

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 Chandiook & 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 Chandiook & 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
ASSETS			
Financial assets			
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
Total financial assets		57,536.15	54,343.35
Non-financial assets			
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
Total non-financial assets		591.35	1,306.62
TOTAL ASSETS		58,127.50	55,649.97
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
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			
(i) total outstanding dues of micro enterprises and small enterprises	13	-	-
(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
Total financial liabilities		278.55	839.81
Non-financial liabilities			
Current tax liabilities (net)			
	16	582.96	277.21
Provisions			
	17	42.52	311.00
Other non-financial liabilities			
	18	171.41	831.63
Total non-financial liabilities		796.89	1,419.84
EQUITY			
Equity share capital			
	19	9,750.00	5,750.00
Other equity			
	20	47,302.06	47,640.32
Total equity		57,052.06	53,390.32
TOTAL LIABILITIES AND EQUITY		58,127.50	55,649.97

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
Revenue from operations			
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	-
Total revenue from operations (I)		5,488.94	5,039.94
Other income (II)	24	311.89	-
Total revenue (I + II)		5,800.83	5,039.94
Expenses			
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
Total expenses		743.65	2,710.56
Profit before tax		5,057.18	2,329.38
Tax expense			
Current tax (including earlier years)	28	745.08	753.56
Deferred tax charge/(credit)		650.65	(41.44)
Total tax expense		1,395.73	712.12
Profit for the year		3,661.45	1,617.26
Other comprehensive income			
Items that will not be reclassified to profit or loss			
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)
Other comprehensive income		0.29	5.92
Total comprehensive income for the year		3,661.74	1,623.18
Earnings per equity share			
(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
A Cash flow from operating activities		
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
Operating profit before working capital changes	5,046.58	4,425.85
Changes in working capital:		
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
Cash (used in)/flow from operations	1,586.94	37,876.03
Income tax paid (including tax deducted at source)	(439.33)	(512.00)
Net cash (used in)/flow from operating activities	1,147.61	37,364.03
B Cash flows from investing activities		
Purchase of property, plant and equipment (net)	(2.01)	(0.85)
Investment in security receipts (net of redemptions)	(165.38)	(37,666.99)
Net cash used in investing activities	(167.39)	(37,667.84)
C Cash flow from financing activities		
Interest paid on financing activities	(490.96)	(3,208.76)
Net cash used in investing activities	(490.96)	(3,208.76)
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
Cash and cash equivalents at the end of the year	676.50	187.24
Note:		
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
Cash and cash equivalents at the end of the year	676.50	187.24

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

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Partner
Membership No.: 105782

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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	
Balance as at 31 March 2020	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
Balance as at 31 March 2021	-	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

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Lalit Sharma
Company Secretary
M. No. : 24111

Place : Mumbai
Date : 18 June 2021

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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

(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
Total	194.39	2.01	186.28	10.12	59.94	20.80	74.64	6.10	4.02	134.45

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
Total	7.26	187.13	-	194.39	2.05	57.89	-	59.94	134.45	5.21

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
Total	20.80	57.89

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>
Note - 3		
Cash and cash equivalents		
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>
Note - 4		
Bank Balance other than cash and cash equivalents (at amortised cost)		
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>
Note - 5		
Trade receivables		
Considered good		
Unsecured	8.20	7.35
	<u>8.20</u>	<u>7.35</u>
Less: Impairment allowance (allowance for bad and doubtful debts)	-	-
Total of trade receivables	<u>8.20</u>	<u>7.35</u>

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

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

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

	<u>As at</u> <u>31 March 2021</u>	<u>As at</u> <u>31 March 2020</u>
Note - 7		
Investments		
At fair value through profit or loss		
Investment in security receipts		
Indiabulls ARC- II Trust	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		
Indiabulls ARC- IX Trust	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		
Indiabulls ARC- XIV Trust	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		
At cost		
Investment in security receipts of subsidiaries*		
Indiabulls ARC- VII Trust	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		
Indiabulls ARC- XVIII Trust	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		
At lower of cost of fair value		
Investment in security receipts#		
Indiabulls ARC- III Trust	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		
Indiabulls ARC- IV Trust	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		
Indiabulls ARC- V Trust	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		
Indiabulls ARC- VI Trust	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		
Indiabulls ARC- VIII Trust	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		
Indiabulls ARC- X Trust	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		
Indiabulls ARC- XI Trust	-	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		
Indiabulls ARC- XII Trust	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		
Indiabulls ARC- XIII Trust	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		
Indiabulls ARC- XV Trust	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)

Indiabulls ARC- XVI Trust	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		
Indiabulls ARC- XVII Trust	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		
	55,190.45	55,025.07
Less: Impairment of investments	(1,513.93)	(1,513.93)
	53,676.52	53,511.14
Investments outside India	-	-
Investments in India	53,676.52	53,511.14
Total net	53,676.52	53,511.14

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>
Note - 8		
Other financial assets		
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>
Note - 9		
Deferred tax assets (net)		
Deferred tax assets		
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>
Deferred tax liabilities		
Depreciation	(0.16)	0.04
	<u>(0.16)</u>	<u>0.04</u>
Deferred tax assets (net)	<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>
Deferred tax assets			
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)	-
Deferred tax liabilities			
Depreciation	0.04	(0.19)	-
Deferred tax assets (net)	<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>
Note - 11		
Other non-financial assets		
Prepaid expenses	12.05	15.37
Balance with government authorities	6.42	6.60
Other recoverable	176.11	106.70
	<u>194.58</u>	<u>128.67</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
Note - 12		
Trade payables		
Total outstanding due to creditors other than micro enterprises and small enterprises	95.98	13.18
	95.98	13.18

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
Note - 13		
Other payables		
Total outstanding due to creditors other than micro enterprises and small enterprises	171.87	87.37
	171.87	87.37

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
Note - 14		
Debt securities		
At amortised cost		
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:

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

	As at 31 March 2021	As at 31 March 2020
Note - 15		
Other financial liabilities		
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
Note - 16		
Current tax liabilities (net)		
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
Note - 17		
Provisions		
Provision for employee benefits		
Provision for gratuity	25.31	12.15
Provision for compensated absences	17.21	7.94
Provision for possible contracted liabilities	-	290.91
	<u>42.52</u>	<u>311.00</u>

	As at 31 March 2021	As at 31 March 2020
Note - 18		
Other non-financial liabilities		
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
Opening	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
Closing	<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
Note - 19				
Equity share capital				
i. Authorised				
Equity shares of face value of Rs. 10 each	975	9,750.00	950	9,500.00
	975	9,750.00	950	9,500.00

ii. Issued, subscribed and paid up:

Equity shares of face value of Rs. 10 each	975	9,750.00	575	5,750.00
	975	9,750.00	575	5,750.00

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	-	-
Balance at the end of the year	975	9,750.00	575	5,750.00

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
Equity shares of face value of Rs. 10 each fully paid up				
Dhani Services Limited (erstwhile Indiabulls Ventures Limited) (Holding Company)	975	100%	575	100%
Total	975	100%	575	100%

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>
Note - 20		
Other equity		
Securities premium		
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>
Retained earnings		
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>
Other Comprehensive Income		
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>
Equity component of compulsory convertible debentures		
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>
Note - 21		
Interest income		
On financial assets measured at amortised cost:		
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>
Note - 22		
Fee and commission income		
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>
Note - 23		
Net gain on fair value changes		
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>
Fair value changes		
- Realised	489.51	-
- Unrealised	-	-
Total	<u>489.51</u>	<u>-</u>
	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
Note - 24		
Other income		
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>
Note - 25		
Finance costs		
On financial liabilities measured at amortised cost:		
Interest on debt securities	0.00	271.23
Interest on bank overdraft	0.20	0.57
Others		
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>
Note - 26		
Employee benefits expense		
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>573.29</u>	<u>479.36</u>

	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
Note - 27		
Other expenses		
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>142.94</u>	<u>370.03</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>8.64</u>	<u>7.69</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:

Particulars	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
(a) Amount spent on		
Construction/acquisition of any asset	-	-
On purpose other than above*	41.74	16.80
(b) Amount unpaid	-	-
Total	<u>41.74</u>	<u>16.80</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>
Note - 28		
Tax expense		
Current tax (including earlier years)	745.08	753.56
Deferred tax charge/(credit)	650.65	(41.44)
Income tax expense reported in the statement of profit and loss	<u>1,395.73</u>	<u>712.12</u>

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>
Accounting profit before income tax	<u>5,057.18</u>	<u>2,329.38</u>
At India's statutory income tax rate of 25.17% (31 March 2020: 29.12%)	1,272.89	678.32
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
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
Income tax expense for the year	<u>1,395.73</u>	<u>712.12</u>

	<u>For the year ended 31 March 2021</u>	<u>For the year ended 31 March 2020</u>
Note - 29		
Earnings per equity share		
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
Basic earnings per share* (Rs.)	<u>3.76</u>	<u>1.66</u>
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
Diluted earnings per share (Rs.)	<u>3.76</u>	<u>1.66</u>

* 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
Financial assets measured at fair value			
Investments*			
- measured at fair value through profit and loss	Note 7	3,939.19	4,494.02
Financial assets measured at amortised cost			
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
Total		7,798.82	5,326.24
Financial liabilities measured at amortised cost			
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
Total		278.55	839.81

* 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
Assets				
Investments at fair value through statement of profit or loss				
Unquoted security receipts	-	-	3,939.19	3,939.19
As at 31 March 2020				
Assets				
Investments at fair value through statement of profit or loss				
Unquoted security receipts	-	-	4,494.02	4,494.02

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
Impact on fair value if change in unobservable inputs		
- 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
As at 31 March 2019	1,933.94
Add: Addition during the year	3,150.00
Less: Redeemed during the year	589.92
As at 31 March 2020	4,494.02
Add: Addition during the year	-
Less: Redeemed during the year	554.83
As at 31 March 2021	3,939.19

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
Financial assets				
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
Total	3,859.63	3,859.63	832.22	832.22
Financial liabilities				
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
Total	278.55	278.55	839.81	839.81

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) Low credit risk on financial reporting date		
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) Moderate credit risk		
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
Gross carrying amount as at 1 April 2019	34,110.17	-	-
Assets originated and acquired	-	-	-
Assets derecognised (excluding write offs)	(33,834.35)	-	-
Gross carrying amount as at 31 March 2020	275.82	-	-
Assets originated and acquired	38.69	-	-
Assets derecognised (excluding write offs)	-	-	-
Gross carrying amount as at 31 March 2021	314.52	-	-

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
Financial assets					
Non-derivatives					
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
Total	49,481.44	3,010.50	2,310.85	2,745.99	57,548.78
Financial liabilities					
Non-derivatives					
Trade payables	95.98	-	-	-	95.98
Other payables	171.87	-	-	-	171.87
Other financial liabilities	10.70	-	-	-	10.70
Total	278.55	-	-	-	278.55

As at 31 March 2020

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Financial assets					
Non-derivatives					
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
Total	13,888.24	18,728.90	16,329.16	5,414.98	54,361.28
Financial liabilities					
Non-derivatives					
Trade payables	13.18	-	-	-	13.18
Other payables	87.37	-	-	-	87.37
Other financial liabilities	248.30	-	-	-	248.30
Total	348.85	-	-	-	348.85

*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
Security receipts		
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
Debt to equity ratio	-	0.01

* 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 (prevailed Indiabulls Ventures Limited)

Associate Company

Trustee Limited (prevailed Trustee Private Limited)
 Dhruv Loans and Services Limited (prevailed 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. Lalit Sharma	Company Secretary
Mr. Ajay Kumar Mittal	Non-Executive Director
Mr. Jitendra Singh	Executive Director
Dr. Kamlesh Shalish Chandra Chakrabarti	Independent Director (upto 26/03/2021)
Mr. Shyam Lal Bansal	Independent Director
Mr. Pradeep Kumar Tripathi	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)	97,581.6	-
	Interest on compulsorily convertible debentures	454.14	3,208.77
	Reimbursement of expenses incurred	5.14	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 - X Trust	Investment in security receipts	-	17,362.55
Indiabulls ABC - XI Trust	Investment in security receipts	-	10,362.22
Indiabulls ABC - XII Trust	Investment in security receipts	-	9,257.45
Indiabulls ABC - XIII 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	5,522.18	-
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	254.49
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 - XV Trust	Fees and other income	0.63	-
Indiabulls ABC - XVI 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 - XV Trust	Expenses funded / (recovered)	0.05	-
Indiabulls ABC - XVI Trust	Expenses funded / (recovered)	0.11	-
Indiabulls ABC - XVIII Trust	Expenses funded / (recovered)	1.01	-
Key Management Personnel	Remuneration paid	334.49	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	334.49
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	0.00
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	As at 31 March 2021	As at 31 March 2020
Indiabulls ABC - IV Trust	1.88	5.65
Indiabulls ABC - VI Trust	0.26	-
Indiabulls ABC - X Trust	5.38	0.00
Indiabulls ABC - XI Trust	-	1.42
Indiabulls ABC - XII Trust	1.77	0.21
Indiabulls ABC - XVI Trust	0.62	-
Amounts receivable in advance	As at 31 March 2021	As at 31 March 2020
Indiabulls ABC - IV Trust	112.00	151.00
Indiabulls ABC - V Trust	-	3.32
Trade Payables	As at 31 March 2021	As at 31 March 2020
Indiabulls ABC - IV Trust	2.48	-
Indiabulls ABC - XV Trust	0.05	-
Indiabulls ABC - XVI Trust	0.11	-
Investment in security receipts	As at 31 March 2021	As at 31 March 2020
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	-	10,362.22
Indiabulls ABC - XII Trust	8,108.14	9,257.45
Indiabulls ABC - XIII Trust	1,020.00	1,020.00
Indiabulls ABC - XV Trust	963.12	-
Indiabulls ABC - XVI Trust	5,522.18	-
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 has 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
Net obligation recognised in balance sheet as provision	25.31	12.14

(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
Net impact on profit (before tax)	13.56	7.40

(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)
Present value of defined benefit obligation as at the end of the year	25.31	12.14

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
Impact of the change in discount rate		
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
Impact of the change in salary increase		
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%
Total		2,15,226.26	100%

- 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%
Total	2,15,226.26	100.00%

- 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	-	-	-
vi. SRs outstanding as on 31 March (i+ii+iii-iv-v)	-	1,20,780.42	1,20,780.42

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
ASSETS				
Financial assets				
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
	49,481.44	8,054.71	13,888.24	40,455.11
Non-financial assets				
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	-
	194.58	396.77	128.67	1,177.95
TOTAL ASSETS	49,676.02	8,451.48	14,016.91	41,633.06
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables				
Trade payables				
(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	-
Other payables				
(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	-
	278.55	-	839.81	-
Non-financial liabilities				
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	-
	754.83	42.06	1,109.08	310.76
TOTAL LIABILITIES	1,033.38	42.06	1,948.89	310.76
Net	48,642.65	8,409.41	12,068.02	41,322.29

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