

## **Independent Auditor's Report**

### **To the Members of Indiabulls Asset Reconstruction Company Limited**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

1. We have audited the accompanying financial statements of **Indiabulls Asset Reconstruction Company Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. 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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

##### **Basis for Opinion**

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

##### **Emphasis of Matter – COVID-19**

4. We draw attention to Note 37 to the accompanying financial statements, which describes the uncertainties relating to COVID-19 pandemic outbreak. The impact of the COVID-19 pandemic on the Company's operations including the impairment assessment of investments is dependent on future developments. Our opinion is not modified in respect of this matter.

##### **Information other than the Financial Statements and Auditor's Report thereon**

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and our auditor's report thereon.

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 in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

6. The accompanying financial statements have been approved by the Company's Board of Directors. 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. 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.
8. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

9. 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 Standards on Auditing 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.
10. As part of an audit in accordance with Standards on Auditing, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are

also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

12. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.
13. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
14. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 purpose of our audit of the accompanying financial statements;
  - 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 financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid financial statements comply with Ind AS 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) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 18 June 2021 as per Annexure II expressed unmodified opinion; and

- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (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 litigation which would impact its financial position as at 31 March 2021;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

**For Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sudhir N. Pillai**  
Partner  
Membership No.: 105782  
UDIN: 21105782AAAAEI4986

**Place:** Mumbai  
**Date:** 18 June 2021

**Annexure I to the Independent Auditor's Report of even date to the members of Indiabulls Asset Reconstruction Company Limited on the financial statements for the year ended 31 March 2021**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
  - (b) There are no dues in respect of income-tax, goods and service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government. The Company has not defaulted in repayment of any dues to debenture-holder during the year.

- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sudhir N. Pillai**  
Partner  
Membership No.: 105782  
UDIN.: 21105782AAAAEI4986

**Place:** Mumbai  
**Date:** 18 June 2021

## **Annexure II**

### **Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the financial statements of **Indiabulls Asset Reconstruction Company Limited** ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

#### **Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

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

#### **Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### **Meaning of Internal Financial Controls with Reference to Financial Statements**

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include

**Annexure II to the Independent Auditor's Report of even date to the members of Indiabulls Asset Reconstruction Company Limited on the financial statements for the year ended 31 March 2021**

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

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sudhir N. Pillai**  
Partner  
Membership No.: 105782  
UDIN.: 21105782AAAAEI4986

Place: Mumbai  
Date: 18 June 2021



**Indiabulls Asset Reconstruction Company Limited**  
**Balance Sheet as at 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

	Notes	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3	676.50	187.24
Bank Balance other than cash and cash equivalents	4	2,823.04	314.78
Trade receivables	5	8.20	7.35
Loans	6	314.52	275.82
Investments	7	53,676.52	53,511.14
Other financial assets	8	37.37	47.02
<b>Total financial assets</b>		<b>57,536.15</b>	<b>54,343.35</b>
<b>Non-financial assets</b>			
Deferred tax assets (net)	9	392.75	1,043.50
Property, plant and equipment	10	4.02	134.45
Other non-financial assets	11	194.58	128.67
<b>Total non-financial assets</b>		<b>591.35</b>	<b>1,306.62</b>
<b>TOTAL ASSETS</b>		<b>58,127.50</b>	<b>55,649.97</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Payables			
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	12	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		95.98	13.18
Other payables	13		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		171.87	87.37
Debt securities	14	-	490.96
Other financial liabilities	15	10.70	248.30
<b>Total financial liabilities</b>		<b>278.55</b>	<b>839.81</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)	16	582.96	277.21
Provisions	17	42.52	311.00
Other non-financial liabilities	18	171.41	831.63
<b>Total non-financial liabilities</b>		<b>796.89</b>	<b>1,419.84</b>
<b>EQUITY</b>			
Equity share capital	19	9,750.00	5,750.00
Other equity	20	47,302.06	47,640.32
<b>Total equity</b>		<b>57,052.06</b>	<b>53,390.32</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>58,127.50</b>	<b>55,649.97</b>

The accompanying notes form an integral part of these financial statements

This is the balance sheet referred to in our report of even date

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

For and on behalf of the board of directors  
**Indiabulls Asset Reconstruction Company Limited**

**Sudhir Pillai**  
Partner  
Membership No.: 105782

**Ajit Kumar Mittal**  
Director  
DIN: 02698115

**Amit Ajit Gandhi**  
Whole Time Director  
DIN: 07606699

**Vijay Nehra**  
Chief Executive Officer

**Keyur Morparia**  
Chief Financial Officer

**Lalit Sharma**  
Company Secretary  
M. No. : 24111

Place : Mumbai  
Date : 18 June 2021

Place : Mumbai  
Date : 18 June 2021

**Indiabulls Asset Reconstruction Company Limited**  
**Statement of Profit and Loss for the year ended 31 March 2021**  
(All amounts in Rs. lakhs unless stated otherwise)

	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Revenue from operations</b>			
Interest income	21	208.00	2,100.09
Fee and commission income	22	4,791.43	2,939.85
Net gain on fair value changes	23	489.51	-
<b>Total revenue from operations (I)</b>		<b>5,488.94</b>	<b>5,039.94</b>
Other income (II)	24	311.89	-
<b>Total revenue (I + II)</b>		<b>5,800.83</b>	<b>5,039.94</b>
<b>Expenses</b>			
Finance costs	25	6.62	289.35
Employee benefits expense	26	573.29	479.36
Depreciation and amortisation	10	20.80	57.89
Other expenses	27	142.94	370.03
Impairment of investments		-	1,513.93
<b>Total expenses</b>		<b>743.65</b>	<b>2,710.56</b>
<b>Profit before tax</b>		<b>5,057.18</b>	<b>2,329.38</b>
<b>Tax expense</b>			
Current tax (including earlier years)	28	745.08	753.56
Deferred tax charge/(credit)		650.65	(41.44)
<b>Total tax expense</b>		<b>1,395.73</b>	<b>712.12</b>
<b>Profit for the year</b>		<b>3,661.45</b>	<b>1,617.26</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement gain / (loss) on defined benefit plans		0.39	8.35
Income tax relating to items that will not be reclassified to profit and loss		(0.10)	(2.43)
<b>Other comprehensive income</b>		<b>0.29</b>	<b>5.92</b>
<b>Total comprehensive income for the year</b>		<b>3,661.74</b>	<b>1,623.18</b>
<b>Earnings per equity share</b>			
(1) Basic	29	3.76	1.66
(2) Diluted		3.76	1.66

The accompanying notes form an integral part of these financial statements  
This is the statement of profit and loss referred to in our report of even date

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

For and on behalf of the board of directors  
**Indiabulls Asset Reconstruction Company Limited**

**Sudhir Pillai**  
Partner  
Membership No.: 105782

**Ajit Kumar Mittal**  
Director  
DIN: 02698115

**Amit Ajit Gandhi**  
Whole Time Director  
DIN: 07606699

**Vijay Nehra**  
Chief Executive Officer

**Keyur Morparia**  
Chief Financial Officer

**Lalit Sharma**  
Company Secretary  
M. No. : 24111

Place : Mumbai  
Date : 18 June 2021

Place : Mumbai  
Date : 18 June 2021

**Indiabulls Asset Reconstruction Company Limited**  
**Cashflow statement for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A Cash flow from operating activities</b>		
Net profit before tax	5,057.18	2,329.38
Adjustment for		
Depreciation and amortisation	20.80	57.89
Impairment of investments	-	1,513.93
Provision for possible contracted liabilities	-	290.91
Effective interest rate and other non-cash adjustments	(31.40)	233.74
<b>Operating profit before working capital changes</b>	<b>5,046.58</b>	<b>4,425.85</b>
<b>Changes in working capital:</b>		
Loans	(38.70)	33,834.35
Other financial assets	9.32	(35.60)
Trade receivables	(0.85)	(7.35)
Other non-financial assets	(65.92)	(66.11)
Fixed deposit accounts having original maturity more than three months	(2,508.26)	(314.78)
Trade and other payables	167.30	(15.38)
Other financial liabilities	(93.84)	(187.55)
Other non-financial liabilities	(660.22)	(46.66)
Provisions	(268.49)	289.25
<b>Cash (used in)/flow from operations</b>	<b>1,586.94</b>	<b>37,876.03</b>
Income tax paid (including tax deducted at source)	(439.33)	(512.00)
<b>Net cash (used in)/flow from operating activities</b>	<b>1,147.61</b>	<b>37,364.03</b>
<b>B Cash flows from investing activities</b>		
Purchase of property, plant and equipment (net)	(2.01)	(0.85)
Investment in security receipts (net of redemptions)	(165.38)	(37,666.99)
<b>Net cash used in investing activities</b>	<b>(167.39)</b>	<b>(37,667.84)</b>
<b>C Cash flow from financing activities</b>		
Interest paid on financing activities	(490.96)	(3,208.76)
<b>Net cash used in investing activities</b>	<b>(490.96)</b>	<b>(3,208.76)</b>
Net (decrease)/increase in cash and cash equivalents (A+B+C)	489.26	(3,512.57)
Cash and cash equivalents at the beginning of the year	187.24	3,699.81
<b>Cash and cash equivalents at the end of the year</b>	<b>676.50</b>	<b>187.24</b>
<b>Note:</b>		
Cash and cash equivalents as at the close of the year include:		
Cash on hand	-	-
Balance with banks		
-In current accounts	676.50	187.24
<b>Cash and cash equivalents at the end of the year</b>	<b>676.50</b>	<b>187.24</b>

The accompanying notes form an integral part of these financial statements  
This is the cash flow statement referred to in our report of even date

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

**For and on behalf of the board of directors**  
**Indiabulls Asset Reconstruction Company Limited**

**Sudhir Pillai**  
**Partner**  
**Membership No.: 105782**

**Ajit Kumar Mittal**  
Director  
DIN: 02698115

**Amit Ajit Gandhi**    **Vijay Nehra**  
Whole Time Director    Chief Executive Officer  
DIN: 07606699

**Keyur Morparia**  
Chief Financial Officer

**Lalit Sharma**  
Company Secretary  
M. No. : 24111

Place : Mumbai  
Date : 18 June 2021

Place : Mumbai  
Date : 18 June 2021

**Indiabulls Asset Reconstruction Company Limited**  
**Statement of changes in equity for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

**A. Equity share capital**

Particulars	As at 31 March 2020	Changes during the year	As at 31 March 2021
Equity share capital	5,750.00	4,000.00	9,750.00

**B. Other equity**

Particulars	Equity component of compulsorily convertible debentures	Reserves and surplus		Total
		Securities premium	Retained earnings	
<b>Balance as at 31 March 2020</b>	37,541.86	6,750.00	3,348.46	47,640.32
Profit for the year	-	-	3,661.45	3,661.45
Other comprehensive income (net of tax)	-	-	0.29	0.29
Issue/utilisation of compulsorily convertible debenture	(37,541.86)	-	-	(37,541.86)
Issue of equity shares	-	33,541.86	-	33,541.86
<b>Balance as at 31 March 2021</b>	-	40,291.86	7,010.20	47,302.06

The accompanying notes form an integral part of these financial statements  
This is the statement of changes in equity referred to in our report of even date

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

For and on behalf of the board of directors  
**Indiabulls Asset Reconstruction Company Limited**

**Sudhir Pillai**  
Partner  
Membership No.: 105782

**Ajit Kumar Mittal**  
Director  
DIN: 02698115

**Amit Ajit Gandhi**  
Whole Time Director  
DIN: 07606699

**Vijay Nehra**  
Chief Executive Officer

**Keyur Morparia**  
Chief Financial Officer

**Lalit Sharma**  
Company Secretary  
M. No. : 24111

Place : Mumbai  
Date : 18 June 2021

Place : Mumbai  
Date : 18 June 2021

## **Indiabulls Asset Reconstruction Company Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

#### **1. Corporate Information**

Indiabulls Asset Reconstruction Company Limited ('the Company') was incorporated on 2 November 2006 with the object of engaging in the business of asset reconstruction. The Company has been granted certificate of registration from Reserve Bank of India (RBI) on 19 May 2017 to commence the business of securitisation or asset reconstruction under section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act"). The Company is domiciled in India and its registered office is situated at One International Centre, Tower-1, 4<sup>th</sup> Floor, Senapati Bapat Marg, Elphinstone Road, Mumbai, Maharashtra 400 013.

##### **a. Basis of preparation**

###### **(i) Statement of compliance with Indian Accounting Standards (Ind AS)**

These financial statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for all the periods presented in these financial statements.

On 13 November 2020, a board resolution was passed by the Board of Directors to authorize them to sell off its Asset reconstruction business to prospective buyer, for a purchase consideration not less than the value of security receipts and surrender their ARC business license to Reserve Bank of India. Based on the board resolution, the Trustee has sold off 11 trusts to another ARC on 29 April 2021 for a purchase consideration greater than the value of security receipts as on 31 March 2021. The above arrangement was executed through an 'Assignment agreement' entered with another ARC.

Post this sale transaction, the Company still acts as Trustee for 5 of the trusts. Considering emergence of somewhat more conducive environment off late, the Board has passed another resolution on 16 June 2021 which resolves that the Company will continue with its existing ARC activities as a going concern and will look for opportunities for making fresh acquisitions i.e., forming new trusts.

Accordingly, the financial statements are continued to be prepared on 'going concern' assumption basis.

###### **(ii) Historical cost convention**

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities and share based payments which are measured at fair values as explained in relevant accounting policies.

#### **2. Summary of significant accounting policies**

The financial statements have been prepared using the significant accounting policies and measurement basis summarised as below. These policies are applied consistently for all the periods presented in the financial statements.

##### **a) Property, plant and equipment**

###### ***Recognition and initial measurement***

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

## Indiabulls Asset Reconstruction Company Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit and loss.

#### ***Subsequent measurement (depreciation method, useful lives and residual value)***

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the straight-line method over the useful life of the assets as prescribed under Schedule II of the Companies Act, 2013.

The useful life of the assets is as follows:

Asset class	Useful life
Computer equipment	3 years
Office equipment	5 years
Furniture and fixtures	10 years

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

#### ***De-recognition***

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognised.

## b) Revenue recognition

#### ***Interest income on loans***

Interest income on loans (including processing fee) is recorded on accrual basis using the effective interest rate (EIR) method.

#### ***Interest on bank deposits***

Interest income on bank deposits is recorded on accrual basis using the effective interest rate (EIR) method.

#### ***Management and other fees***

Management and other fee are recognised as revenue on accrual basis based on contractual arrangement, when there is no uncertainty in the ultimate realisation/collection.

#### ***Incentive fees***

Incentive fee is recognised as revenue on accrual basis based on contractual arrangement, when there is no uncertainty in the ultimate realisation/collection.

#### ***Dividend income***

Dividend income is recognised at the time when the right to receive is established by the reporting date.

## c) Borrowing costs

Borrowing costs that are directly attributable to the acquisition and/or construction of a qualifying asset, till the time such qualifying assets become ready for its intended use sale, are capitalised. Borrowing costs consists of interest and other cost that the Company incurred in connection with the borrowing of funds. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

## **Indiabulls Asset Reconstruction Company Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

#### **d) Taxation**

Tax expense recognized in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognized in other comprehensive income or directly in equity.

Current tax comprises the tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is computed and provided for in accordance with the applicable provisions of the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) (as amended) notified by the Central Government. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. Current tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by 'The Taxation Laws (Amendment) Act, 2019'. Under this option, Company is not required to comply with provisions of Minimum Alternate Tax.

#### **e) Employee benefits**

##### ***Short-term employee benefits***

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

##### ***Other long-term employee benefits***

The Company also provides the benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to availed after one year from the balance sheet date is estimated in the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to Statement of Profit and Loss in the year in which such gains or losses are determined.

## Indiabulls Asset Reconstruction Company Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

#### *Defined contribution plans*

The Company has a defined contribution plans namely provident fund, pension fund and employees state insurance scheme. The contribution made by the Company in respect of these plans are charged to the Statement of Profit and Loss.

#### *Defined benefit plans*

The Company has unfunded gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

#### **f) Impairment of non-financial assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

#### **g) Impairment of financial assets**

##### *Loan assets*

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 (1-30 days past due) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- Stage 2 (31-60 days past due) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 (more than 90 days past due) includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

**Probability of Default (PD)** - The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

**Loss Given Default (LGD)** – LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

**Exposure at Default (EAD)** – EAD is based on the amounts the Company expects to be owed at the time of default. For a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.



**Indiabulls Asset Reconstruction Company Limited**  
**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

***Other financial assets***

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

**Write-offs**

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

**h) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments (certificate of deposits) that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. For cash flow statement purposes, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**i) Investment in security receipts of Asset Reconstruction (AR) trusts**

Investments representing controlling interest in AR Trusts are measured at cost in accordance with Ind AS 27 'Separate Financial Statements'. The Investments sold subsequent to the reporting date are measured in accordance with Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations' at lower of cost or fair value.

**j) Provisions, contingent assets and contingent liabilities**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

**k) Leases**

Ind AS 116 - 'Leases' (Ind AS 116) was notified in March 2019 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. The Company has applied Ind AS 116 with a date of initial application of 1 April, 2019 using modified retrospective approach, under which the lease liability is measured based on the remaining lease payments (i.e., from the date of transition to the lease end date) discounted using the incremental borrowing rate as of the date of initial application being 1 April 2019. The carrying amount of the ROU

## **Indiabulls Asset Reconstruction Company Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

asset is an amount equal to the carrying amount of the lease liability on the date of initial application as there are no prepayments or accrual items and hence, no impact on the retained earnings as on the transition date. There is no impact on retained earnings as at 1 April 2019. The Company has applied Ind AS 116 only to the contracts that were previously identified as leases. As a practical expedient, contracts previously identified as lease under Ind AS 17 has not reassessed as to whether a contract is, or contains, a lease under Ind AS 116.

The Company has used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the exemption not to recognize right-of-use asset and liabilities for leases with remaining lease term of 12 months or less.
- Excluded initial direct costs from measuring the right-of-use asset at the date of application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Payments in relation to leases of low-value assets are recognised as an expense in statement of profit or loss.

#### **1) Financial instruments**

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### ***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

##### **Non-derivative financial assets**

###### ***Subsequent measurement***

- i. **Financial assets carried at amortised cost** – a financial asset is measured at the amortised cost if both the following conditions are met:
  - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

- ii. **Investments in security receipts** – Investments in security receipts where the Company holds non-controlling interest are classified as at fair value through profit or loss (FVTPL).

###### ***De-recognition of financial assets***

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e., removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

##### **Non-derivative financial liabilities**

###### ***Subsequent measurement***

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

## **Indiabulls Asset Reconstruction Company Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

#### ***De-recognition of financial liabilities***

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

#### **Convertible debentures**

Convertible debentures are separated into liability and equity components basis the terms of the contract. On issuance of the convertible debentures, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as financial liability measured at amortised cost until it is extinguished on conversion. The remainder of the proceeds is recognised in equity since conversion option meets the fixed for fixed criteria.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **m) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) 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.

#### **n) Foreign currency**

##### ***Functional and presentation currency***

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements have been prepared and presented in Indian Rupees, which is the Company's functional and presentation currency.

##### ***Transactions and balances***

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

#### **o) Significant management judgement in applying accounting policies and estimation uncertainty**

The preparation of financial statements in conformity with the generally accepted accounting principles in India requires management to make estimates and assumption that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. The estimates and assumptions used in accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Examples of such estimates include useful lives of fixed assets, future obligations under

## **Indiabulls Asset Reconstruction Company Limited**

### **Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

employee retirement benefit plans, income taxes etc. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### ***Significant management judgements***

**Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Expected credit loss ('ECL')** – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

**Provisions** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

#### ***Significant estimates***

**Useful lives of depreciable assets** – Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

**Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Fair value measurements** – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

**Note - 10**

**Property, plant and equipment**

**Particulars**

Particulars	Gross block				Accumulated depreciation				Net block	
	As at	Additions	Disposals/ adjustment	As at	As at	Charge for the	Disposals/ adjustment	As at	As at	As at
	01 April 2020			31 March 2021	01 April 2020	year		31 March 2021	31 March 2021	31 March 2020
Leasehold asset	186.28	-	186.28	-	55.98	18.66	74.64	-	-	130.30
Office equipment	1.59	-	-	1.59	0.71	0.32	-	1.03	0.56	0.88
Furniture and fixtures	1.94	-	-	1.94	0.40	0.19	-	0.59	1.35	1.54
Computers	4.58	2.01	-	6.59	2.85	1.63	-	4.48	2.11	1.73
<b>Total</b>	<b>194.39</b>	<b>2.01</b>	<b>186.28</b>	<b>10.12</b>	<b>59.94</b>	<b>20.80</b>	<b>74.64</b>	<b>6.10</b>	<b>4.02</b>	<b>134.45</b>

**Particulars**

Particulars	Gross block				Accumulated depreciation				Net block	
	As at	Additions	Disposals/ adjustment	As at	As at	Charge for the	Disposals/ adjustment	As at	As at	As at
	01 April 2019			31 March 2020	01 April 2019	year		31 March 2020	31 March 2020	31 March 2019
Leasehold asset	-	186.28	-	186.28	-	55.98	-	55.98	130.30	-
Office equipment	1.59	-	-	1.59	0.39	0.32	-	0.71	0.88	1.20
Furniture and fixtures	1.94	-	-	1.94	0.21	0.19	-	0.40	1.54	1.73
Computers	3.73	0.85	-	4.58	1.45	1.40	-	2.85	1.73	2.28
<b>Total</b>	<b>7.26</b>	<b>187.13</b>	<b>-</b>	<b>194.39</b>	<b>2.05</b>	<b>57.89</b>	<b>-</b>	<b>59.94</b>	<b>134.45</b>	<b>5.21</b>

**Note:**

The capital commitment for acquisition of property, plant and equipment is Nil (Previous year Rs. 0.50 lakh).

**Depreciation and amortisation**

	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on property, plant and equipment	2.14	1.91
Amortisation on intangible assets	18.66	55.98
<b>Total</b>	<b>20.80</b>	<b>57.89</b>

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

	<u>As at 31 March 2021</u>	<u>As at 31 March 2020</u>
<b>Note - 3</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	-	-
Balance with banks		
- in current accounts	676.50	187.24
	<u>676.50</u>	<u>187.24</u>

	<u>As at 31 March 2021</u>	<u>As at 31 March 2020</u>
<b>Note - 4</b>		
<b>Bank Balance other than cash and cash equivalents (at amortised cost)</b>		
Deposit accounts		
- in fixed deposit accounts having original maturity more than three months upto twelve months	2,823.04	314.78
	<u>2,823.04</u>	<u>314.78</u>

\* includes fixed deposit of Rs. 1 crore as a lien with the bank against a overdraft facility

	<u>As at 31 March 2021</u>	<u>As at 31 March 2020</u>
<b>Note - 5</b>		
<b>Trade receivables</b>		
<b>Considered good</b>		
Unsecured	8.20	7.35
	<u>8.20</u>	<u>7.35</u>
Less: Impairment allowance (allowance for bad and doubtful debts)	-	-
<b>Total of trade receivables</b>	<u>8.20</u>	<u>7.35</u>

	<u>As at 31 March 2021</u>	<u>As at 31 March 2020</u>
<b>Note - 6</b>		
<b>Loans</b>		
<b>(A)</b>		
Term loans	314.52	275.82
<b>Total - gross</b>	<u>314.52</u>	<u>275.82</u>
Less: Impairment loss allowance	-	-
<b>Total - net</b>	<u>314.52</u>	<u>275.82</u>

<b>(B)</b>		
Secured by tangible assets	314.52	275.82
<b>Total - gross</b>	<u>314.52</u>	<u>275.82</u>
Less: Impairment loss allowance	-	-
<b>Total - net</b>	<u>314.52</u>	<u>275.82</u>

<b>(C)</b>		
<b>Loans in India</b>		
Corporate borrowers	314.52	275.82
<b>Total - gross</b>	<u>314.52</u>	<u>275.82</u>
Less: Impairment loss allowance	-	-
<b>Total - net</b>	<u>314.52</u>	<u>275.82</u>

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

	As at 31 March 2021	As at 31 March 2020
<b>Note - 7</b>		
<b>Investments</b>		
<b>At fair value through profit or loss</b>		
<b>Investment in security receipts</b>		
<b>Indiabulls ARC- II Trust</b>	1,480.22	1,792.01
No. of security receipts: 240,000 (31 March 2020: 240,000)		
Face value: Rs. 616.76 (31 March 2020: Rs. 746.67) per security receipts		
<b>Indiabulls ARC- IX Trust</b>	979.24	1,097.01
No. of security receipts: 154,500 (31 March 2020: 154,500)		
Face value of Rs. 633.81 (31 March 2020: Rs. 710.04) per security receipts		
<b>Indiabulls ARC- XIV Trust</b>	1,479.73	1,605.00
No. of security receipts: 160,500 (31 March 2020: 160,500)		
Face value of Rs. 921.25 (31 March 2020: Rs. 1,000) per security receipts		
<b>At cost</b>		
<b>Investment in security receipts of subsidiaries*</b>		
<b>Indiabulls ARC- VII Trust</b>	1,231.24	1,231.24
No. of security receipts: 295,800 (31 March 2020: 295,800)		
Face value of Rs. 416.24 (31 March 2020: Rs. 416.24) per security receipts		
<b>Indiabulls ARC- XVIII Trust</b>	5,100.00	-
No. of security receipts: 510,000 (31 March 2020: Nil)		
Face value of Rs. 1,000 (31 March 2020: Nil) per security receipts		
<b>At lower of cost of fair value</b>		
<b>Investment in security receipts#</b>		
<b>Indiabulls ARC- III Trust</b>	3,027.86	3,027.86
No. of security receipts: 302,786 (31 March 2020: 302,786)		
Face value: Rs. 1,000 (31 March 2020: Rs. 1,000) per security receipts		
<b>Indiabulls ARC- IV Trust</b>	2,116.87	3,725.81
No. of security receipts: 1,601,260 (31 March 2020: 1,601,260)		
Face value: Rs. 132.20 (31 March 2020: Rs. 232.68) per security receipts		
<b>Indiabulls ARC- V Trust</b>	0.56	5.06
No. of security receipts: 56,253 (31 March 2020: 56,253)		
Face value: Rs. 1.00 (31 March 2020: Rs. 9.00) per security receipts		
<b>Indiabulls ARC- VI Trust</b>	2,142.00	2,142.00
No. of security receipts: 214,200 (31 March 2020: 214,200)		
Face value of Rs. 1,000 (31 March 2020: Rs. 1,000) per security receipts		
<b>Indiabulls ARC- VIII Trust</b>	2,428.88	2,428.88
No. of security receipts: 2,428,875 (31 March 2020: 2,428,875 )		
Face value of Rs. 100 (31 March 2020: Rs. 100) per security receipts		
<b>Indiabulls ARC- X Trust</b>	13,066.31	17,346.55
No. of security receipts: 1,739,438 (31 March 2020: 1,739,438)		
Face value of Rs. 751.18 (31 March 2020: Rs. 997.25) per security receipts		
<b>Indiabulls ARC- XI Trust</b>	-	10,366.22
No. of security receipts: Nil (31 March 2020: 1,036,622)		
Face value of Nil (31 March 2020: Rs. 1,000) per security receipts		
<b>Indiabulls ARC- XII Trust</b>	8,008.14	9,237.43
No. of security receipts: 943,500 (31 March 2020 : 943,500)		
Face value of Rs. 848.77 (31 March 2020: Rs. 979.06) per security receipts		
<b>Indiabulls ARC- XIII Trust</b>	1,020.00	1,020.00
No. of security receipts: 102,000 (31 March 2020: 102,000 )		
Face value of Rs. 1,000 (31 March 2020: 1,000) per security receipts		
<b>Indiabulls ARC- XV Trust</b>	963.12	-
No. of security receipts: 96,900 (31 March 2020: Nil)		
Face value of Rs. 993.93 (31 March 2020: Nil) per security receipts		

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

<b>Indiabulls ARC- XVI Trust</b>	3,742.18	-
No. of security receipts: 530,400 (31 March 2020: Nil)		
Face value of Rs. 705.54 (31 March 2020: Nil) per security receipts		
<b>Indiabulls ARC- XVII Trust</b>	8,404.10	-
No. of security receipts: 1,000,000 (31 March 2020: Nil)		
Face value of Rs. 840.41 (31 March 2020: Nil) per security receipts		
	<b>55,190.45</b>	<b>55,025.07</b>
Less: Impairment of investments	(1,513.93)	(1,513.93)
	<b>53,676.52</b>	<b>53,511.14</b>
Investments outside India	-	-
Investments in India	53,676.52	53,511.14
<b>Total net</b>	<b>53,676.52</b>	<b>53,511.14</b>

Name of entity	Principle place of business	Ownership interest	
		As at 31 March 2021	As at 31 March 2020
Indiabulls ARC- III Trust	India	51.00%	51.00%
Indiabulls ARC- IV Trust	India	51.00%	51.00%
Indiabulls ARC- V Trust	India	51.00%	51.00%
Indiabulls ARC- VI Trust	India	51.00%	51.00%
Indiabulls ARC- VII Trust	India	51.00%	51.00%
Indiabulls ARC- VIII Trust	India	51.00%	51.00%
Indiabulls ARC- X Trust	India	51.00%	51.00%
Indiabulls ARC- XI Trust	India	51.00%	51.00%
Indiabulls ARC- XII Trust	India	51.00%	51.00%
Indiabulls ARC- XIII Trust	India	51.00%	51.00%
Indiabulls ARC- XV Trust	India	51.00%	-
Indiabulls ARC- XVI Trust	India	51.00%	-
Indiabulls ARC- XVII Trust	India	80.00%	-
Indiabulls ARC- XVIII Trust	India	51.00%	-

\*Investment in subsidiaries are measured at cost as per Ind AS 27 'Separate Financial Statements'.

# These investments are sold subsequent to the reporting date and are treated as Non-current assets held for sale. Accordingly, they are valued as per Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations' i.e. at lower of cost or fair value.



**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

	<u>As at 31 March 2021</u>	<u>As at 31 March 2020</u>
<b>Note - 8</b>		
<b>Other financial assets</b>		
Security deposit	37.37	45.94
Other deposits	-	1.08
	<u>37.37</u>	<u>47.02</u>

	<u>As at 31 March 2021</u>	<u>As at 31 March 2020</u>
<b>Note - 9</b>		
<b>Deferred tax assets (net)</b>		
<b>Deferred tax assets</b>		
Employee benefits	12.81	8.20
Minimum alternate tax credit entitlement	-	363.75
Impairment and contracted liabilities	381.03	525.57
Financial instruments measured at amortised cost	(1.25)	146.02
	<u>392.59</u>	<u>1,043.54</u>
<b>Deferred tax liabilities</b>		
Depreciation	(0.16)	0.04
	<u>(0.16)</u>	<u>0.04</u>
<b>Deferred tax assets (net)</b>	<u>392.75</u>	<u>1,043.50</u>

**Movement in deferred tax assets (net)**

Particulars	<u>As at 31 March 2020</u>	<u>(Charged)/ credited to statement of profit or loss</u>	<u>(Charged)/ credited to other comprehensive income</u>
<b>Deferred tax assets</b>			
Employee benefits	8.20	4.71	(0.10)
Minimum alternate tax credit entitlement	363.75	(363.75)	-
Impairment and contracted liabilities	525.57	(144.54)	-
Financial instruments measured at amortised cost	146.02	(147.27)	-
<b>Deferred tax liabilities</b>			
Depreciation	0.04	(0.19)	-
<b>Deferred tax assets (net)</b>	<u>1,043.50</u>	<u>(650.65)</u>	<u>(0.10)</u>

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

	<u>As at</u> <u>31 March 2021</u>	<u>As at</u> <u>31 March 2020</u>
<b>Note - 11</b>		
<b>Other non-financial assets</b>		
Prepaid expenses	12.05	15.37
Balance with government authorities	6.42	6.60
Other recoverable	176.11	106.70
	<u><b>194.58</b></u>	<u><b>128.67</b></u>

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

	As at 31 March 2021	As at 31 March 2020
<b>Note - 12</b>		
<b>Trade payables</b>		
Total outstanding due to creditors other than micro enterprises and small enterprises	95.98	13.18
	<b>95.98</b>	<b>13.18</b>

**Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

Particulars	As at 31 March 2021	As at 31 March 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	Nil	Nil

	As at 31 March 2021	As at 31 March 2020
<b>Note - 13</b>		
<b>Other payables</b>		
Total outstanding due to creditors other than micro enterprises and small enterprises	171.87	87.37
	<b>171.87</b>	<b>87.37</b>

**Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

Particulars	As at 31 March 2021	As at 31 March 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	Nil	Nil

**Indiabulls Asset Reconstruction Company Limited**
**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

	As at 31 March 2021	As at 31 March 2020
<b>Note - 14</b>		
<b>Debt securities</b>		
<b>At amortised cost</b>		
Liability component of compulsorily convertible debentures	-	490.96
	<u>-</u>	<u>490.96</u>
Debt securities in India	-	490.96
Debt securities outside India	-	-
	<u>-</u>	<u>490.96</u>

**Terms of conversion:**

Non-marketable, compulsorily convertible debentures (CCDs) issued to Indiabulls Ventures Limited with a coupon rate of 8% p.a. payable quarterly. These CCDs were issued on 27 March 2019 with a tenor of conversion on or before 14 months from the date of allotment. The CCDs are converted into fully paid-up equity shares of the Company of face value of Rs. 10 each at a conversion price of Rs. 93.8547 per equity share (including a premium of Rs. 83.8547 per equity share) on 26 May 2021. Balance Rs. 6.1453 per equity share is the unwinding of interest component charged to Statement of Profit and Loss on an year to year basis as per Ind AS 32 on Financial Instruments.

**Reconciliation of liabilities arising from financing activities**

The changes in the Company's liabilities arising from financing activities can be classified as follows:

<b>31 March 2020</b>	<b>37,541.86</b>
Proceeds	-
Converted to equity shares (including securities premium)	(37,541.86)
<b>31 March 2021</b>	<b>-</b>

	As at 31 March 2021	As at 31 March 2020
<b>Note - 15</b>		
<b>Other financial liabilities</b>		
Leasehold liability	-	143.76
Temporary overdrawn bank balances as per books	-	99.56
Expenses payable	10.70	4.98
	<u>10.70</u>	<u>248.30</u>

	As at 31 March 2021	As at 31 March 2020
<b>Note - 16</b>		
<b>Current tax liabilities (net)</b>		
Provision for tax (net of advance tax)	582.96	277.21
	<u>582.96</u>	<u>277.21</u>

	As at 31 March 2021	As at 31 March 2020
<b>Note - 17</b>		
<b>Provisions</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity	25.31	12.15
Provision for compensated absences	17.21	7.94
<b>Provision for possible contracted liabilities</b>	-	290.91
	<u>42.52</u>	<u>311.00</u>

	As at 31 March 2021	As at 31 March 2020
<b>Note - 18</b>		
<b>Other non-financial liabilities</b>		
Income received in advance*	132.09	615.16
Statutory dues payables	39.32	216.47
	<u>171.41</u>	<u>831.63</u>

**\* Reconciliation of income received in advance:**

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Opening</b>	615.16	612.16
Add: Advances received during the year	3,001.40	2,634.32
Less: Revenue recognised during the year	3,484.47	2,631.32
<b>Closing</b>	<u>132.09</u>	<u>615.16</u>

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

	As at 31 March 2021		As at 31 March 2020	
	No. of shares (in lakhs)	Amount	No. of shares (in lakhs)	Amount
<b>Note - 19</b>				
<b>Equity share capital</b>				
<b>i. Authorised</b>				
Equity shares of face value of Rs. 10 each	975	9,750.00	950	9,500.00
	<b>975</b>	<b>9,750.00</b>	<b>950</b>	<b>9,500.00</b>

**ii. Issued, subscribed and paid up:**

Equity shares of face value of Rs. 10 each	975	9,750.00	575	5,750.00
	<b>975</b>	<b>9,750.00</b>	<b>575</b>	<b>5,750.00</b>

**iii. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:**

	As at 31 March 2021		As at 31 March 2020	
	No. of shares (in lakhs)	Amount	No. of shares (in lakhs)	Amount
Balance at the beginning of the year	575	5,750.00	575	5,750.00
Add: Issued during the year	400	4,000.00	-	-
<b>Balance at the end of the year</b>	<b>975</b>	<b>9,750.00</b>	<b>575</b>	<b>5,750.00</b>

**iv. Terms/rights attached to equity shares**

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

**v. Detail of shareholders holding 5% or more shares:**

No. of shareholders	As at 31 March 2021		As at 31 March 2020	
	No. of shares (in lakhs)	% of holding	No. of shares (in lakhs)	% of holding
<b>Equity shares of face value of Rs. 10 each fully paid up</b>				
Dhani Services Limited (erstwhile Indiabulls Ventures Limited) (Holding Company)	975	100%	575	100%
<b>Total</b>	<b>975</b>	<b>100%</b>	<b>575</b>	<b>100%</b>

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

**vi.** The Company has not issued any bonus shares during the current year and five years immediately preceding current year.

**vii.** There are no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issue and bought back during the last five years.

**Indiabulls Asset Reconstruction Company Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

	<u>As at 31 March 2021</u>	<u>As at 31 March 2020</u>
<b>Note - 20</b>		
<b>Other equity</b>		
<b>Securities premium</b>		
Balance at the beginning of the year	6,750.00	6,750
Add: Additions during the year	33,541.86	-
Securities premium	<u>40,291.86</u>	<u>6,750.00</u>
<b>Retained earnings</b>		
Balance at the beginning of the year	3,342.76	1,725.50
Add: Profit for the year	3,661.45	1,617.27
Retained earnings	<u>7,004.21</u>	<u>3,342.76</u>
<b>Other Comprehensive Income</b>		
Balance at the beginning of the year	5.70	(0.22)
Add: Income for the year	0.29	5.92
Other Comprehensive Income	<u>5.99</u>	<u>5.70</u>
<b>Equity component of compulsory convertible debentures</b>		
Balance at the beginning of the year	37,541.86	37,541.86
Add: Issued during the year	-	-
Less: Utilised during the year	37,541.86	-
Equity component of compulsorily convertible debentures	<u>-</u>	<u>37,541.86</u>
	<u><u>47,302.06</u></u>	<u><u>47,640.32</u></u>

**Nature and purpose of other reserve****Securities premium**

Securities premium represents premium received on issue of equity shares. The account can be utilised in accordance with the provisions of the Companies Act 2013.

**Retained earnings**

Retained earnings represents the surplus in the statement of profit and loss.

**Equity component of compulsorily convertible debentures**

The Company has issued compulsorily convertible debentures (CCDs) having coupon rate of 8% per annum. This balance represents equity component of the CCDs. During the year, 4 crores debentures were converted into equity shares in 1:1 ratio.

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
<b>Note - 21</b>		
<b>Interest income</b>		
<b>On financial assets measured at amortised cost:</b>		
Interest from loans	38.69	1,395.31
Interest on deposits with banks	169.31	704.01
Other interest income	-	0.77
	<u>208.00</u>	<u>2,100.09</u>
	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
<b>Note - 22</b>		
<b>Fee and commission income</b>		
Management fee	3,484.47	2,631.32
Incentive fee	1,060.83	308.53
Upside fee	246.13	-
	<u>4,791.43</u>	<u>2,939.85</u>
	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
<b>Note - 23</b>		
<b>Net gain on fair value changes</b>		
On financial instruments at fair value through profit or loss		
- Surplus on financial assets	10.00	-
- Gain on security receipts	479.51	-
	<u>489.51</u>	<u>-</u>
<b>Fair value changes</b>		
- Realised	489.51	-
- Unrealised	-	-
<b>Total</b>	<u>489.51</u>	<u>-</u>
	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
<b>Note - 24</b>		
<b>Other income</b>		
Gain on derecognition of leasehold asset	16.06	-
Provisions written back	293.71	-
Miscellaneous Income	2.12	-
	<u>311.89</u>	<u>-</u>
	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
<b>Note - 25</b>		
<b>Finance costs</b>		
<b>On financial liabilities measured at amortised cost:</b>		
Interest on debt securities	0.00	271.23
Interest on bank overdraft	0.20	0.57
<b>Others</b>		
Leasehold premises	4.73	17.45
Other interest expense	1.69	0.10
	<u>6.62</u>	<u>289.35</u>

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
<b>Note - 26</b>		
<b>Employee benefits expense</b>		
Salaries, wages and bonus	510.99	441.70
Contribution to provident and other funds	39.46	30.67
Provision for employee benefits	22.84	6.68
Staff welfare expenses	-	0.31
	<u><b>573.29</b></u>	<u><b>479.36</b></u>

	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
<b>Note - 27</b>		
<b>Other expenses</b>		
Repairs and maintenance	0.66	0.77
Printing and stationery	0.61	2.32
Director's sitting fee	5.50	7.00
Auditor's remuneration*	8.64	7.69
Legal and professional charges	76.78	30.10
Stamp duty	5.59	0.98
Rates and taxes	0.78	0.30
Electricity charges	0.15	2.66
Recruitment charges	-	8.39
Corporate social responsibility costs#	41.74	16.80
Provision for possible contracted liabilities	-	290.91
Miscellaneous	2.49	2.12
	<u><b>142.94</b></u>	<u><b>370.03</b></u>

**\*Charge for auditors remuneration comprises of:**

Statutory audit fees (excluding taxes)	7.50	7.50
For certification	1.00	-
Reimbursement of expenses	0.14	0.19
	<u><b>8.64</b></u>	<u><b>7.69</b></u>

**#Corporate social responsibility expenses**

The Company spent Rs. 41.74 lakhs (31 March 2020 Rs. 16.80 lakhs), towards corporate social responsibility (CSR) activities as follows:

<b>Particulars</b>	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
<b>(a) Amount spent on</b>		
Construction/acquisition of any asset	-	-
On purpose other than above*	41.74	16.80
<b>(b) Amount unpaid</b>	-	-
<b>Total</b>	<u><b>41.74</b></u>	<u><b>16.80</b></u>

\*Contribution towards donation/corpus fund paid to Indiabulls Foundation



**Indiabulls Asset Reconstruction Company Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
<b>Note - 28</b>		
<b>Tax expense</b>		
Current tax (including earlier years)	745.08	753.56
Deferred tax charge/(credit)	650.65	(41.44)
<b>Income tax expense reported in the statement of profit and loss</b>	<b><u>1,395.73</u></b>	<b><u>712.12</u></b>

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.17% (31 March 2020: 29.12%).

The reported tax expense in profit or loss are as follows:

	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
<b>Accounting profit before income tax</b>	<b><u>5,057.18</u></b>	<b><u>2,329.38</u></b>
At India's statutory income tax rate of 25.17% (31 March 2020: 29.12%)	1,272.89	678.32
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Tax impact of expenses which will never be allowed	7.57	2.67
Impact on carrying value of deferred tax asset due to change in rate of tax	92.25	-
Interest liability as per the Income Tax Act, 1961 provisions	22.00	-
Income tax for earlier years	1.02	31.14
<b>Income tax expense for the year</b>	<b><u>1,395.73</u></b>	<b><u>712.12</u></b>

	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
<b>Note - 29</b>		
<b>Earnings per equity share</b>		
Net profit attributable to equity shareholders		
Net profit for the year	3,661.45	1,617.26
Nominal value of equity shares	10.00	10.00
Weighted average number of equity shares used for computing basic earnings per share (in lakhs)	975	975
<b>Basic earnings per share* (Rs.)</b>	<b><u>3.76</u></b>	<b><u>1.66</u></b>
Net profit for the year (for diluted earnings per share)	3,661.45	1,617.26
Weighted average number of equity shares used for computing diluted earnings per share (in lakhs)	975	975
<b>Diluted earnings per share (Rs.)</b>	<b><u>3.76</u></b>	<b><u>1.66</u></b>

\* The Company had issued compulsorily convertible debentures which were converted into equity shares in FY21 in the ratio of 1:1 and are considered in calculation of basic earnings per share

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

**30 Financial instruments**

**A Financial assets and liabilities**

The carrying amounts of financial instruments by category are as follows:

Particulars	Note	As at 31 March 2021	As at 31 March 2020
<b>Financial assets measured at fair value</b>			
Investments*			
- measured at fair value through profit and loss	Note 7	3,939.19	4,494.02
<b>Financial assets measured at amortised cost</b>			
Cash and cash equivalents, including Bank balances other than cash and cash equivalents	Note 3 and 4	3,499.54	502.03
Trade receivables	Note 5	8.20	7.35
Loans	Note 6	314.52	275.82
Other financial assets	Note 8	37.37	47.02
<b>Total</b>		<b>7,798.82</b>	<b>5,326.24</b>
<b>Financial liabilities measured at amortised cost</b>			
Trade payables	Note 12	95.98	13.18
Other payables	Note 13	171.87	87.37
Debt securities	Note 14	-	490.96
Other financial liabilities	Note 15	10.70	248.30
<b>Total</b>		<b>278.55</b>	<b>839.81</b>

\* Investment in subsidiaries are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

**B Fair values hierarchy**

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

**Level 1:** Quoted prices (unadjusted) for identical instruments in an active market;

**Level 2:** Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

**Level 3:** Inputs which are not based on observable market data (unobservable inputs).

**B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements**

As at 31 March 2021	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments at fair value through statement of profit or loss				
Unquoted security receipts	-	-	3,939.19	<b>3,939.19</b>

As at 31 March 2020	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments at fair value through statement of profit or loss				
Unquoted security receipts	-	-	4,494.02	<b>4,494.02</b>

**Valuation process and technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- for unquoted security receipts, the Company has used adjusted discounted cash flow method (income approach).

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Particulars	Fair value		Significant unobservable inputs
	As at 31 March 2021	As at 31 March 2020	
Unquoted security receipts	3,939.19	4,494.02	Discount rate and estimated cash flows

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

**Sensitivity analysis**

Description	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Impact on fair value if change in unobservable inputs</b>		
- Impact due to increase of 0.5%	(13.52)	(14.61)
- Impact due to decrease of 0.5%	13.52	14.61

The following table presents the changes in level 3 items for the periods ended 31 March 2021 and 31 March 2020:

Particulars	Unquoted Security receipts
<b>As at 31 March 2019</b>	<b>1,933.94</b>
Add: Addition during the year	3,150.00
Less: Redeemed during the year	589.92
<b>As at 31 March 2020</b>	<b>4,494.02</b>
Add: Addition during the year	-
Less: Redeemed during the year	554.83
<b>As at 31 March 2021</b>	<b>3,939.19</b>

**B.2 Fair value of instruments measured at amortised cost**

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents, including Bank balances other than cash and cash equivalents	3,499.54	3,499.54	502.03	502.03
Trade receivables	8.20	8.20	7.35	7.35
Loans	314.52	314.52	275.82	275.82
Other financial assets	37.37	37.37	47.02	47.02
<b>Total</b>	<b>3,859.63</b>	<b>3,859.63</b>	<b>832.22</b>	<b>832.22</b>
<b>Financial liabilities</b>				
Trade payables	95.98	95.98	13.18	13.18
Other payables	171.87	171.87	87.37	87.37
Debt securities	-	-	490.96	490.96
Other financial liabilities	10.70	10.70	248.30	248.30
<b>Total</b>	<b>278.55</b>	<b>278.55</b>	<b>839.81</b>	<b>839.81</b>

The management assessed that fair values of cash and cash equivalents, trade receivables, trade payables, other payables and other financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is considered at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the Company's fixed interest bearing loans and security deposits are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.
- The fair values of the Company fixed interest-bearing debt securities are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

**31 Financial risk management**

**i) Risk Management**

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors have overall responsibility for the establishment and oversight of the Company risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Cash and cash equivalents, including Bank balances other than cash and cash equivalents, trade receivables, loans and other financial assets	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Debt securities and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk	Investments in security receipts	Sensitivity analysis	Diversification of portfolio, with focus on strategic

The Company's risk management is carried out by treasury department (of the Company) under policies approved by the board of directors. The Company has overall risk management framework for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

**A) Credit risk**

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

**a) Credit risk management**

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- (i) Low credit risk on financial reporting date
- (ii) Moderate credit risk
- (iii) High credit risk

The company provides for expected credit loss based on the following:

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, including Bank balances other than cash and cash equivalents, trade receivables, loans and other financial assets	12 month expected credit loss
Moderate credit risk	Loans	Life time expected credit loss or 12 month expected credit loss

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a borrower declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

**Financial assets that expose the entity to credit risk\***

Particulars	As at 31 March 2021	As at 31 March 2020
(i) <b>Low credit risk on financial reporting date</b>		
Cash and cash equivalents, including Bank balances other than cash and cash equivalents	3,499.54	502.03
Trade receivables	8.20	7.35
Loans	314.52	275.82
Other financial assets	37.37	47.02
(ii) <b>Moderate credit risk</b>		
Loans	-	-

\* These represent gross carrying values of financial assets, without deduction for impairment loss allowance.

**Cash and cash equivalents**

Credit risk related to cash and cash equivalents is managed by only accepting highly rated banks.

**Other financial assets measured at amortized cost**

Other financial assets measured at amortized cost includes security deposits. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

**Loans**

The Company closely monitors the credit-worthiness of the borrower's through internal systems and project appraisal process (wherever applicable) to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk to pre-calculated amounts. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. The Company assesses increase in credit risk on an ongoing basis for amounts loan assets that become past due and default is considered to have occurred when amounts receivable become one year past due.

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

**b) Credit risk exposure**

**i) Expected credit losses for financial assets other than loans**

As at 31 March 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment
Cash and cash equivalents, including Bank balances other than cash and cash equivalents	3,499.54	-	3,499.54
Trade receivables	8.20	-	8.20
Other financial assets	37.37	-	37.37

As at 31 March 2020	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment
Cash and cash equivalents	502.03	-	502.03
Trade receivables	7.35	-	7.35
Other financial assets	47.02	-	47.02

**(ii) Expected credit loss for loans**

**Definition of default:**

The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the probability of default, Exposure at default and Loss given default.

**Changes in the gross carrying amount in relation to loans from beginning to end of reporting period:**

Particulars	Stage 1	Stage 2	Stage 3
<b>Gross carrying amount as at 1 April 2019</b>	34,110.17	-	-
Assets originated and acquired	-	-	-
Assets derecognised (excluding write offs)	(33,834.35)	-	-
<b>Gross carrying amount as at 31 March 2020</b>	<b>275.82</b>	-	-
Assets originated and acquired	38.69	-	-
Assets derecognised (excluding write offs)	-	-	-
<b>Gross carrying amount as at 31 March 2021</b>	<b>314.52</b>	-	-

The Company had extended loans for the first time in financial year 2018-19 and does not have history of extending loans. The loan is 100% secured by the collateral and the management believes the underlying loan is in stage 1. Major portion of the loan has been received and there is no significant increase in the credit risk as at the reporting date. Accordingly, no allowance for impairment has been recorded.

**c) Loans secured against collateral**

Company's secured portfolio has security base as follows::

Particulars	Value of loans	
	As at 31 March 2021	As at 31 March 2020
Secured by tangible assets	314.52	275.82
Secured by other assets	-	-

The Company does not physically possess properties or other assets in its normal course of business but makes efforts toward recovery of outstanding amounts on delinquent loans. Once contractual loan repayments are more than 90 days past due, possession of property may be initiated. Possessed property is disposed of in the manner prescribed under the regulatory guidance to recover outstanding debt.

**Indiabulls Asset Reconstruction Company Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

**B) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

**(i) Maturities of financial assets and liabilities**

The tables below analyse the Company financial assets and liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows:

**As at 31 March 2021**

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Financial assets</b>					
<b>Non-derivatives</b>					
Cash and cash equivalents, including Bank balances other than cash and cash equivalents	3,499.54	-	-	-	3,499.54
Trade receivables	8.20	-	-	-	8.20
Loans	-	314.52	-	-	314.52
Investments	45,973.70	2,695.99	2,310.85	2,695.99	53,676.52
Other financial assets*	-	-	-	50.00	50.00
<b>Total</b>	<b>49,481.44</b>	<b>3,010.50</b>	<b>2,310.85</b>	<b>2,745.99</b>	<b>57,548.78</b>
<b>Financial liabilities</b>					
<b>Non-derivatives</b>					
Trade payables	95.98	-	-	-	95.98
Other payables	171.87	-	-	-	171.87
Other financial liabilities	10.70	-	-	-	10.70
<b>Total</b>	<b>278.55</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278.55</b>

**As at 31 March 2020**

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Financial assets</b>					
<b>Non-derivatives</b>					
Cash and cash equivalents	502.03	-	-	-	502.03
Trade receivables	7.35	-	-	-	7.35
Loans	-	-	275.82	-	275.82
Investments	13,377.78	18,728.90	16,053.34	5,351.12	53,511.14
Other financial assets*	1.08	-	-	63.86	64.94
<b>Total</b>	<b>13,888.24</b>	<b>18,728.90</b>	<b>16,329.16</b>	<b>5,414.98</b>	<b>54,361.28</b>
<b>Financial liabilities</b>					
<b>Non-derivatives</b>					
Trade payables	13.18	-	-	-	13.18
Other payables	87.37	-	-	-	87.37
Other financial liabilities	248.30	-	-	-	248.30
<b>Total</b>	<b>348.85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>348.85</b>

\*Other financial assets are shown at unamortised cost.

**Indiabulls Asset Reconstruction Company Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

**C) Market risk****a) Interest rate risk****i) Liabilities**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2021, there are no interest bearing liabilities and accordingly, the Company do not have any exposure to interest rate risk.

**ii) Assets**

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**D) Price risk****i) Exposure**

The Company's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

**ii) Sensitivity**

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period:

**Impact on profit after tax**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Security receipts</b>		
Net assets value – increase by 5%	147.38	185.45
Net assets value – decrease by 5%	(147.38)	(185.45)

**32 Capital management**

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Particulars	As at 31 March 2021	As at 31 March 2020
Debt*	-	490.96
Total equity	57,052.06	53,390.32
<b>Debt to equity ratio</b>	<b>-</b>	<b>0.01</b>

\* Debt includes debt securities and interest accrued on debt securities.

**33 Related party disclosures**

**A List of related parties and disclosures**

**Holding Company**

Dhruv Services Limited (seems to be Indiabulls Ventures Limited)

**Associate Company**

Trustee Limited (seems to be Trustee Private Limited)  
 Dhruv Loans and Services Limited (seems to be Indiabulls Consumer Finance Limited)

**Subsidiary entities**

Indiabulls ABC - III Trust  
 Indiabulls ABC - IV Trust  
 Indiabulls ABC - V Trust  
 Indiabulls ABC - VI Trust  
 Indiabulls ABC - VII Trust  
 Indiabulls ABC - VIII Trust  
 Indiabulls ABC - X Trust  
 Indiabulls ABC - XI Trust  
 Indiabulls ABC - XII Trust  
 Indiabulls ABC - XIII Trust  
 Indiabulls ABC - XIV Trust  
 Indiabulls ABC - XV Trust  
 Indiabulls ABC - XVI Trust  
 Indiabulls ABC - XVII Trust  
 Indiabulls ABC - XVIII Trust

**Key managerial personnel and their relatives**

Name of key managerial personnel	Designation
Mr. Vign Nandan	Chief Executive Officer
Mr. Kripal Mehta	Chief Financial Officer
Mr. Lohit Sharma	Company Secretary
Mr. Ajay Kumar Mittal	Non-Executive Director
Mr. Sant Singh Gaur	Executive Director
Dr. Kamlesh Shalish Chandra Chakrabarti	Independent Director (upto 26/03/2021)
Mr. Shyam Lal Bansal	Independent Director
Mr. Pradeep Kumar Prasad	Independent Director (upto 30/06/2020)
Mr. Shankar Singh Mishra	Independent Director (upto 23/05/2020)

**B Details of transactions with related parties carried out in the ordinary course of business**

Name of related party	Nature of transaction	For the year ended 31 March 2021	For the year ended 31 March 2020
Dhruv Services Limited	Issue of equity shares (including securities premium) Interest on compulsorily convertible debentures Reimbursement of expenses incurred	97,581.62 654.14 5.14	- 3,208.77 0.28
Trustee Limited	Reimbursement of expenses incurred	11.98	2.76
Dhruv Loans and Services Limited	Management fees for Trust XVII	213.69	-
Indiabulls ABC - VIII Trust	Investment in security receipts	-	2,428.88
Indiabulls ABC - XI Trust	Investment in security receipts	-	17,362.55
Indiabulls ABC - XII Trust	Investment in security receipts	-	10,360.22
Indiabulls ABC - XIII Trust	Investment in security receipts	-	9,257.45
Indiabulls ABC - XIV Trust	Investment in security receipts	-	1,020.00
Indiabulls ABC - XV Trust	Investment in security receipts	963.12	-
Indiabulls ABC - XVI Trust	Investment in security receipts	5,242.14	-
Indiabulls ABC - XVII Trust	Investment in security receipts	8,404.10	-
Indiabulls ABC - XVIII Trust	Investment in security receipts	5,100.00	-
Indiabulls ABC - IV Trust	Fees and other income	271.23	797.36
Indiabulls ABC - V Trust	Fees and other income	79.89	47.97
Indiabulls ABC - VI Trust	Fees and other income	105.22	106.13
Indiabulls ABC - VII Trust	Fees and other income	101.56	234.42
Indiabulls ABC - VIII Trust	Fees and other income	119.06	80.05
Indiabulls ABC - X Trust	Fees and other income	1,048.22	443.56
Indiabulls ABC - XI Trust	Fees and other income	1,339.49	250.49
Indiabulls ABC - XII Trust	Fees and other income	498.54	131.01
Indiabulls ABC - XIII Trust	Fees and other income	50.08	12.64
Indiabulls ABC - XIV Trust	Fees and other income	0.63	-
Indiabulls ABC - XV Trust	Fees and other income	79.98	-
Indiabulls ABC - III Trust	Expenses funded / (recovered)	31.25	17.26
Indiabulls ABC - IV Trust	Expenses funded / (recovered)	-	683.51
Indiabulls ABC - V Trust	Expenses funded / (recovered)	17.60	3.32
Indiabulls ABC - VI Trust	Expenses funded / (recovered)	0.85	0.51
Indiabulls ABC - VII Trust	Expenses funded / (recovered)	22.12	8.44
Indiabulls ABC - X Trust	Expenses funded / (recovered)	0.94	0.06
Indiabulls ABC - XI Trust	Expenses funded / (recovered)	17.29	1.29
Indiabulls ABC - XII Trust	Expenses funded / (recovered)	0.07	0.06
Indiabulls ABC - XIII Trust	Expenses funded / (recovered)	2.48	17.22
Indiabulls ABC - XIV Trust	Expenses funded / (recovered)	0.05	-
Indiabulls ABC - XV Trust	Expenses funded / (recovered)	0.11	-
Indiabulls ABC - XVI Trust	Expenses funded / (recovered)	1.01	-
Indiabulls ABC - XVII Trust	Expenses funded / (recovered)	0.49	531.40
Key Management Personnel	Remuneration paid	334.69	531.40

**C Key management personnel remuneration includes the following elements**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
	Short-term employee benefits	334.69
Post-employment benefits	-	-
Other long-term employee benefits	-	-

Note: No provisions for gratuity and bonus have been included above. As the Bonus provisions in our aggregate term, the same is considered an actual provision.

**D Outstanding balances with related parties in ordinary course of business**

Advances receivable in kind	As at 31 March 2021	As at 31 March 2020
	Indiabulls ABC - III Trust	103.51
Indiabulls ABC - VI Trust	20.95	3.32
Indiabulls ABC - VII Trust	4.05	0.06
Indiabulls ABC - VIII Trust	30.56	8.44
Indiabulls ABC - X Trust	0.14	0.06
Indiabulls ABC - XI Trust	-	1.29
Indiabulls ABC - XII Trust	0.04	0.06
Indiabulls ABC - XIII Trust	14.83	17.21
Indiabulls ABC - XVIII Trust	1.02	-
Other deposits		
Trustee Private Limited		
Trade Receivables		
Indiabulls ABC - IV Trust	1.08	5.65
Indiabulls ABC - VI Trust	0.26	-
Indiabulls ABC - X Trust	5.38	0.06
Indiabulls ABC - XI Trust	-	1.42
Indiabulls ABC - XII Trust	1.77	0.21
Indiabulls ABC - XVI Trust	0.62	-
Prepaid expenses in advance		
Indiabulls ABC - IV Trust	112.00	151.00
Indiabulls ABC - V Trust	-	3.32
Trade Payables		
Indiabulls ABC - IV Trust	2.48	-
Indiabulls ABC - XV Trust	0.05	-
Indiabulls ABC - XVI Trust	0.11	-
Investment in security receipts		
Indiabulls ABC - III Trust	5,027.86	5,027.86
Indiabulls ABC - IV Trust	2,114.87	3,724.91
Indiabulls ABC - V Trust	0.56	3.06
Indiabulls ABC - VI Trust	2,142.09	2,142.09
Indiabulls ABC - VII Trust	1,231.24	1,231.24
Indiabulls ABC - VIII Trust	2,428.88	2,428.88
Indiabulls ABC - X Trust	13,066.51	17,362.55
Indiabulls ABC - XI Trust	-	10,360.22
Indiabulls ABC - XII Trust	8,088.14	9,257.45
Indiabulls ABC - XIII Trust	1,020.00	1,020.00
Indiabulls ABC - XV Trust	963.12	-
Indiabulls ABC - XVI Trust	5,242.14	-
Indiabulls ABC - XVII Trust	8,404.10	-
Indiabulls ABC - XVIII Trust	5,100.00	-

**34 Segment information**

The Company operates in a single reportable segment i.e. financing, which has similar risks and returns for the purpose of Ind AS 108 "Operating segments", and accordingly is considered to be the only reportable business segment. Further, the Company is operating in India which is considered as a single geographical segment.

**35 Capital adequacy**

As per the Reserve Bank of India Guidelines, the Capital Adequacy Ratio of the Company as at 31 March 2021 works out to 108% (as at 31 March 2020: 97%).

**36 Commitments**

(a) The Company had committed to make good the shortfall in redemption of security receipts held in Indiabulls ABC - IV, V, X and XI trusts to the other security receipt holders. However, since these trusts are liquidated subsequent to the balance date, the Company is no longer committed to make good the loss and accordingly, current year commitment is Nil (as at 31 March 2020: Rs. 4,20,56.66 lakhs).

(b) Estimated amount of contract remaining to be executed on capital account and not provided for is Nil (31 March 2020: Rs. 6,50 lakhs).

**37 COVID-19 pandemic impact assessment**

COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian Financial Markets and significant decrease in the overall economic activities. On 11 March 2020, the COVID-19 outbreak declared as a global pandemic by the World Health Organization. Numerous governments have introduced a variety of measures to contain the spread of the virus. On 26 March 2020 the Indian Government had announced a strict 21 days lockdown which has further been extended to contain the spread of virus. COVID-19 presented us an operational challenge and required effective management methodology for operations, collection of monies and financing of the trusts.

The current global wave of COVID-19 pandemic have resulted in significant increase of new cases in India. The impact of the same is uncertain and will depend on the spread of COVID-19, the effectiveness of current and future steps taken by the government to mitigate the economic impact and other variables. The extent to which the COVID-19 will impact the Company's operations and financial results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic.

The Company has accepted impairment as on 31 March 2021 towards its investments, based on the information available at this point of time including economic forecasts. The Company believes that it has taken into account all the possible impact of known events arising out of COVID-19 pandemic in the preparation of financial statements. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

**38 Non-current assets (Investments in security receipts) held for sale**

The Securitization Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 requires the Asset Reconstruction Company (ARC) to assess the security receipts (SR) of trust set up for purpose of securitization and shall continue to hold the same on an ongoing basis till the redemption of all the SRs issued under such schemes. Accordingly, the Company has retained in security receipts of the trusts set up for the purpose of securitization. On 13 November 2020, a Board resolution was passed by the Board of the Trustee to sell off its Asset Reconstruction Company (ARC) on 29 April 2021 for a purchase consideration. The purchase consideration was greater than the value of security receipts as on 31 March 2021. The above arrangement was executed through an "Assignment agreement" entered with another ARC. Investments in security receipts of above 11 trusts are categorized as "Non-current assets held for sale" as per Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" and are valued at lower of cost or fair value.



**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

**39 Employee benefits**

The Company has adopted Indian Accounting Standard (Ind AS) - 19 on Employee Benefit as under :

**Defined contribution plans**

**Provident fund and other funds**

The Company has made Rs. 39.46 lakhs (31 March 2020 Rs. 30.67 lakhs ) contribution in respect of provident fund and other funds.

**Defined benefit plans**

**A Gratuity (non-funded)**

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The liability of Gratuity is recognized on the basis of actuarial valuation.

**Risks associated with plan provisions**

Salary increases	Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality & disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

**(i) Amount recognised in the balance sheet is as under:**

Particulars	As at 31 March 2021	As at 31 March 2020
Present value of obligation	25.31	12.14
<b>Net obligation recognised in balance sheet as provision</b>	<b>25.31</b>	<b>12.14</b>

**(ii) Amount recognised in the statement of profit and loss is as under:**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current service cost	12.74	6.39
Past service cost including curtailment gains/losses	-	-
Interest cost on defined benefit obligation	0.83	1.00
<b>Net impact on profit (before tax)</b>	<b>13.56</b>	<b>7.40</b>

**(iii) Amount recognised as other comprehensive income is as under:**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Actuarial gain / (loss) for the year on Planned Benefit obligation	0.39	8.35

**(iv) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Present value of defined benefit obligation as at the beginning of year	12.14	13.10
Current service cost	12.74	6.39
Interest cost	0.83	1.00
Past service cost including curtailment gains/losses	-	-
Actuarial loss/(gain) on obligation		
-Actuarial loss/(gain) on arising from change in demographic assumption	-	(0.01)
-Actuarial loss/(gain) on arising from change in financial assumption	0.03	1.19
-Actuarial loss/(gain) on arising from experience adjustment	(0.43)	(9.53)
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>25.31</b>	<b>12.14</b>

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

**(v) Actuarial assumptions**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Discounting rate	6.79%	6.80%
Future salary increase	5.00%	5.00%
Retirement age (years)	60	60
Withdrawal rate %		
Up to 30 years	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%
Weighted average duration	18.67	18.80
Mortality rates inclusive of provision for disability	100% of IALM (2012 – 14)	100% of IALM (2012 – 14)

Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2012-14); Previous Year(2012-14) Ultimate table.

**(vi) Sensitivity analysis for gratuity liability**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year		
- Impact due to increase of 0.50 %	(1.68)	(0.89)
- Impact due to decrease of 0.50 %	1.82	0.97
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year		
- Impact due to increase of 0.50 %	1.85	0.98
- Impact due to decrease of 0.50 %	(1.71)	(0.91)

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these is not calculated.

Sensitivities as to rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable.

**(vii) Maturity profile of defined benefit obligation**

Particulars	As at 31 March 2021	As at 31 March 2020
0 to 1 year	0.13	0.08
1 to 2 year	0.27	0.04
2 to 3 year	0.24	0.18
3 to 4 year	0.37	0.16
4 to 5 year	0.37	0.17
5 to 6 year	0.36	0.17
6 year onwards	23.57	11.34

**Indiabulls Asset Reconstruction Company Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

**40 Disclosures as per the directions of Reserve Bank of India are as follows:**

- a) Names and addresses of the non-sponsor banks/financial institutions from whom financial assets were acquired and the value at which such assets were acquired from each such bank/financial institutions.

Name of the Selling Bank /Financial Institution	Address	Acquisition price as on 31 March 2021	% to total
IndusInd Bank	2401 Gen. Thimmayya Road, Pune 411001	37,000.00	17%
Indiabulls Housing Finance Limited	M-62 & 63, First Floor, Connaught Place, New Delhi, 110001	1,56,523.26	73%
Indiabulls Commercial Credit Limited	M-62 & 63, First Floor, Connaught Place, New Delhi, 110001	9,203.00	4%
Dhani Loans and Services Limited	M-62 & 63, First Floor, Connaught Place, New Delhi, 110001	12,500.00	6%
<b>Total</b>		<b>2,15,226.26</b>	<b>100%</b>

- b) Dispersion of various financial assets, industrywise

Industry	Acquisition price as on 31 March 2021	
	Amount	% to total
Retail	94,566.61	43.94%
Real Estate	90,251.45	41.93%
Cotton & Textiles	11,324.44	5.26%
Pharmaceuticals	3,784.30	1.76%
Automobiles	2,674.03	1.24%
Food Products & Beverages	2,088.23	0.97%
Print Media	2,008.41	0.93%
Logistics & Transportation	1,098.46	0.51%
Iron & Steel	970.62	0.45%
Gems & Jewellery	920.99	0.43%
Agri & Agri Products	862.55	0.40%
IT & ITES	636.35	0.30%
Construction & Engineering	473.83	0.22%
Healthcare Services	454.88	0.21%
Plastics	450.82	0.21%
Payroll Services	381.56	0.18%
Electrical Equipment	275.81	0.13%
Waste & Scrap	227.99	0.11%
Copper	217.18	0.10%
FMCG	212.93	0.10%
Wood & wood products	195.03	0.09%
Media & Entertainment	191.81	0.09%
Aluminium	180.75	0.08%
Advertisement	126.16	0.06%
Others	651.08	0.30%
<b>Total</b>	<b>2,15,226.26</b>	<b>100.00%</b>

- c) The acquisition price in tables (a) & (b) above includes financial assets acquired till 31 March 2021 including financial assets resolved till date.

d) Status of financial assets acquired in the Trusts set up by Indiabulls Asset Reconstruction Company Limited as on 31 March 2021 as required as per RBI Notification No. DBNS.PD(SC/RC).8/CGM(ASR) dated 21 April 2010:

Particulars	2020-21	2019-20
i. Value of financial assets outstanding for realisation as at 1 April	1,22,894.34	41,363.29
ii. Value of financial assets acquired during the financial year	34,800.00	1,00,695.03
iii. Value of financial assets realised during the financial year *	46,340.84	16,195.48
iv. Value of financial assets written-off/back during the financial year	-	2,968.49
v. Value of financial assets outstanding for realisation as on March 31 (i+ii-iii-iv)	1,11,353.50	1,22,894.34
vi. Value of land and / or building acquired in ordinary course of business of reconstruction of assets	Nil	Nil

\* Surplus realisation, if any, over & above the value of financial assets has been adjusted in (iii) above

e) Status of Security Receipts (SRs) issued by the Trusts set up by Indiabulls Asset Reconstruction Company Limited as on 31 March 2021:

Particulars	Value of SRs redeemed fully during the year	Value of SRs redeemed partially during the year	Total Value
i. SRs outstanding as on 1 April		1,29,040.59	1,29,040.59
ii. Movement during the year from partially to fully redeemed	20,325.92	(20,325.92)	-
iii. SRs issued during the year	-	34,800.00	34,800.00
iv. SRs redeemed during the year	20,325.92	22,734.25	43,060.17
v. SRs written-off during the year	-	-	-
<b>vi. SRs outstanding as on 31 March (i+ii+iii-iv-v)</b>	<b>-</b>	<b>1,20,780.42</b>	<b>1,20,780.42</b>

f) Additional disclosures as required in circular no. DNBS(PD) CC. No. 41/SCRC/26.03.001/2014-2015 dated 5 August 2014 for the Assets acquired after the aforesaid dates:

Particulars	Particulars
i. Details of Acquisition value of Assets more than the book value alongwith the basis of their valuation	Nil
ii. Details of Assets of the Trusts (at Trust level) disposed off during the year at substantial discount (more than 20% of valuation as at the previous year end) and the reasons thereof.	Nil
iii. Details of Assets where the value of the SRs has declined more than 20% below the acquisition value. Indiabulls ARC III Trust	50%

**Indiabulls Asset Reconstruction Company Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

(All amounts in Rs. lakhs unless stated otherwise)

**41 Maturity analysis of assets and liabilities**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at 31 March 2021		As at 31 March 2020	
	Within 12 months	After 12 months	Within 12 months	After 12 months
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents, including Bank balances other than cash and cash equivalents	3,499.54	-	502.03	-
Trade receivables	8.20	-	7.35	-
Loans	-	314.52	-	275.82
Investments	45,973.70	7,702.82	13,377.78	40,133.35
Other financial assets	-	37.37	1.08	45.94
	<b>49,481.44</b>	<b>8,054.71</b>	<b>13,888.24</b>	<b>40,455.11</b>
<b>Non-financial assets</b>				
Deferred tax assets (net)	-	392.75	-	1,043.50
Property, plant and equipment	-	4.02	-	134.45
Other non-financial assets	194.58	-	128.67	-
	<b>194.58</b>	<b>396.77</b>	<b>128.67</b>	<b>1,177.95</b>
<b>TOTAL ASSETS</b>	<b>49,676.02</b>	<b>8,451.48</b>	<b>14,016.91</b>	<b>41,633.06</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Financial liabilities</b>				
<b>Payables</b>				
<b>Trade payables</b>				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	95.98	-	13.18	-
<b>Other payables</b>				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	171.87	-	87.37	-
Debt securities	-	-	490.96	-
Other financial liabilities	10.70	-	248.30	-
	<b>278.55</b>	<b>-</b>	<b>839.81</b>	<b>-</b>
<b>Non-financial liabilities</b>				
Current tax liabilities (net)	582.96	-	277.21	-
Provisions	0.46	42.06	0.24	310.76
Other non-financial liabilities	171.41	-	831.63	-
	<b>754.83</b>	<b>42.06</b>	<b>1,109.08</b>	<b>310.76</b>
<b>TOTAL LIABILITIES</b>	<b>1,033.38</b>	<b>42.06</b>	<b>1,948.89</b>	<b>310.76</b>
<b>Net</b>	<b>48,642.65</b>	<b>8,409.41</b>	<b>12,068.02</b>	<b>41,322.29</b>

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

For and on behalf of the board of directors  
**Indiabulls Asset Reconstruction Company Limited**

**Sudhir Pillai**  
Partner  
Membership No.: 105782

**Ajit Kumar Mittal**  
Director  
DIN: 02698115

**Amit Ajit Gandhi**  
Whole Time Director  
DIN: 07606699

**Vijay Nehra**  
Chief Executive Officer

**Keyur Morparia**  
Chief Financial Officer

**Lalit Sharma**  
Company Secretary  
M. No. : 24111

Place : Mumbai  
Date : 18 June 2021

Place : Mumbai  
Date : 18 June 2021