BAGARIA & CO LLP
Chartered Accountants

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Junction of S. V. Road & Barfiwala
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# INDEPENDENT AUDITORS' REPORT

**To**
**The Members of**
**AR Digital Wealth Private Limited**
**Report on the Audit of the Financial Statements**

## Opinion

We have audited the accompanying financial statements of AR Digital Wealth Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss and the Cash Flow Statement for the period 1st April 2020 to 31 March 2021 ("the period"), and 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 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 Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its loss and its cash flows for the period ended on that date.

## Basis for Opinion

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

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors Report (the "Report"), but does not include the financial statements and our auditors' report thereon. The Report are expected to be made available to us after the date of this auditors' report.

- Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the IND AS Financial Statements**

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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibility for the Audit of the IND AS Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.
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.

**Report on Other Legal and Regulatory Requirements**

1. 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 A"** a statement on the matters specified in paragraphs 3 and 4 of the said Order.

2. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) Reporting on the adequacy of Internal Financial Control Over Financial Reporting of the

Company and the operating effectiveness of such controls, under section 143(3) (i) of the Act is not applicable in view of the exemption available to the Company in terms of the notification no. G.S.R. 583(E) dated 13 June 2017 issued by the Ministry of Corporate Affairs, Government of India, read with general circular No. 08/2017 dated 25 July 2017.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.

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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position as at 31 March 2021

ii. The Company did not have any long-term contracts including derivative contracts as at period-end 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 **Bagaria & Co. LLP**
Chartered Accountants
Firm Registration No – 113447W/W-100019

Pratha

**Pratha Agrawal**
**Partner**
Membership No.: 179436
UDIN: 21179436AAAAEE3148
Place: Mumbai
Date: 6th May, 2021

**"Annexure A" to the Independent Auditor's Report - 31.03.2021**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

**1.** (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us, the fixed assets have been physically verified by the management at the year end, which in our opinion, is reasonable considering the size of the Company and nature of its fixed assets. As explained, no material discrepancies were noticed on such verification.

(c) There are no immovable properties held as Fixed Assets by the Company.

**2.** The Company is in service industry and therefore, clause (ii) is not applicable to the Company.

**3.** According to the information and explanations given to us and on the basis of our examination of the books of account, the Company have not outstanding any unsecured loans to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act. Consequently, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.

**4.** In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

**5.** According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

**6.** As informed to us, the Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 for the services provided by the Company.

**7.** (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts and records, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, duty of customs, duty of excise, value added tax, cess to the extent applicable and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were 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, there are no dues of income tax, wealth tax, service tax, sales tax, duty of customs, duty of excise, value added tax, cess which have not been deposited on account of any dispute.

**8.** In our opinion and according to the information and explanations given to us, the Company has not has not taken any loan either from financial institutions or from the government.

**9.** The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) nor from term loans.

**10.** Based upon the audit procedures performed and the information and explanations given by the Management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

**11.** No managerial remuneration has been paid by the Company during the year under review.

**12.** In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.

**13.** Based on the audit procedures performed and the information and explanations given to us all transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

**14.** Based upon the audit procedures performed and the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

**15.** Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

**16.** In our opinion, the Company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For **Bagaria & Co. LLP**
Chartered Accountants
Firm Registration No – 113447W/W-100019

Pratha

BAGARIA & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS

**Pratha Agrawal**
**Partner**
Membership No.: 179436
UDIN: 21179436AAAAEE3148
Place: Mumbai
Date: 6th May, 2021

AR Digital Wealth Private Limited
(Previously known as A R Wealth Management Private Limited)
CIN: U65923MH1996PTC097270
IND AS STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

(Rs. In Lakhs)

| Particulars | Notes | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|---|
| I ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 3 | 5.32 | 10.60 |
| Right-of-Use Asset | | - | 313.63 |
| Intangible Assets | 4 | 2,970.57 | 3,327.55 |
| Intangible assets under development | 5 | - | - |
| Financial Assets | | | |
| - Loans | 6(i) | - | 80.60 |
| Deferred Tax Assets | 7 | - | - |
| Other Non Current Assets | 8 | 24.07 | 357.52 |
| | | 2,999.96 | 4,089.90 |
| Current Assets | | | |
| Financial Assets | | | |
| - Loans | 6(ii) | - | 940.24 |
| - Trade Receivables | 9 | 70.87 | 29.55 |
| - Cash and cash equivalents | 10 | 1,765.91 | 10.94 |
| - Other Financial Assets | 11 | 21.63 | 50.33 |
| Other Current Assets | 12 | 5.06 | 52.20 |
| | | 1,863.47 | 1,083.26 |
| TOTAL ASSETS | | 4,863.43 | 5,173.16 |
| II EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 13 | 537.30 | 537.30 |
| Other Equity | 14 | 4,102.36 | 4,093.11 |
| | | 4,639.66 | 4,630.41 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Financial liabilities | | | |
| - Other Financial Liabilities | 17(i) | - | 228.11 |
| Provision | 15 | 13.21 | 14.43 |
| Deferred tax liabilities (Net) | 7 | 66.62 | 62.79 |
| | | 79.83 | 305.33 |
| Current Liabilities | | | |
| Financial liabilities | | | |
| - Trade Payables | 16 | | |
| Total Outstanding dues of micro enterprises and small enterprises | | - | - |
| Total Outstanding dues of creditors other than micro enterprises and small enterprises | | 1.88 | 4.02 |
| - Other Financial Liabilities | 17(ii) | 32.65 | 81.30 |
| Other Current Liabilities | 18 | 82.04 | 124.39 |
| Provisions | 19 | 27.37 | 27.70 |
| | | 143.94 | 237.42 |
| TOTAL EQUITY AND LIABILITIES | | 4,863.43 | 5,173.16 |
| Significant Accounting Policies & Notes Forming Part of the Financial Statements | 1-41 | | |

As per our attached report of even date.

**For Bagaria & Co. LLP**
Chartered Accountants
Firm Reg No.113447W/W-100019

Pratha

BAGARIA & CO LLP MUMBAI CHARTERED ACCOUNTANTS

**Pratha Agrawal**
Partner
M.No. 179436
Place: Mumbai
Date: 6th May 2021

AR Digital Wealth Private Limited

**For and on Behalf of Board of Directors**

**Amit Rathi**
Director
DIN : 00029791

**Vishal Laddha**
Director
DIN : 0033628

**Ashish Chauhan**
Company Secretary

**AR Digital Wealth Private Limited**
**(Previously known as A R Wealth Management Private Limited)**
**CIN: U65923MH1996PTC097270**
**IND AS STANDALONE STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED ON MARCH 31, 2021**

(Rs in Lakhs)

| | Particulars | Notes | FOR THE YEAR ENDED MARCH 31, 2021 | FOR THE YEAR ENDED MARCH 31, 2020 |
|---|---|---|---|---|
| I | Revenue From Operations | 20 | 515.91 | 463.16 |
| II | Other Income | 21 | 566.86 | 1,095.43 |
| | **Total Revenue** | | **1,082.77** | **1,558.59** |
| III | Expenses: | | | |
| | Employee Benefits Expense | 22 | 330.04 | 188.85 |
| | Finance Costs | 23 | 14.20 | 66.39 |
| | Depreciation and Amortisation Expenses | 3 & 4 | 400.05 | 382.00 |
| | Other Expenses | 24 | 329.42 | 523.84 |
| | **Total Expenses** | | **1,073.71** | **1,161.08** |
| IV | Profit/(Loss) Before Tax | | 9.06 | 397.51 |
| V | Tax Expenses: | | | |
| | 1. Deferred Tax | 25 | 3.83 | 100.84 |
| | 2. Prior Year taxes | | 2.13 | - |
| | **TOTAL TAX EXPENSES** | | **5.96** | **100.84** |
| VI | Profit/(Loss) for the Year | | **3.10** | **296.67** |
| VII | Other Comprehensive Income/(Loss) | | | |
| | Items that will not be reclassified subsequentely to the statement of Profit and Loss | | | |
| | Remeasurement of defined employee benefit plans | | 6.15 | 0.27 |
| | **Total Other comprehensive income/(loss)** | | **6.15** | **0.27** |
| | TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | **9.25** | **296.94** |
| VIII | Earning Per Equity Share of Rs.10 each | 29 | | |
| | Basic | | 0.06 | 5.52 |
| | Diluted | | 0.06 | 5.52 |
| | **Significant Accounting Policies & Notes Forming Part of the Financial Statements** | 1-41 | | |

As per our attached report of even date.

**For Bagaria & Co. LLP**
Chartered Accountants
Firm Reg No.113447W/W-100019

Pratha

**Pratha Agrawal**
Partner
M.No. 179436
Place: Mumbai
Date: 6th May 2021

BAGARIA & CO LLP MUMBAI CHARTERED ACCOUNTANTS

AR Digital Wealth Private Limited

**For and on Behalf of Board of Directors**

**Amit Rathi**
Director
DIN : 00029791

**Vishal Laddha**
Director
DIN : 0033628

**Ashish Chauhan**
Company Secretary

**AR Digital Wealth Private Limited**
**(Previously known as A R Wealth Management Private Limited)**
**CIN: U65923MH1996PTC097270**
**IND AS STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021**

(Rs in Lakhs)

| | Particulars | FOR THE YEAR ENDED MARCH 31, 2021 | FOR THE YEAR ENDED MARCH 31, 2020 |
|---|---|---|---|
| A. | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | **NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS** | 9.06 | 397.51 |
| | Add / (Less) : | | |
| | Depreciation | 400.05 | 382.00 |
| | Interest Income | (122.32) | (3.14) |
| | Interest Expenses | 14.20 | 66.39 |
| | Gain on Sale of Investments | - | (1,073.99) |
| | Gratuity | 4.89 | 5.10 |
| | Leave | 1.22 | 1.31 |
| | | 298.04 | (622.32) |
| | **OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES** | 307.10 | (224.81) |
| | Adjustment for : | | |
| | Trade Receivables & Other Current Assets | 5.81 | (1.11) |
| | Short Term Borrowing & Other Current Liabilities | (353.66) | 88.46 |
| | | (347.85) | 87.36 |
| | **CASH GENERATED FROM OPERATIONS** | (40.74) | (137.46) |
| | Add / ( Less) : | | |
| | Direct Taxes Paid (Net) | (18.01) | (6.13) |
| | **NET CASH FROM OPERATING ACTIVITIES** | (58.75) | (143.59) |
| B. | **CASH FLOW FROM INVESTING ACTIVITIES :** | | |
| | Purchase of Property, Plant and Equipment | - | (4.20) |
| | Sale of Property, Plant and Equipment | 275.82 | 0.03 |
| | Intangible Asset Under Development | - | (458.40) |
| | Advance for Property Purchase | 349.33 | (349.33) |
| | Security Deposit Given | 86.24 | (122.00) |
| | Interest Income | 95.38 | 1.59 |
| | (Purchase)/Sale of Investment in Subsidiaries | - | 2,548.99 |
| | (Purchase)/Sale of Investment | 50.00 | - |
| | Loan Given | 940.24 | (940.24) |
| | **NET CASH FROM INVESTING ACTIVITIES** | 1,797.01 | 676.43 |
| C. | **CASH FLOW FROM FINANCING ACTIVITIES :** | | |
| | Borrowings Repayment | - | (456.38) |
| | Interest Expenses | (0.03) | (62.09) |
| | Lease Payment | 16.74 | (11.16) |
| | **NET CASH USED IN FINANCING ACTIVITIES** | 16.71 | (529.63) |
| | **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS** | 1,754.97 | 3.21 |
| | **CASH AND CASH EQUIVALENTS - Opening Balance** | 10.94 | 7.73 |
| | **CASH AND CASH EQUIVALENTS - Closing Balance** | 1,765.91 | 10.94 |

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

| | | |
|---|---|---|
| - Cash On Hand | 0.62 | 5.76 |
| - Balance in Current Account | 185.29 | 0.18 |
| - Balance in Deposit Account | 1,580.00 | 5.00 |
| Total | 1,765.91 | 10.94 |

Cash Flow Statement has been prepared under the Indirect Method as set out in Ind AS-7 specified under section 133 of the Companies Act, 2013.

As per our attached report of even date.

**For Bagaria & Co. LLP**
**Chartered Accountants**
**Firm Reg No.113447W/W-100019**

Pratha

BAGARIA & CO LLP MUMBAI CHARTERED ACCOUNTANTS

**Pratha Agrawal**
Partner
M.No. 179436
Place: Mumbai
Date: 6th May 2021

AR Digital Wealth Private Limited

**For and on Behalf of Board of Directors**

**Amit Rathi**
Director
DIN : 00029791

**Vishal Laddha**
Director
DIN : 0033628

**Ashish Chauhan**
Company Secretary

**AR Digital Wealth Private Limited**
**(Previously known as A R Wealth Management Private Limited)**
**CIN: U65923MH1996PTC097270**
**IND AS STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON MARCH 31, 2021**

**A. Equity Share Capital**

| | Nos. in Lacs | INR Lacs |
|---|---|---|
| Equity shares of INR 10 each issued, subscribed and fully paid | | |
| **At April 1, 2019** | 53.73 | 537.30 |
| Changes in equity share capital during the year | - | - |
| **At March 31, 2020** | 53.73 | 537.30 |
| Changes in equity share capital during the year | - | - |
| **At March 31, 2021** | 53.73 | 537.30 |

**B. Other Equity**

(Rs in Lakhs)

| | Reserve and Surplus | | Other Comprehensive Income | Total Equity |
|---|---|---|---|---|
| | Securities Premium | Retained Earnings | | |
| **Balance as at April 1, 2019** | 3,880.59 | (77.90) | (6.52) | 3,796.17 |
| Profit for the Year | - | 296.67 | - | 296.67 |
| Remeasurement of the net defined benefit liability/asset | - | - | 0.27 | 0.27 |
| **Balance as at March 31, 2020** | 3,880.59 | 218.77 | (6.25) | 4,093.11 |
| **Balance as at April 1, 2020** | 3,880.59 | 218.77 | (6.25) | 4,093.11 |
| Profit for the Year | - | 3.10 | - | 3.10 |
| Remeasurement of the net defined benefit liability/asset | - | - | 6.15 | 6.15 |
| **Balance as at March 31, 2021** | 3,880.59 | 221.87 | (0.10) | 4,102.36 |

As per our attached report of even date.

**For Bagaria & Co. LLP**
Chartered Accountants
Firm Reg No.113447W/W-100019

Pratha

**Pratha Agrawal**
Partner
M.No. 179436
Place: Mumbai
Date: 6th May 2021

BAGARIA & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

AR Digital Wealth Private Limited

**For and on Behalf of Board of Directors**

**Amit Rathi**
Director
DIN : 00029791

**Vishal Laddha**
Director
DIN : 0033628

**Ashish Chauhan**
Company Secretary

## 1 CORPORATE INFORMATION

AR Digital Wealth Private Limited (formerly known as AR Wealth Management Private Limited) ("the Company") having CIN U65923MH1996PTC097270 was incorporated on February 14, 1996 as a private company. Its registered office is at 11th Floor Times Tower, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai, Maharashtra. It is engaged in business of 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) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, the relevant provisions of the Companies Act, 2013 ("the Act'').

The financial statements were approved for issue by the Board of Directors of the Company at their meeting held on 6th May 2021.

### (b) Basis of preparation of 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 poilicies 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. 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 Judgements and key Sources of Estimation Uncertainity

The preparation of the Company's 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) 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.

**(ii) 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 Investement 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.

**(iii) 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.

**(iv) 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 they have 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.

**(v) 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.

### (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.

AR Digital Wealth Private Limited

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.

(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 useful life of tangible assests is as prescribed under Part C of Schedule II of the Companies Act 2013.

| Fixed Assets | Useful Life |
|---|---|
| Office Equipments | 5 years |
| Computer Equipments | 3 years |
| Furniture and Fixtures | 10 years |

(ii) **Intangible Assets:** Intangible assets consists of software for financial service which has been amortized over a period of 10 Years on SLM basis. It was amortised over the period of 7 years till FY 2019-20

(iii) **Deemed cost on transition to Ind AS:** For transition to Ind AS, the Company has elected to continue with the carrying value of all its Property Plant and equipment and Intangible assets as measured as per the previous GAAP and use that carrying value as its deemed cost of the transition date.

**(f) Financials Instruments**

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

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 meets the criteria for Amortised cost or FVTOCI is measured at FVTPL.

Effective Interest Method: Interest income from security deposit 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.

AR Digital Wealth Private Limited

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 36 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.

**(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.

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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.

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 not funded its Gratuity liability.

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 - Revenue from contracts with customers became effective from the year under report. Accordingly, the Company assesses the nature,timing and extent of revenue based on performance obilgations in its contracts/understanding/trade customs with customers & clients.

Revenue is recognised 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, Referral fees, Gain/ Loss on sale of Investment (Structured Product).
1. Income related with Distribution income on Mutual Fund, PMS, Referral fees is accounted on accrual basis.
2. Dividend income is accounted for when the right to receive the 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.

**(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 uncertainities 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 financial statements.
Contingent Assets are neither recognized nor disclosed.

AR Digital Wealth Private Limited

**(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 period/year.

Diluted earnings per share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period/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) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

AR Digital Wealth Private Limited

AR Digital Wealth Private Limited

(Previously known as A R Wealth Management Private Limited)

CIN: U65923MH1996PTC097270

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

## 3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(Rs in Lakhs)

| Description | Right-of-Use Asset | Computer | Office equipments | Furniture & Fixtures | Total |
|---|---|---|---|---|---|
| As at April 1, 2020 | 324.44 | 34.39 | 9.96 | 0.58 | 369.37 |
| Additions | - | - | - | - | - |
| Disposals | 324.44 | 0.05 | - | - | 324.49 |
| As at March 31, 2021 | - | 34.35 | 9.96 | 0.58 | 44.88 |
| Accumulated depreciation as at April 1, 2020 | 10.81 | 27.89 | 6.30 | 0.13 | 45.13 |
| Depreciation for the year | 37.85 | 3.29 | 1.89 | 0.05 | 43.08 |
| Disposals | 48.67 | - | - | - | 48.67 |
| Accumulated depreciation as at March 31, 2021 | - | 31.18 | 8.19 | 0.19 | 39.56 |
| Net carrying amount as at March 31, 2021 | - | 3.16 | 1.77 | 0.40 | 5.32 |

| Description | Right-of-Use Asset | Computer | Office equipments | Furniture & Fixtures | Total |
|---|---|---|---|---|---|
| As at April 1, 2019 | - | 30.22 | 9.96 | 0.58 | 40.76 |
| Additions | 324.44 | 4.20 | - | - | 328.64 |
| Disposals | - | 0.03 | - | - | 0.03 |
| As at March 31, 2020 | 324.44 | 34.39 | 9.96 | 0.58 | 369.37 |
| Accumulated depreciation as at April 1, 2019 | - | 18.47 | 4.40 | 0.08 | 22.95 |
| Depreciation for the year | 10.81 | 9.42 | 1.90 | 0.05 | 22.19 |
| Disposals | - | - | - | - | - |
| Accumulated depreciation as at March 31, 2020 | 10.81 | 27.89 | 6.30 | 0.13 | 45.14 |
| Net carrying amount as at March 31, 2020 | 313.63 | 6.50 | 3.66 | 0.44 | 324.23 |

## 4 INTANGIBLE ASSETS

| Description | Software - DWM | Total |
|---|---|---|
| Cost as at April 1, 2020 | 3,687.37 | 3,687.37 |
| Additions | - | - |
| Disposals | - | - |
| Cost as at March 31, 2021 | 3,687.37 | 3,687.37 |
| Accumulated depreciation as at April 1, 2020 | 359.82 | 359.82 |
| Depreciation for the year | 356.97 | 356.97 |
| Disposals | - | - |
| Accumulated depreciation as at March 31, 2021 | 716.80 | 716.80 |
| Net carrying amount as at March 31, 2021 | 2,970.57 | 2,970.57 |

| Description | Software - DWM | Total |
|---|---|---|
| Cost as at April 1, 2019 | - | - |
| Additions | 3,687.37 | 3,687.37 |
| Disposals | - | - |
| Cost as at March 31, 2020 | 3,687.37 | 3,687.37 |
| Accumulated depreciation as at April 1, 2019 | - | - |
| Depreciation for the year | 359.82 | 359.82 |
| Disposals | - | - |
| Accumulated depreciation as at March 31, 2020 | 359.82 | 359.82 |
| Net carrying amount as at March 31, 2020 | 3,327.55 | 3,327.55 |

## 5 INTANGIBLE ASSETS UNDER DEVELOPMENT

(Rs in Lakhs)

| Description | Amount |
|---|---|
| As at April 1, 2020 | - |
| Additions | - |
| Disposals | - |
| As At March 31, 2021 | - |
| Accumulated depreciation as at April 1, 2020 | - |
| Depreciation for the year | - |
| Disposals | - |
| Accumulated depreciation as at March 31, 2021 | - |
| Net carrying amount as at March 31, 2021 | - |

| Description | Amount |
|---|---|
| As at April 1, 2019 | 3,228.97 |
| Additions | 458.40 |
| Disposals | 3,687.37 |
| As at March 31, 2020 | - |
| Accumulated depreciation as at April 1, 2019 | - |
| Depreciation for the year | - |
| Disposals | - |
| Accumulated depreciation as at March 31, 2020 | - |
| Net carrying amount as at March 31, 2020 | - |

## 6 LOANS

(Rs in Lakhs)

| | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| (i) Loans - Non current | | |
| (Unsecured, Considered Good) | | |
| Security Deposit | - | 80.60 |
| | - | 80.60 |

**AR Digital Wealth Private Limited**
**(Previously known as A R Wealth Management Private Limited)**
**CIN: U65923MH1996PTC097270**
**NOTES TO IND AS STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

| (ii) Loan - Current | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| **Intercorporate Deposit To Related Party** | | |
| (Unsecured, Considered Good) | | |
| Anand Rathi Financial Services Limited | - | 940.24 |
| | - | 940.24 |

(Rs in Lakhs)

| 7 DEFERRED TAX ASSETS / (LIABILITIES) | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| Deferred Tax Liability on account of Depreciation | (216.20) | (129.54) |
| Deferred Tax Asset on account of Business Loss | 144.02 | 60.49 |
| Deferred Tax Asset on account of Leave | 2.17 | 1.86 |
| Deferred Tax Asset on account of Gratuity | 3.39 | 3.71 |
| Deferred Tax Asset on account of Ind AS 116 | - | 0.69 |
| | (66.62) | (62.79) |

(Rs in Lakhs)

| 8 OTHER NON CURRENT ASSETS | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| Advance Tax including Tax Deducted at Source | 24.07 | 8.19 |
| Capital Advance - Gift City Property | - | 349.33 |
| | 24.07 | 357.52 |

(Rs in Lakhs)

| 9 TRADE RECEIVABLES | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| (Unsecured, Considered good) | | |
| Trade Receivables | 70.87 | 29.55 |
| | 70.87 | 29.55 |

(Rs. In lakhs)

| (i) AGE OF RECEIVABLES | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| Within the credit period | 70.87 | 29.55 |
| 1-30 days Past Dues | - | 0.00 |
| 31-60 days Past Dues | - | - |
| 61-90 days Past Dues | - | 0.00 |
| More than 90 days past dues | - | - |

(Rs. In lakhs)

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

There is no expected credit loss as per past trend and hence no ageing in terms of percentage loss is available.

(Rs in Lakhs)

| 10 CASH AND CASH EQUIVALENTS | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| Balances with Banks | | |
| - in Current Accounts | 185.29 | 0.18 |
| - in Deposit Accounts | 1,580.00 | 5.00 |
| Cash On Hand | 0.62 | 5.76 |
| | 1,765.91 | 10.94 |

(Rs in Lakhs)

| 11 OTHER FINANCIAL ASSETS | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| Other Financial Assets - Current | | |
| Interest Accrued | 21.63 | 0.33 |
| Advance for Investment in Liquid Fund | - | 50.00 |
| | 21.63 | 50.33 |

AR Digital Wealth Private Limited

(Rs in Lakhs)

| 12 OTHER CURRENT ASSETS | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| (Unsecured, Considered good) | | |
| Interest Accrued | | - |
| Staff Advances | 1.69 | 4.82 |
| Prepaid Expenses | 0.59 | 0.87 |
| GST Input Credit | 1.23 | 27.80 |
| Advance to Others | 1.55 | 18.71 |
| | 5.06 | 52.20 |

(Rs in Lakhs)

| 13 EQUITY SHARE CAPITAL | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| The authorised, issued, subscribed and fully paid up share capital comprises of equity shares having a par value of INR 10 each as follows: | | |
| **Authorised** | | |
| 1,00,00,000 (1,00,00,000) Equity Shares of Rs.10/-each | 1,000.00 | 1,000.00 |
| | 1,000.00 | 1,000.00 |
| **Issued,Subscribed And Paid Up** | | |
| 53,72,976 (53,72,976) Equity Shares of Rs.10/-each Fully Paid Up | 537.30 | 537.30 |
| | 537.30 | 537.30 |

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

| | AS AT MARCH 31, 2021 | | AS AT MARCH 31, 2020 | |
|---|---|---|---|---|
| **Equity Shares** | No. of Shares | (Rs in Lakhs) | No. of Shares | (Rs in Lakhs) |
| Shares outstanding at the beginning of the year | 53,72,976 | 537.30 | 53,72,976 | 537.30 |
| Shares Issued during the year by capitalising of reserve | - | - | - | - |
| Shares Issued during the year for consideration | - | - | - | - |
| Shares outstanding at the end of the year | 53,72,976 | 537.30 | 53,72,976 | 537.30 |

**(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 10 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.

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 Wealth Services Limited | 40,57,059 | 75.51 | 40,57,059 | 75.51 |
| Shri Amit Rathi | 4,00,000 | 7.44 | 4,00,000 | 7.44 |
| Shri Sumeet Vaid | 2,11,106 | 3.93 | 2,11,106 | 3.93 |

**(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 |
|---|---|---|
| March 31, 2021 | - | - |
| March 31, 2020 | - | - |
| March 31, 2019 | - | - |
| March 31, 2018 | - | - |
| March 31, 2017 | - | - |

(Rs in Lakhs)

| 14 OTHER EQUITY | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| **(a) Securities Premium** | | |
| Opening Balance | 3,880.59 | 3,880.59 |
| Add: Received during the year | - | - |
| Less: Utilised during the year | - | - |
| | 3,880.59 | 3,880.59 |
| **(b) Retained Earnings** | | |
| Opening Balance | 218.77 | (77.90) |
| Add: Profit During the Year | 3.10 | 296.67 |
| Balance as at year end | 221.87 | 218.77 |

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| | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| **(c) Other Comprehensive Income** | | |
| Opening Balance | (6.25) | (6.52) |
| Remeasurement of defined employee benefit plan | 6.15 | 0.27 |
| Balance as at year end | (0.10) | (6.25) |
| TOTAL OTHER EQUITY | 4,102.36 | 4,093.11 |

**Securities Premium**
Balance of Securities premium consist of issue of share over its face value. The balance will be utilised as per section 52 of the Companies Act,2013.

**Retained earnings**
Retained earnings comprises of the amounts of profit /(loss) earned by the company.

**Other Comprehensive Income (OCI)**
OCI includes remeasurment of defined employee benefit plan on account of Actuarial Gains and Losses as per Ind AS 19 Employee Benefits.

(Rs in Lakhs)

| 15 PROVISIONS | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| Employee Benefits Liabilitiy - Non Current | | |
| Gratuity Provision | 13.21 | 14.43 |
| | 13.21 | 14.43 |

(Rs in Lakhs)

| 16 TRADE PAYABLES | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| Total outstanding dues of micro, small and medium enterprises | - | - |
| Total outstanding dues to other than micro, small and medium enterprises | 1.88 | 4.02 |
| | 1.88 | 4.02 |

*The above disclosure is base on the responses received by the company to its inquiries with suppliers with regard to applicability under the Micro, Small and Medium Enterprise devlopment Act, 2016.

(Rs in Lakhs)

| 17 OTHER FINANCIAL LIABILITIES | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| **(i) Other Financial Liabilities - Non Current** | | |
| Lease Liability | - | 228.11 |
| | - | 228.11 |
| **(ii) Other Financial Liabilities - Current** | | |
| Employee Benefits Payable | 0.80 | 0.64 |
| Lease Liability | - | 43.85 |
| Provision for Expenses | 31.85 | 36.80 |
| | 32.65 | 81.30 |

(Rs in Lakhs)

| 18 OTHER CURRENT LIABILITIES | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| Statutory Dues | 82.04 | 14.30 |
| Book Overdraft | - | 110.08 |
| | 82.04 | 124.39 |

(Rs in Lakhs)

| 19 PROVISIONS | AS AT MARCH 31, 2021 | AS AT MARCH 31, 2020 |
|---|---|---|
| **Employee Benefit Liabilities - Current** | | |
| Gratuity Provisions | 0.25 | 0.29 |
| Leave Provision | 8.62 | 7.41 |
| Incentive Provision | 18.50 | 20.00 |
| | 27.37 | 27.70 |

AR Digital Wealth Private Limited

(Rs in Lakhs)

| 20 REVENUE FROM OPERATION | FOR THE YEAR ENDED MARCH 31, 2021 | FOR THE YEAR ENDED MARCH 31, 2020 |
|---|---|---|
| Mutual Fund Distribution Income | 378.09 | 338.27 |
| Income from Distribution & Sale of Financial Product | 137.82 | 124.89 |
| | **515.91** | **463.16** |

(Rs in Lakhs)

| 21 OTHER INCOME | FOR THE YEAR ENDED MARCH 31, 2021 | FOR THE YEAR ENDED MARCH 31, 2020 |
|---|---|---|
| Interest Income | 122.32 | 3.14 |
| Gain on sale of Investment | - | 1,073.99 |
| Misc & Other Income | 48.30 | 18.30 |
| Web branding and Training Services | 396.24 | - |
| | **566.86** | **1,095.43** |

(Rs in Lakhs)

| 22 EMPLOYEE BENEFIT EXPENSES | FOR THE YEAR ENDED MARCH 31, 2021 | FOR THE YEAR ENDED MARCH 31, 2020 |
|---|---|---|
| Salary, Incentive & Bonus | 309.96 | 174.18 |
| Contribution to Provident and Other Funds | 15.19 | 6.03 |
| Gratuity | 4.89 | 5.10 |
| Staff Welfare Expenses | (0.00) | 3.54 |
| | **330.04** | **188.85** |

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.

(Rs in Lakhs)

| Particulars | FOR THE YEAR ENDED MARCH 31, 2021 | FOR THE YEAR ENDED MARCH 31, 2020 |
|---|---|---|
| **Amounts recognized in the Balance Sheet in respect of gratuity :** | | |
| Present value of the funded defined benefit obligation at the end of the period | 13.46 | 14.73 |
| Fair value of plan assets | - | - |
| **Net Liability/( Asset)** | **13.46** | **14.73** |
| **Amounts recognized in Salary, Wages and Employee Benefits in the Profit and Loss Account in respect of gratuity :** | | |
| Current Service cost | 3.92 | 4.28 |
| Interest on Defined Benefit Obligations | 0.96 | 0.82 |
| Expected return on plan assets | - | - |
| Past Service Cost - Vested Benefit recognised during the period | - | - |
| **Net Gratuity Cost** | **4.88** | **5.10** |

AR Digital Wealth Private Limited

| | | |
|---|---|---|
| **Amount recognized in Other Comprehensive Income (OCI)** | | |
| Amount recognized in OCI in beginning of the period | **6.26** | **6.52** |
| **Remeasurement due to:** | | |
| *Effect of Change in financial assumptions* | 2.01 | **(0.30)** |
| *Effect of Change in demographic assumptions* | - | **(0.02)** |
| *Effect of experience adjustments* | (8.16) | 0.06 |
| **Actuarial (Gains)/Losses** | **(6.15)** | **(0.26)** |
| **Return on plan assets (excluding interest)** | | |
| **Total remeasurements recognized in OCI** | **(6.15)** | **(0.26)** |
| **Amount recognized in OCI, End of Period** | **0.11** | **6.26** |
| | | |
| **Reconciliation of present value of the obligation** | | |
| **Change in present value of obligation:** | | |
| Opening Defined Benefit Obligation | 14.73 | 10.95 |
| Current Service Cost | 3.92 | 4.28 |
| Interest Cost | 0.96 | 0.82 |
| Liability Transferred out | - | - |
| Actuarial (Gain)/loss | (6.15) | (0.26) |
| Benefits Paid | - | (1.06) |
| Past Service Cost | - | - |
| **Closing Defined Benefit Obligation** | **13.46** | **14.73** |
| | | |
| **Change in fair value plan assets:** | | |
| Opening Fair Value of the plan assets | - | - |
| Expected return on plan assets | | |
| Actuarial Gain/(loss) | - | - |
| Contributions by the Employer | - | - |
| Benefits Paid | - | - |
| **Closing Fair value of the plan assets** | - | - |
| | | |
| **Investment details of plan assets** | | |
| Government of India Securities | - | - |
| Corporate Bonds | - | - |
| Special Deposit Scheme | - | - |
| Insurer Managed Fund | - | - |
| Others | - | - |
| **Total** | - | - |
| | | |
| **Experience Adjustment** | | |
| Defined Benefit Obligation | 13.46 | 14.73 |
| Plan Assets | - | - |
| (Surplus)/deficit | 13.46 | 14.73 |
| Acturial (Gains)/Losses on Obligations - Due to Experience | (6.15) | (0.26) |
| Acturial (Gains)/Losses on Plan Assets - Due to Experience | - | - |
| | | |
| **Weighted average duration of Define benefit obligation** | 13.70 Yrs | 12.97 Yrs |
| | | |
| **Maturity profile of defined benefit obligation** | | |
| Within next 12 months | 0.26 | 0.29 |
| Between 1 and 5 Years | 1.70 | 2.03 |
| Between 5 and 10 Years | 5.29 | 6.13 |

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.

AR Digital Wealth Private Limited

**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

**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) | 13.46 | 14.73 |
| **Discount Rate** | | |
| Increase by 50 bps | 12.59 | 13.88 |
| Impact of increase by 50 bps in Percentage | -6.84% | -5.73% |
| Decrease by 50 bps | 14.42 | 15.65 |
| Impact of decrease by 50 bps in Percentage | 7.12% | 6.24% |
| **Salary Growth Rate** | | |
| Increase by 50 bps | 14.37 | 15.42 |
| Impact of increase by 50 bps in Percentage | 6.74% | 4.68% |
| Decrease by 50 bps | 12.59 | 14.07 |
| Impact of decrease by 50 bps in Percentage | -6.47% | -4.43% |

**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 13.70 years, corresponding to which YTM on government bonds is 6.90%, after rounding to nearest 0.05%.

**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 (2012-14) Ult. as issued by Institute of Actuaries of India for the acturial valuation.

| **Principal Actuarial Assumptions:** | | |
|---|---|---|
| Discount rate | **6.90%** | **6.60%** |
| Salary Escalation Rate | **3.50%** | **3.50%** |
| Attrition Rate | **For Service 4 yrs & below 20% p.a. & service 4 yrs and above 2% p.a** | **For Service 4 yrs & below 20% p.a. & service 4 yrs and above 2% p.a** |
| Retirement Age | **60 years** | **60 years** |

**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 Group's Contribution to Provident Fund is Rs 15.19 Lakhs (FY 2019-20 Rs 6.03 Lakhs).

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

(Rs in Lakhs)

| 23 FINANCE COSTS | FOR THE YEAR ENDED MARCH 31, 2021 | FOR THE YEAR ENDED MARCH 31, 2020 |
|---|---|---|
| Interest Paid | 14.20 | 66.39 |
| | **14.20** | **66.39** |

(Rs in Lakhs)

| 24 OTHER EXPENSES | FOR THE YEAR ENDED MARCH 31, 2021 | FOR THE YEAR ENDED MARCH 31, 2020 |
|---|---|---|
| Legal & Professional Charges | 10.32 | 1.57 |
| Communication Expenses | 4.12 | 2.52 |
| Printing and Stationery | 0.10 | 1.56 |
| Rent, Rates and Taxes | - | 2.20 |
| Repairs and Maintenance | - | 0.09 |
| Recruitment & Training | 1.90 | 1.18 |
| Business Promotion and Marketing Expenses | 248.79 | 293.18 |
| Business Support Expenses | 23.87 | 206.35 |
| Data processing charges | 9.65 | - |
| Computer & Software Main. Charges | 22.51 | 0.50 |
| Travelling & Conveyance Expenses | 0.78 | 7.88 |
| Office Expenses | - | 0.02 |
| **Auditors Remuneration** | | |
| Audit Fees | 1.88 | 1.50 |
| Miscellaneous & other Expenses | 5.50 | 5.29 |
| | **329.42** | **523.84** |

(Rs in Lakhs)

| 25 INCOME TAX EXPENSE | FOR THE YEAR ENDED MARCH 31, 2021 | FOR THE YEAR ENDED MARCH 31, 2020 |
|---|---|---|
| **Current Tax** | | |
| Current tax on profit for the year | - | - |
| Adjustments for current tax of prior periods | 2.13 | - |
| **Total Current tax expenses** | 2.13 | - |
| **Deferred Tax** | | |
| Decrease / (Increase) in deferred tax assets | (82.83) | (28.29) |
| (Decrease) / Increase in deferred tax liabilities | 86.66 | 129.13 |
| **Total deferred tax expenses / benefit** | 3.83 | 100.84 |
| **Total Income Tax Expenses** | **5.96** | **100.84** |

AR Digital Wealth Private Limited

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CIN: U65923MH1996PTC097270

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

(Rs in Lakhs)

| Particulars | FOR THE YEAR ENDED MARCH 31, 2021 | FOR THE YEAR ENDED MARCH 31, 2020 |
|---|---|---|
| Applicable Tax Rate | 25.17 | 25.17 |
| Profit before tax | 9.06 | 397.51 |
| Tax Expenses as per above rate | 2.28 | 100.05 |
| Expenses Disallowed | 0.01 | 0.01 |
| On Account of Ind AS Adjustments | 0.00 | - |
| Net impact on adoption of new tax rate (net) | - | 3.63 |
| Items (offered)/not offered for tax in earlier years | 1.54 | (2.85) |
| On Account of Previous Year Adjustments | 2.13 | - |
| **Total Tax Expenses Recognised** | **5.96** | **100.84** |
| **Effective Tax Rate** | **65.81%** | **25.37%** |

The Government of India has inserted section 115BAA in the Income Tax Act, 1961 which provides domestic companies an option to pay corporate tax at reduced rate of 22% plus applicable surcharge and cess which is effective from 1st April 2019 subject to certain conditions. During the FY 2020-21,the Company has adopted the option of reduced rate and accordingly income tax and deferred tax have been calculated.

AR Digital Wealth Private Limited

**26 INDIAN ACCOUNTING STANDARD 108:- OPERATING SEGMENTS**

The Company is engaged in providing Financial and Distribution services in India. As such there are no reportable segments.

**27 Ind AS 116**

The Company has adopted Ind AS 116 and applied the standard to all lease contracts. 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.

The incremental borrowing rate applied to lease liabilities is 9.5%

**Following is the information pertaining to leases for the period ended March 31, 2021 and year ended March 31, 2020**

(Rs in Lakh)

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| (a) Depreciation Charge for Right-of-Use Asset | 37.85 | 10.81 |
| (b) Interest Expense on Lease Liability | 5.64 | 1.22 |
| (c) Expense relating to short term leases accounted in profit & loss | 0.00 | 2.20 |
| (d) Total Cash Outflow for Leases for the period (includes expense relating to short term lease also) | 39.06 | 13.36 |
| (e) Additions to Right-of-Use Asset | -324.44 | 324.44 |
| (f) Carrying Amount of Right-of-Use Asset | 0.00 | 313.63 |

**Maturity Analysis of Lease Liabilities :**

(Rs in Lakh)

| Due | As at 31.03.2021 | As at 31.03.2020 |
|---|---|---|
| Not later than 1 year | - | 67.29 |
| Later than 1 year and not later than 5 years | - | 270.76 |
| Later than 5 years | - | - |
| Total | - | 338.06 |

**28 RELATED PARTY DISCLOSURE - Ind AS**

**(a) List of Related Parties**

**(i) Holding Company**

Anand Rathi Wealth Limited (formerly known as Anand Rathi Wealth Services Limited)

**(ii) Fellow Subsidiaries**

Freedom Wealth Solutions Private Limited

Ffreedom Intermediary Infrastructure Private Limited

**(iii) Entity of which the Holding Company is an Associate**

Anand Rathi Financial Services Limited

**(iv) Key Managerial Persons**

Sriram Rajagopal Iyer, Director,CEO

**(v) Other Related Parties with whom there were transactions during the year:**

Anand Rathi Share and Stock Brokers Limited

Anand Rathi Advisors Limited

**(b) The following transactions were carried out with the related parties in the ordinary course of business:**

(Rs. In Lakhs)

| Nature of Transaction/Relationship | FOR THE YEAR ENDED MARCH 31, 2021 | FOR THE YEAR ENDED MARCH 31, 2020 |
|---|---|---|
| **(i) Loan Given** | | |
| Entity of which the Holding Company is an Associate | 3,062 | 940.00 |
| **(ii) Loan Repayment Received** | | |
| Entity of which the Holding Company is an Associate | 4,002 | - |

AR Digital Wealth Private Limited

**26 INDIAN ACCOUNTING STANDARD 108:- OPERATING SEGMENTS**

The Company is engaged in providing Financial and Distribution services in India. As such there are no reportable segments.

**27 Ind AS 116**

The Company has adopted Ind AS 116 and applied the standard to all lease contracts. 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.

The incremental borrowing rate applied to lease liabilities is 9.5%

**Following is the information pertaining to leases for the period ended March 31, 2021 and year ended March 31, 2020**

(Rs in Lakh)

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| (a) Depreciation Charge for Right-of-Use Asset | 37.85 | 10.81 |
| (b) Interest Expense on Lease Liability | 5.64 | 1.22 |
| (c) Expense relating to short term leases accounted in profit & loss | 0.00 | 2.20 |
| (d) Total Cash Outflow for Leases for the period (includes expense relating to short term lease also) | 39.06 | 13.36 |
| (e) Additions to Right-of-Use Asset | -324.44 | 324.44 |
| (f) Carrying Amount of Right-of-Use Asset | 0.00 | 313.63 |

**Maturity Analysis of Lease Liabilities :**

(Rs in Lakh)

| Due | As at 31.03.2021 | As at 31.03.2020 |
|---|---|---|
| Not later than 1 year | - | 67.29 |
| Later than 1 year and not later than 5 years | - | 270.76 |
| Later than 5 years | - | - |
| Total | - | 338.06 |

**28 RELATED PARTY DISCLOSURE - Ind AS**

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Anand Rathi Wealth Limited (formerly known as Anand Rathi Wealth Services Limited)

**(ii) Fellow Subsidiaries**
Freedom Wealth Solutions Private Limited
Ffreedom Intermediary Infrastructure Private Limited

**(iii) Entity of which the Holding Company is an Associate**
Anand Rathi Financial Services Limited

**(iv) Key Managerial Persons**
Sriram Rajagopal Iyer, Director,CEO

**(v) Other Related Parties with whom there were transactions during the year:**
Anand Rathi Share and Stock Brokers Limited
Anand Rathi Global Finance Limited
Anand Rathi Advisors Limited

**(b) The following transactions were carried out with the related parties in the ordinary course of business:**

(Rs. In Lakhs)

| Nature of Transaction/Relationship | FOR THE YEAR ENDED MARCH 31, 2021 | FOR THE YEAR ENDED MARCH 31, 2020 |
|---|---|---|
| **(i) Loan Given** | | |
| Entity of which the Holding Company is an Associate | 3,062 | 940.00 |
| **(ii) Loan Repayment Received** | | |
| Entity of which the Holding Company is an Associate | 4,002 | - |

AR Digital Wealth Private Limited

| | | FOR THE YEAR ENDED MARCH 31, 2021 | FOR THE YEAR ENDED MARCH 31, 2020 |
|---|---|---|---|
| (iii) | **Loan Taken** | | |
| | Holding Company | 142.00 | 1,134.00 |
| (iv) | **Loan Repaid** | | |
| | Holding Company | 142.00 | 1,590.38 |
| (v) | **Sale of Investment** | | |
| | Holding Company | - | 2,598.95 |
| (vi) | **Purchase of Debebtures** | | |
| | Holding Company | 414.04 | |
| | Other Related Parties | 1242.00 | |
| (vii) | **Support Service Taken** | | |
| | Holding Company | 7.84 | 13.41 |
| | Fellow Subsidiaries | - | 173.87 |
| | Other Related Parties | 15.93 | 83.47 |
| (viii) | **Support Service Given** | | |
| | Holding Company | 38.23 | 15.48 |
| | Fellow Subsidiaries | - | 2.20 |
| | Other Related Parties | - | 0.02 |
| (ix) | **Interest Income** | | |
| | Other Related Parties | 22.86 | - |
| | Entity of which the Holding Company is an Associate | 91.70 | 0.24 |
| (x) | **Interest Expense** | | |
| | Holding Company | - | 62.07 |
| (xi) | **Referral fees income** | | |
| | Other Related Parties | - | 110.09 |
| (xii) | **Remuneration to KMP** | | |
| | DIRECTOR, CEO | 72.67 | 140.13 |

(Rs. In Lakhs)

| (c) | **Outstanding Balances** | **AS AT MARCH 31, 2021** | **AS AT MARCH 31, 2020** |
|---|---|---|---|
| (i) | **Loan Given** | | |
| | Entity of which the Holding Company is an Associate | - | 940.00 |
| (ii) | **Interest Receivable** | | |
| | Entity of which the Holding Company is an Associate | - | 0.24 |
| (iii) | **Other Receivables** | | |
| | Holding company | - | 1.56 |

**29 Earning Per Share**

| | 2020-21 | 2019-20 |
|---|---|---|
| Net Profit after tax | 3.10 | 296.67 |
| Number of equity shares | 5,372,976 | 5,372,976 |
| Face Value Per Share (in Rs) | 10 | 10 |
| Weighted Average number of equity shares | 5,372,976 | 5,372,976 |
| Diluted Weighted Average number of equity shares | 5,372,976 | 5,372,976 |
| Earnings Per Share (in Rs) | | |
| - Basic | 0.06 | 5.52 |
| - Diluted | 0.06 | 5.52 |

**30 Corporate Social Responsibility (CSR)**

The Company is not liable to spend any amount as per the provisions of Sec 135 of The Companies Act, 2013.

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## 35 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 Lakhs)

| March 31, 2021 | Carrying Amount | Fair value | | | |
|---|---|---|---|---|---|
| | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| **Financial assets** | | | | | |
| **Amortised Cost** | | | | | |
| (i) Loans | - | - | - | - | - |
| (ii) Security Deposit | - | - | - | - | - |
| (iii) Trade receivables | 70.87 | - | - | - | - |
| (iv) Cash and cash equivalents | 1,765.91 | - | - | - | - |
| (v) Other Financial Assets | 21.63 | - | - | - | - |
| | **1,858.41** | - | - | - | - |
| **Financial liabilities** | | | | | |
| **Amortised Cost** | | | | | |
| (i) Borrowings | - | - | - | - | - |
| (ii) Trade Payables | 1.88 | - | - | - | - |
| (iii) Other Financial Liabilities | 32.65 | - | - | - | - |
| | 34.53 | - | - | - | - |

(Rs in Lakhs)

| March 31, 2020 | Carrying Amount | Fair value | | | |
|---|---|---|---|---|---|
| | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| **Financial assets** | | | | | |
| **Amortised Cost** | | | | | |
| (i) Loans | 940.24 | | | | |
| (ii) Security Deposit | 80.60 | - | - | - | - |
| (iii) Trade receivables | 29.55 | - | - | - | - |
| (iv) Cash and cash equivalents | 10.94 | - | - | - | - |
| (v) Other Financial Assets | 50.33 | - | - | - | - |
| | **1,111.66** | - | - | - | - |
| **Financial liabilities** | | | | | |
| **Amortised Cost** | | | | | |
| (i) Borrowings | - | - | - | - | - |
| (ii) Trade Payables | 4.02 | - | - | - | - |
| (iii) Other Financial Liabilities | 309.40 | - | - | - | - |
| | 313.42 | - | - | - | - |

(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 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.

(iii) The fair value of the quoted instruments are based on market price at the reporting date. In case of unquoted instruments, the valuation is done based on the observable market inputs.

AR Digital Wealth Private Limited

## 36 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 its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

**Exposure to liquidity risk**

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

| | | | Contractual cash flows (Rs in Lakhs) | | | |
|---|---|---|---|---|---|---|
| **March 31, 2021** | Carrying amount | Total | On Demand | Less than 3 months | 3-12 months | 1-5 years |
| Borrowings | - | - | - | - | - | - |
| Trade Payables | 1.88 | 1.88 | - | 1.88 | - | - |
| Other Financial Liabilities | 32.65 | 32.65 | - | (2.01) | 34.67 | - |

| | | | Contractual cash flows (Rs in Lakhs) | | | |
|---|---|---|---|---|---|---|
| **March 31, 2020** | Carrying amount | Total | On Demand | Less than 3 months | 3-12 months | 1-5 years |
| Borrowings | - | - | - | - | - | - |
| Trade Payables | 4.02 | 4.02 | - | 4.02 | - | - |
| Other Financial Liabilities | 309.40 | 309.40 | - | 47.94 | 33.36 | 228.11 |

**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 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 assesed based on an estensive credit rating scoreboard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitiored and all possible steps taken to timely realise them.

The credit risk on Fixed Deposits with Banks, 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.

In addition the Company has loan exposure to Subsidiaries and group entities.

As on reporting date credit risk exposure are as on following:

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Investment in Mutual Fund | - | 50.00 |
| Security Deposit | - | 80.60 |
| Loans | - | 940.24 |
| Trade Receivables | 70.87 | 29.55 |
| Bank Balances in Current Account | 185.29 | 0.18 |
| Fixed Deposit | 1,580.00 | 5.00 |
| Interest Accrued | 21.63 | 0.33 |

AR Digital Wealth Private Limited

**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 don't have any debt obligation of floating interest rate, so no interest rate risk exists.

**Equity Price Risk**

The Company's Board of Directors reviews and approves all equity investment decisions.
At the reporting date, there is no exposure to equity securities of other entities.

**Currency Risk**

The Company's primary business activities are within India and does not have significant exposure in foreign currency.

37 In the opinion of the Management, the value of all Current Assets, Loans and Advances and other receivables is not less than their realisable value in the ordinary course of business.

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

39 The Company, as a process, reviews and ensures to make adquate provisions for material forseeable loss, if any, on all long-term contracts. As on the reporting date there is no material foreseeable loss on any long-term contract.

40 The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business globally. The Company has considered the possible effects COVID-19 may have on the recoverability of Trade Receivables and impact on revenue. Based on current indicators there is no impact of Covid-19 on the company as we have seen no significant change in revenue during the FY 2020-21 in comparison with revenue of FY 2019-20 inspite of lockdown condition.

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

As per our attached report of even date.

**For Bagaria & Co. LLP**
Chartered Accountants
Firm Reg No.113447W/W-100019

Pratha

BAGARIA & CO LLP MUMBAI CHARTERED ACCOUNTANTS

**Pratha Agrawal**
Partner
M.No. 179436
Place: Mumbai
Date: 6th May 2021

**For and on Behalf of Board of Directors**

AR Digital Wealth Private Limited

| | | |
|---|---|---|
| **Amit Rathi** | **Vishal Laddha** | **Ashish Chauhan** |
| **Director** | **Director** | **Company Secretary** |
| **DIN : 00029791** | **DIN : 0033628** | |