded manner and which can be exercised within a specified period. The Board has approved 1,30,050 options at an exercise price of Rs 10/- per option to the employees.

The details of options are as under:

|   | FOR THE YEAR ENDED<br>MARCH<br>31, 2021 (Nos.) | FOR THE YEAR ENDED<br>MARCH<br>31, 2020 (Nos.) |
|---|--|--|
| Outstanding at the beginning of the year            | 130,050  | -  |
| Add: Granted during the year                        | -  | -  |
| Less: Exercised and shares allotted during the year | 26,010   | -  |
| Less: Exercised but pending allotment               | -  | -  |
| Less: Forfeited/cancelled during the year           | -  | -  |
| Less: Lapsed during the year                        | -  | -  |
| Outstanding at the end of the year                  | 104,040  | -  |
| Exercisable at the end of the year                  | -  | -  |

#### Fair Value of Options granted

The estimated fair value of each stock option granted is 4.63 as on 11th March 2019. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs the share price at respective grant dates, exercise price of Rs 10/- per option, Standard Deviation of 51.15%, life of option being 3 months from the date of grant, and a risk-free interest rate of 7.35%.





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The options were approved by the Board on March 11, 2019 under ESOP 2018 and were communicated to employees on 1st April 2020. ESOP 2018 has an exercise price of Rs 10 per option, and would vest over the period as under:

| Options Granted (in Nos.) | Vesting Date |
|---------------------------|--------------|
| 26,010                    | 01.04.2020   |
| 26,010                    | 01.04.2021   |
| 26,010                    | 01.04.2022   |
| 26,010                    | 01.04.2023   |
| 26,010                    | 01.04.2024   |

Details of the commitments arising from the Share based payments were as follows:

| Particulars                               | (Rs in Lakh)            |                         |
|---|-------------------------|-------------------------|
|   | AS AT MARCH<br>31, 2021 | AS AT MARCH<br>31, 2020 |
| Total Carrying Amount of ESOP Outstanding | 439.25                  | 3.30                    |
| Amount debited Statement of Profit & Loss | 647.93                  | 2.65                    |

**32 CORPORATE SOCIAL RESPONSIBILITY (CSR)**

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

A CSR committee has been formed by the Company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on activities which are specified in Schedule VII of the Companies Act, 2013:

- a) Gross amount required to be spent by the Company during the year is 178.04 Lakhs  
b) Amount spent during the year on:

| Particulars                                | (Rs in Lakh) |                        |        |
|--|--------------|------------------------|--------|
|  | In Cash      | Yet to be paid in cash | Total  |
| 1. Construction / acquisition of any asset | 0            | 0                      | -      |
| 2. On purposes other than(1) above         | 178.78       | -                      | 178.78 |

**33 CAPITAL MANAGEMENT**

For the purpose of Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to equity holders of company. The Company manages its capital to ensure that it continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company monitors capital using a gearing ratio. Capital gearing ratio of company is as follows :

|                                      | (Rs In Lakh)     |                  |
|--------------------------------------|------------------|------------------|
|                                      | March 31, 2021   | March 31, 2020   |
| Equity                               | 1,375.68         | 1,351.37         |
| Other Equity                         | 26,601.23        | 21,154.98        |
| <b>Total Equity (A)</b>              | <b>27,976.91</b> | <b>22,506.35</b> |
| Borrowings                           | 3,335.99         | 4,172.99         |
| <b>Total Debt (B)</b>                | <b>3,335.99</b>  | <b>4,172.99</b>  |
| <b>Total Debt and Equity (C=A+B)</b> | <b>31,312.91</b> | <b>26,679.34</b> |
| Capital Gearing Ratio (B/C)          | 0.107            | 0.156            |

**34 BUSINESS COMBINATIONS**

The Company had acquired following equity shares at fair value during earlier year(s). Purchase consideration for acquisition of shares in below mentioned entities was paid by mode of cash only. The acquisitions were made to enhance the presence in Wealth Management space. The other disclosures with respect to acquisition are as under.

AR Digital Wealth Private Limited (ARDWPL) is engaged in the business of Digital Wealth Management. The consideration paid for shares of ARDWPL in July 2016 is Rs. 252.00 lakh, in March 2018 is Rs. 690.25 lakh and in Financial Year 2018-2019 is Rs. 4204.81 lakh. The fair value per share for the aforesaid acquisitions is Rs. 10, Rs. 256 and Rs. 332(Average price of 3 lots purchased during the year) respectively.

Freedom Wealth Solutions Private Limited (FWSPL) is engaged in the business of Wealth Management. The consideration paid for shares of FWSPL in Sept 2017 is Rs. 237.16 lakh. The fair value per share for the aforesaid acquisitions is Rs. 10.

Ffreedom Intermediary Infrastructure Private Limited (FIINFRA) is engaged in the business of providing IT enabled services. The consideration paid for shares of FIINFRA in FY 2019-20 is Rs. 3598.95 lakh. The fair value per share for the aforesaid acquisitions is Rs. 434.

2,99,419 shares purchased on February 13,2020 and 299418 shares purchased on March 31, 2020 are acquired from AR Digital Wealth Private Limited and 2,30,415 shares purchased on March 31, 2020 are acquired in a Right issue by Ffreedom Intermediary Infrastructure Private Limited.



Details of Share acquired/(sold) is tabulated as below-

| Name of Company   | No. of Shares | % of Shares Acquired |
|---|---------------|----------------------|
| <b>AR Digital Wealth Private Limited</b>                    |               |                      |
| July 13, 2016   | 2,520,000     | 60.30%               |
| March 14, 2018  | 5,574         | 0.13%                |
| March 16, 2018  | 170,246       | 4.07%                |
| March 16, 2018  | 51,074        | 1.22%                |
| March 16, 2018  | 39,157        | 0.94%                |
| March 22, 2018  | 5,574         | 0.13%                |
| May 3, 2018   | 58,361        | 1.40%                |
| February 5, 2019  | 1,194,029     | 7.07%                |
| March 27, 2019  | 13,044        | 0.24%                |
| <b>Freedom Wealth Solutions Private Limited</b>             |               |                      |
| September 25, 2017  | 2,371,625     | 95.01%               |
| <b>Ffreedom Intermediary Infrastructure Private Limited</b> |               |                      |
| February 13, 2020   | 299,419       | 50.00%               |
| March 31, 2020  | 299,418       | 36.11%               |
| March 31, 2020  | 230,415       | 13.89%               |

35 The Company does not have any pending litigation which would impact its financial position.

The Company, as a process, reviews and ensures to make adequate provisions for material foreseeable loss, if any, on all long-term contracts. As on the reporting date there is no material foreseeable loss on any long-term contract. The Company has re-measured the derivative contracts to their fair value at the reporting date, as such there are no material foreseeable losses on derivative contracts.

37 CAPITAL COMMITMENTS

The company does not have any capital commitments.

38 DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2021 and March 31, 2020 has been made in the Ind AS Standalone Financial Statements based on information received and available with the Company.

(Rs in Lakh)

| Particulars  | FOR THE YEAR ENDED<br>MARCH 31, 2021 | FOR THE YEAR ENDED<br>MARCH 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| The principal amount remaining unpaid to any supplier at the end of each accounting year;  | 8.15                                 | 34.25                                |
| The interest due thereon remaining unpaid to any supplier at the end of each accounting year;  | -                                    | -                                    |
| The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;   | -                                    | -                                    |
| The amount of interest due and payable for the year of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;   | -                                    | -                                    |
| The amount of interest accrued and remaining unpaid at the end of each accounting year; and  | -                                    | -                                    |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | -                                    | -                                    |
|  | <b>8.15</b>                          | <b>34.25</b>                         |



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## 39 FINANCIAL INSTRUMENT - FAIR VALUES

## Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(Rs in Lakh)

| March 31, 2021                         | Carrying Amount          | Fair value                                |   |   | Total                    |
|--|--------------------------|---|---|---|--------------------------|
|  |                          | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |                          |
| <b>Financial assets</b>                |                          |   |   |   |                          |
| <b>FVTPL</b>                           |                          |   |   |   |                          |
| (i) Mutual Fund                        | 16.22                    | 16.22                                     | -                                       | -   | 16.22                    |
| (i) Unquoted Debentures                | 836.19<br>(2,481.51)     | -   | -                                       | 836.19<br>(2,481.51)                      | 836.19<br>(2,481.51)     |
| (ii) PMS                               | 251.62<br>(183.21)       | 156.07<br>(109.31)                        | -                                       | 95.55<br>(73.90)                          | 251.62<br>(183.21)       |
| (iii) Equity Shares of Other Companies | 10,181.48<br>(10,131.75) | -   | -                                       | 10,181.48<br>(10,131.75)                  | 10,181.48<br>(10,131.75) |
| (v) Option Premium                     | -<br>(409.23)            | -   | (409.23)                                | -   | -<br>(409.23)            |
| <b>Amortised Cost</b>                  |                          |   |   |   |                          |
| (i) Loans                              | -<br>(5,095.98)          | -   | -                                       | -   | -<br>(5,095.98)          |
| (ii) Security Deposit                  | 315.72<br>(415.22)       | -   | -                                       | -   | 315.72<br>(415.22)       |
| (iii) Trade receivables                | 1,000.94<br>(799.19)     | -   | -                                       | -   | 1,000.94<br>(799.19)     |
| (iv) Cash and cash equivalents         | 3,781.89<br>(2,596.31)   | -   | -                                       | -   | 3,781.89<br>(2,596.31)   |
| (v) Other Financial Assets             | 619.41<br>(404.22)       | -   | -                                       | -   | 619.41<br>(404.22)       |
|  | 17,003.45<br>(22,516.61) | 172.28<br>(109.31)                        | -<br>(409.23)                           | 11,113.22<br>(12,687.16)                  | 11,285.51<br>(13,205.69) |





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(Rs in Lakh)

| March 31, 2021                    | Carrying Amount    | Fair value                                |   |   | Total |
|-----------------------------------|--------------------|---|---|---|-------|
|                                   |                    | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |       |
| <b>Financial liabilities</b>      |                    |   |   |   |       |
| <b>Amortised Cost</b>             |                    |   |   |   |       |
| (i) Borrowings                    | 3,335.99           | -   | -                                       | -   | -     |
|                                   | (4,172.99)         | -   | -                                       | -   | -     |
| (ii) Trade payables               | 16.50              | -   | -                                       | -   | -     |
|                                   | (155.39)           | -   | -                                       | -   | -     |
| (iii) Other Financial Liabilities | 1,936.57           | -   | -                                       | -   | -     |
|                                   | (11,433.33)        | -   | -                                       | -   | -     |
|                                   | <b>5,289.06</b>    | -   | -                                       | -   | -     |
|                                   | <b>(15,761.71)</b> | -   | -                                       | -   | -     |

Note 1 - Figures in brackets in the above table represent previous year numbers.

Valuation techniques used to determine the fair values:

- Listed equity instruments and mutual funds which are fair valued using quoted prices and closing NAV in the market.
- Discounted cash flow method has been used to determine the fair value of unquoted equity shares of other companies. The discount rate is used based on management estimates.
- The Company has made necessary adjustments to the observable and unobservable inputs used for the purpose of valuation
- The fair value of the quoted instruments are based on market price at the reporting date. The valuation of unquoted index options is done through Black and Scholes model. In case of unquoted instruments, unquoted debentures & PMS valuation is done on basis of discounted cash flow method.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended March 31, 2021 and March 31, 2020.

| Particulars                                     | Unquoted Debentures | PMS   | Equity Shares in Other Companies |
|---|---------------------|-------|----------------------------------|
| Opening Balance as on April 01, 2020            | 2,481.51            | 73.90 | 10,131.75                        |
| Acquisitions                                    | 457,753.05          | -     | -                                |
| Realised/unrealised Gains / (Losses) recognized | 21,274.89           | 21.65 | 49.73                            |
| Realisations                                    | 480,673.25          | -     | -                                |
| Closing Balance as on March 31, 2021            | 836.19              | 95.55 | 10,181.48                        |

| Particulars                          | Unquoted Debentures | PMS   | Equity Shares in Other Companies |
|--------------------------------------|---------------------|-------|----------------------------------|
| Opening Balance as on April 01, 2019 | 1,034.02            | -     | -                                |
| Acquisitions                         | 344,634.78          | 73.90 | 10,125.00                        |
| Gains / (Losses) recognized          | 21,796.03           | -     | 6.75                             |
| Realisations                         | 364,983.32          | -     | -                                |
| Closing Balance as on March 31, 2020 | 2,481.51            | 73.90 | 10,131.75                        |



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Sensitivity analysis of Level 3 instruments

| Nature of instrument                   | Fair Value as at 31.03.2021 | Significant unobservable inputs     | Increase/decrease in the unobservable input | Sensitivity Impact for year ended 31.03.2021 for FV increase | Sensitivity Impact for year ended 31.03.2021 for FV decrease |
|--|-----------------------------|-------------------------------------|---|--|--|
| (i) Unquoted Debentures                | 836.19                      | Impact estimated by the management. | 5%  | 41.81  | (41.81)  |
| (ii) PMS                               | 95.55                       |                                     | 5%  | 4.78   | (4.78)   |
| (iii) Equity Shares of Other Companies | 10,181.48                   |                                     | 5%  | 509.07   | (509.07)   |

Investment in Equity Shares of Subsidiaries of Rs. 8983.17 lakh (PY Rs. 8983.17 lakh) have been measured at cost.

- (i) The fair value of the financial assets and liabilities are included at the amount at which the instrument can be exchanged in the current transaction between willing parties, other than in a forced or liquidation sale.
- (ii) Financial instruments carried at amortised cost such as cash and margin money deposits, trade and other receivables, trade payables, borrowings and other current financial instruments approximate at their fair values largely due to short term maturities of these instruments.



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#### 40 FINANCIAL INSTRUMENTS - RISK MANAGEMENT

##### Risk management framework

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects on revenue. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

##### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining sufficient cash and marketable securities. The cash flows, funding requirements and liquidity of Company is regularly monitored by Management of the Company. The objective is to optimize the efficiency and effectiveness of Company's capital resources.

##### Exposure to liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities

| March 31, 2021              | Contractual cash flows (Rs in Lakh) |          |           |                    |             |           |
|-----------------------------|-------------------------------------|----------|-----------|--------------------|-------------|-----------|
|                             | Carrying amount                     | Total    | On Demand | Less than 3 months | 3-12 months | 1-5 years |
| Borrowings                  | 3,335.99                            | 3,335.99 | -         | 209.62             | 630.00      | 2,496.37  |
| Trade Payables              | 16.50                               | 16.50    | -         | 16.50              | -           | -         |
| Other Financial Liabilities | 1,936.57                            | 1,936.57 | -         | 745.40             | 553.80      | 637.37    |

| March 31, 2020              | Contractual cash flows (Rs in Lakh) |           |           |                    |             |           |
|-----------------------------|-------------------------------------|-----------|-----------|--------------------|-------------|-----------|
|                             | Carrying amount                     | Total     | On Demand | Less than 3 months | 3-12 months | 1-5 years |
| Borrowings                  | 4,172.99                            | 4,172.99  | -         | 209.22             | 627.80      | 3,335.97  |
| Trade Payables              | 155.39                              | 155.39    | -         | 155.39             | -           | -         |
| Other Financial Liabilities | 11,433.33                           | 11,433.33 | -         | 9,329.37           | 681.79      | 1,422.17  |

##### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, security deposits and investment securities.

Customer credit risk is managed by company as per its policy, procedures and control relating to customer credit risk. Credit quality of a customer credit risk is assessed based on an extensive credit rating scoreboard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and all possible steps taken to timely realise them.

The credit risk on Fixed Deposits with Banks, Bank Balances, Investments in Mutual Fund and Derivative Financial Instruments is limited because the counterparties are Banks, Exchanges and Mutual Fund houses who are structured market players.





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| As on reporting date credit risk exposure are as on following: | (Rs in Lakh)   |                |
|--|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 |
| Loans  | -              | 5,095.98       |
| Security Deposit   | 315.72         | 415.22         |
| Trade Receivables  | 1,000.94       | 799.19         |
| Investment in Debentures                                       | 836.19         | 2,481.51       |
| Investment in Mutual Funds                                     | 16.22          | -              |
| Option Premium   | -              | 409.23         |
| Investment in PMS  | 251.62         | 183.21         |
| Margin Balance with Broker                                     | -              | -              |
| Fixed Deposits with Banks                                      | 3,352.00       | 249.00         |
| Bank Balances in Current Account                               | 980.60         | 2,592.95       |
| Staff Advances   | 42.09          | 146.75         |
| Other Receivables  | 25.32          | 8.46           |

| (i) AGE OF TRADE RECEIVABLES | (Rs in Lakh)   |                |
|------------------------------|----------------|----------------|
|                              | March 31, 2021 | March 31, 2020 |
| Within the credit period     | 977.00         | 782.69         |
| 1-30 days Past Dues          | 20.91          | 2.35           |
| 31-60 days Past Dues         | 2.70           | 14.00          |
| 61-90 days Past Dues         | 0.32           | 0.08           |
| 91-180 days Past Dues        | -              | -              |
| More than 180 days past due  | -              | 0.08           |
|                              | 1,000.94       | 799.19         |

| (ii) MOVEMENT IN THE EXPECTED CREDIT LOSS ALLOWANCE   | (Rs in Lakh)   |                |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| Balance at end of the year  | -              | -              |
| Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit loss | -              | -              |
| Balance at end of the year  | -              | -              |

**Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market Risk comprises three types of risk: a.) Interest Rate Risk, b.) Currency Risk and c.) Other Price Risk such as equity price risk etc.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to changes in interest rates relates primarily to the Company's outstanding floating rate debt included in borrowings.

**Sensitivity Analysis:**

| Particulars   | As at 31st March 2021 |
|---|-----------------------|
| Floating Rate Liability   | 3312.84               |
| A hypothetical 1% shift in underlying benchmark rates will have the below impact: |                       |
| Impact on Profit and Loss   |                       |
| Increase of 1%  | (0.82)                |
| Decrease of 1%  | 0.82                  |



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**Price Risk**

The Company's Board of Directors reviews and approves all equity investment decisions. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis.

(Rs in Lakh)

| Impact on Profit and Loss    | Increase by 1% | Decrease by 1% |
|------------------------------|----------------|----------------|
| Investment in Mutual Fund    | 0.16           | -0.16          |
| Investment in PMS            | 2.52           | -2.52          |
| Investment in Other Entities | 101.81         | -101.81        |

At the reporting date, the exposure to equity securities of other entities is as under:

(Rs in Lakh)

|                              | March 31, 2021 | March 31, 2020 |
|------------------------------|----------------|----------------|
| Investment in Mutual Fund    | 16.22          | -              |
| Investment in PMS            | 251.62         | 183.21         |
| Investment in Other Entities | 10,181.48      | 10,131.75      |

**Currency Risk**

Currency risk is not there, as the Company's primary business activities are within India and does not have significant exposure in foreign currency.

**41 Cost Sharing**

Anand Rathi Financial Services Ltd, Anand Rathi Global Finance Ltd, Anand Rathi Share & Stock Brokers Ltd, Anand Rathi Advisors Ltd and AR Digital Wealth Private Limited incurs expenditure in the nature of Business support costs, etc. which is for the benefit of the company. The cost so expended is reimbursed by the company on the basis of number of employees, time spent by employees, actual billings, etc. Accordingly, the expenditure noted under the head 'Business Support charges' in note 25 are inclusive of the reimbursements.

42 During the year 2019-20 company has capitalised office building amounting to Rs 6538.58 lakhs. During current year company has rectified the error and regrouped the amount capitalised to Capital work in progress.

**43 Estimation of uncertainties relating to the health pandemic from COVID-19**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and economic forecasts and expects that the carrying amount of these assets will be recovered.

The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

44 The figures of the previous years have been regrouped / rearranged wherever necessary.

As per our attached report of even date.


For and on Behalf of Board of Directors

For and on Behalf of  
Khimji Kunverji & Co LLP  
Chartered Accountants  
Registration No.: 105146W/W100621

  
Gautam V Shah  
Partner  
Membership No: 117348  
Mumbai  
Date: June 16, 2021



  
Amit Rathi  
Managing Director  
DIN : 00029791  
June 14, 2021

  
Ashish Chauhan  
Company Secretary  
June 14, 2021

  
Rakesh Rawal  
Director & Chief Executive Officer  
DIN : 02839168  
June 14, 2021

  
Rajesh Bhutara  
Chief Financial Officer  
June 14, 2021

