

Independent Auditor's Report

To the Members of Indiabulls Asset Reconstruction Company Limited

Report on the Financial Statements

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 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, and its profit and its cash flows for the year ended on that date.

Other Matter

9. The audit of financial statements for the year ended 31 March 2017 was carried out and reported by A Sardana & Co., Chartered Accountants *vide* their unmodified audit report dated 27 April 2017 whose audit report has been furnished to us by the management of the Company. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. 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.

11. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the 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 the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- 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 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 20 April 2018 as per Annexure II expressed an unmodified opinion;

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;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. the Company, as detailed in Note 31 to the financial statements, has made requisite disclosures in these financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**

Partner

Membership No.: 095256

Place: Gurugram

Date: 20 April 2018

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 2018

Annexure I

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) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. 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 become payable.
- (b) There are no dues in respect of income-tax, sales-tax, 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 and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (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 accounting standards.
- (xiv) During the year, the Company has made preferential allotment of shares. In respect of the same, in our opinion, the company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised were applied for the purposes for which these securities were issued, though idle funds which were not required for immediate utilisation have been invested in liquid investments.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

per **Lalit Kumar**
Partner
Membership No.: 095256

Place: Gurugram
Date: 20 April 2018

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 2018

Annexure II

Independent Auditor's Report on the Internal Financial Controls 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 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') 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

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, 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 IFCoFR 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR 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 IFCoFR include 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 over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR 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 over financial reporting and such controls were operating effectively as at 31 March 2018, based on IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI').

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**

Partner

Membership No.: 095256

Place: Gurugram

Date: 20 April 2018

Indiabulls Asset Reconstruction Company Limited
Balance Sheet as at 31 March 2018
(All amounts in Rs. unless stated otherwise)

	Note No.	As at 31 March 2018	As at 31 March 2017
I. Equity and liabilities			
Shareholders' funds			
(a) Share capital	3	55,00,00,000	50,00,00,000
(b) Reserves and surplus	4	49,50,73,868	36,03,073
		1,04,50,73,868	50,36,03,073
Non-Current liabilities			
(a) Long-term liabilities and provisions	5	7,98,628	-
Current liabilities			
(a) Trade payables	6		
Payable to micro enterprises and small enterprises		-	-
Other payables		6,17,751	25,000
(b) Other current liabilities	7	71,51,964	1,44,230
(c) Short-term provisions	8	50,68,054	38,82,931
		1,28,37,769	40,52,161
Total		1,05,87,10,265	50,76,55,234
II. Assets			
Non-current assets			
(a) Plant and equipment	9	5,94,487	-
(b) Non-current investments	10	32,90,55,000	-
(c) Deferred tax assets (net)	11	1,38,879	-
(d) Long-term loans and advances	12	13,85,990	-
		33,11,74,356	-
Current assets			
(a) Current investments	13	9,68,97,195	50,00,00,000
(b) Cash and bank balances	14	62,06,48,726	74,21,331
(c) Short-term loans and advances	15	10,69,184	2,33,903
(d) Other current assets	16	89,20,804	-
		72,75,35,909	50,76,55,234
Total		1,05,87,10,265	50,76,55,234

The accompanying notes 1 to 33 form an integral part of these financial statements

This is the Balance Sheet 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 Indiabulls Asset Reconstruction Company Limited

Lalit Kumar
Partner

Ajit Kumar Mittal
Director
DIN: 02698115

Amit Ajit Gandhi
Whole time Director
DIN: 07606699

Kiran Shingwekar
Chief Executive Officer

Keyur Morparia
Chief Financial Officer

Gaurav Khetrpal
Company Secretary
Membership Number: 52774

Place: Gurugram
Date: 20 April 2018

Place: Mumbai
Date: 20 April 2018

Indiabulls Asset Reconstruction Company Limited
Statement of Profit and Loss for the year ended 31 March 2018
(All amounts in Rs. unless stated otherwise)

	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
I. Revenue:			
Revenue from operations	17	4,01,73,906	-
Other income	18	5,34,33,082	1,53,93,371
II. Total revenue		9,36,06,988	1,53,93,371
III. Expenses:			
Employee benefits expense	19	1,99,68,578	1,53,895
Finance costs	20	5,06,677	2,03,800
Depreciation and amortisation	9	33,046	-
Other expenses	21	1,43,63,461	53,60,172
IV. Total expenses		3,48,71,762	57,17,867
V. Profit before tax (II - IV)		5,87,35,226	96,75,504
VI. Tax expense:			
(1) Current tax		1,70,81,450	45,98,000
(2) Tax expense / (credit) for earlier years		3,21,860	(4,592)
(3) Deferred tax		(1,38,879)	-
		1,72,64,431	45,93,408
VII. Profit after tax (V-VI)		4,14,70,795	50,82,096
VIII. Earnings per equity share:	23		
(1) Basic		0.76	0.34
(2) Diluted		0.76	0.34
(3) Nominal value per equity share		10.00	10.00

The accompanying notes 1 to 33 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

Lalit Kumar
Partner

For and on behalf of Indiabulls Asset Reconstruction Company Limited

Ajit Kumar Mittal
Director
DIN: 02698115

Amit Ajit Gandhi Kiran Shingwekar
Whole time Director Chief Executive Officer
DIN: 07606699

Keyur Morparia
Chief Financial Officer

Gaurav Khetrapal
Company Secretary
Membership Number: 52774

Place: Gurugram
Date: 20 April 2018

Place: Mumbai
Date: 20 April 2018

Indiabulls Asset Reconstruction Company Limited
Cash Flow Statement for the year ended 31 March 2018
(All amounts in Rs. unless stated otherwise)

	For the year ended 31 March 2018	For the year ended 31 March 2017
A Cash flow from operating activities:		
Net profit before tax	5,87,35,226	96,75,504
Adjustment for		
Profit on redemption of mutual funds	(44,88,420)	(81,84,790)
Interest on fixed deposits	(4,65,49,200)	(57,896)
Interest on intercorporate deposits	(23,88,822)	(71,50,685)
Operating profit/(loss) before working capital changes	53,08,784	(57,17,867)
Changes in working capital:		
Other liabilities and provisions	84,04,830	1,40,515
Long-term loans and advances	(13,85,990)	-
Short-term loans and advances	(8,35,281)	(2,20,009)
Cash generated from/(used in) operations	1,14,92,343	(57,97,361)
Income tax paid (including tax deducted at source)	(1,62,23,904)	(28,13,137)
Net cash used in operating activities	(47,31,561)	(86,10,498)
B Cash flows from investing activities:		
Interest received	4,00,17,218	72,47,661
Proceeds from/(investment in) units of mutual funds (net)	50,44,88,420	(49,18,15,210)
Purchase of fixed asset	(5,94,487)	-
Investment in security receipts (net)	(42,59,52,195)	-
Maturity of bank balances not considered as cash and cash	-	8,80,50,000
Net cash generated from/(used in) investing activities	11,79,58,956	(39,65,17,549)
C Cash flow from financing activities:		
Proceeds from issue of equity share capital (including securities premium)	50,00,00,000	44,90,00,000
Distribution of equity dividends	-	(3,03,96,000)
Corporate dividend tax	-	(61,87,911)
Net cash generated from financing activities	50,00,00,000	41,24,16,089
D Net increase in cash and cash equivalents (A+B+C)	61,32,27,395	72,88,042
E Cash and cash equivalents at the beginning of the year	74,21,331	1,33,289
F Cash and cash equivalents at the close of the year (D+E)	62,06,48,726	74,21,331

Notes:

1 Cash and cash equivalents as at the close of the year include:

Cash on hand	-	16
Balances with scheduled banks		
In current accounts	66,48,726	74,21,315
In deposit accounts having original maturity less than three months	61,40,00,000	-
Cash and cash equivalents at the end of the year	62,06,48,726	74,21,331

2 The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 (AS 3) on "Cash flow statements" as specified under section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

The accompanying notes 1 to 33 form an integral part of these financial statements

This is the cash flow statement 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 Indiabulls Asset Reconstruction Company Limited

Lalit Kumar
Partner

Ajit Kumar Mittal
Director
DIN: 02698115

Amit Ajit Gandhi
Whole time Director
DIN: 07606699

Kiran Shingwekar
Chief Executive Officer

Keyur Morparia
Chief Financial Officer

Gaurav Khetrpal
Company Secretary
Membership Number: 52774

Place: Gurugram
Date: 20 April 2018

Place: Mumbai
Date: 20 April 2018

Indiabulls Asset Reconstruction Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

Note - 1

Corporate information:

Indiabulls Asset Reconstruction Company Limited ("the Company") was incorporated on 2 November 2006 with the object of engaging in the business of asset reconstruction. The Company has been granted certificate of registration from Reserve Bank of India (RBI) on 19 May 2017 to commence the business of securitisation or asset reconstruction under section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act").

Note - 2

Significant accounting policies

i) Basis of accounting

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply with the accounting standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant RBI guidelines circulars/notifications issued from time to time. The financial statements have been prepared on an accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year as modified in terms of RBI guidelines/circulars and notifications issued from time to time.

Operating cycle: Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

ii) Use of estimates

In preparing the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future years.

iii) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

iv) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured with no significant uncertainty as to the ultimate collection. In case of significant uncertainty as to the ultimate collection, revenue recognition is postponed till such uncertainty is removed.

a. Management and other related fee

i) Management and other related fee is recognised on accrual basis based on contractual arrangements.

ii) Recognition of management fee is discontinued and such unrealised fee is reversed on earlier of the following situations:

(a) If the management fee remains unrealised after the expiry of 180 days from the end of planning period, wherever applicable or from the date of recognition, in other cases.

(b) If Net Assets Value (NAV) of the Security Receipts falls below 50% of the face value of Security Receipts.

In respect of such trusts no further management fee is recognised unless it is realised.

b. Investment Income

i) Yield on investment in Security Receipts and excess realisation over acquisition cost of Security Receipts is recognised on realisation of underlying financial assets as per the contractual arrangements of the Trust after redemption of the principal amount of each class of SRs and distribution thereof by the Trust within a period of 15 days from the end of accounting period.

ii) Dividend income on equity shares is recognised when the right to receive the dividend is unconditional as at the Balance Sheet date.

iii) Dividend income on units of mutual funds is recognised when the right to receive the dividend is unconditional as at the Balance Sheet date. Any gains/losses on sale / redemption of units are recognised on the date of sale / redemption.

c. Upside Income

Upside income is recognised on realisation of underlying financial assets as per the contractual arrangements of the Trust after full redemption of the SRs and distribution thereof by the Trust within a period of 15 days from the end of accounting period.

d. Interest Income

i) Interest income is recognised on time proportion basis. Recognition of interest from Trusts is discontinued when NAV of Security Receipts of the Trust becomes Nil. The unrecognised interest is recognised on realisation.

ii) Interest on loans provided directly to the Investee Companies for the purpose of asset reconstruction and recovery are recognized on an accrual basis in the accounts based on the terms of the loan documents except in case of non-performing assets, wherein it is accounted on realisation.

Indiabulls Asset Reconstruction Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

v) Employee Benefits

The Company has a defined contribution plan namely Provident Fund. Annual contribution to the Employees' Provident Fund Organisation is charged to the Statement of profit and loss. The Company has unfunded defined benefit plans namely long-term compensated absences and gratuity for all eligible employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year using the projected unit credit method. Actuarial gains / losses comprise experience adjustments and the effects of change in actuarial assumptions and are recognised in the Statement of profit and loss as income or expenses as applicable.

vi) Expenses incurred on behalf of the trust

a. Pre-acquisition expenses:

Expenses incurred at pre-acquisition stage are recognised as and when incurred. If such expenses are contracted to be recovered from the trust the same shall be reversed on realisation.

b. Post-acquisition expenses:

Post-acquisition expenses incurred on behalf of trust are generally recognised as recoverable from trust.

i) Trust formation expenses: The unrealised trust formation expenses are written-off on earlier of the following situations:

(a) if the same remains unrealised after the expiry of 180 days from the end of the planning period.

(b) if the NAV of the Security Receipts falls below 50% of face value of Security Receipts.

ii) Other post-acquisition expenses: Other unrealised post-acquisition expenses are written-off where NAV of Security Receipts becomes Nil.

The same shall be reversed on realisation.

vii) Investments

a. Investment in Security Receipts and other financial instruments are classified as available for sale (AFS).

b. Investments are valued at lower of cost or realisable value.

c. In respect of Security Receipts, the last declared NAV is considered as realisable value. In cases where NAV is not declared since investments are within the planning period cost of Security Receipts are considered as realisable value.

d. In case of listed securities which are actively traded, the closing market price of such securities is considered as realisable value. In respect of other financial instruments, face value/redemption value is considered as realisable value if supported by the latest financial statements; else the same are valued at Re.1.

e. Investments in AFS are aggregated for each category for the purpose of arriving at net depreciation/ appreciation of investments under that category. Net depreciation is provided for and net appreciation, if any, is ignored.

f. Outstanding Investments in Security Receipts are written off on expiry of maximum resolution period or on closure of the concerned trust; whichever is earlier.

viii) Property, plant and equipment

a. Tangible assets

Tangible assets are stated at cost, net of tax / duty credits availed, if any, less accumulated depreciation / impairment losses, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

b. Intangible assets

Intangible assets are stated at cost, net of tax / duty credits availed, if any, less accumulated amortisation / impairment losses, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

c. Intangible assets under development

Expenditure on development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

ix) Depreciation & amortisation

a. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

b. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortised over the duration of the lease. Depreciation on sale/deduction from fixed assets is provided for up to the date of sale/deduction/scrapping, as the case may be. Assets costing Rs. 5,000 or less per item are fully depreciated in the year of capitalisation.

c. Intangible assets consisting of software are amortised on a straight line basis over a period of four years from the date when the assets are available for use. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

x) Impairment of assets

a. The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment, if any indication of impairment exists.

b. If the carrying amount of these assets exceeds their recoverable amount, impairment is recognised for such excess amount.

c. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

d. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of profit and loss, except in case of revalued assets, to the extent the amount was previously charged to the Statement of profit and loss.

Indiabulls Asset Reconstruction Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

xi) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves; is recognised in reserves and not in the Statement of profit and loss.

xii) Borrowing Cost

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of the asset. All other borrowing costs are charged to the Statement of profit and loss.

xiii) Share issue expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account are expensed in the Statement of profit and loss.

xiv) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

xv) Foreign currency transactions and translations

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items denominated in foreign currencies at the year-end are translated at year end exchange rates. Non-monetary foreign currency items are carried at cost. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of profit and loss.

xvi) Leases

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of profit and loss on a straight-line basis.

xvii) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year except where the results would be anti-dilutive.

Indiabulls Asset Reconstruction Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs. unless stated otherwise)

Note - 3

Share capital:

	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Authorised:				
Equity shares of face value of Rs. 10 each	7,50,00,000	75,00,00,000	5,00,00,000	50,00,00,000
Issued, subscribed and paid up:				
Equity shares of face value of Rs. 10 each fully paid up	5,50,00,000	55,00,00,000	5,00,00,000	50,00,00,000
	5,50,00,000	55,00,00,000	5,00,00,000	50,00,00,000

Pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and further to the approval of the members of Company in their extra ordinary general meeting held on 19 December 2016, the authorised capital of the Company was increased from Rs. 10,00,00,000 (Rupees ten crores only) divided into 1,00,00,000 (one crore) equity shares of Rs. 10 each to Rs. 50,00,00,000 (Rupees fifty crores only) divided into 5,00,00,000 (five crores) equity shares of Rs. 10 each ranking pari passu with the existing shares. Further, the members of the Company in their extra ordinary general meeting held on 28 April 2017 have approved to increase the authorised capital of the Company from Rs. 50,00,00,000 (Rupees fifty crores only) divided into 5,00,00,000 (five crores) equity shares of Rs. 10 each to Rs. 55,00,00,000 (Rupees fifty five crores only) divided into 5,50,00,000 (five crores fifty lakh) equity shares of Rs. 10 each. Further, the members of the Company in their extra ordinary general meeting held on 25 September 2017 have approved to increase the authorised capital of the Company from Rs. 55,00,00,000 (Rupees fifty five crores only) divided into 5,50,00,000 (five crores fifty lakh) equity shares of Rs. 10 each to Rs. 75,00,00,000 (Rupees seventy five crores only) divided into 7,50,00,000 (seven crores fifty lakh) equity shares of Rs. 10 each.

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:

Equity shares	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at beginning of the year	5,00,00,000	50,00,00,000	51,00,000	5,10,00,000
Shares issued during the year	50,00,000	5,00,00,000	4,49,00,000	44,90,00,000
Shares outstanding at end of the year	5,50,00,000	55,00,00,000	5,00,00,000	50,00,00,000

Pursuant to the provisions of Section 62, Section 39 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the Board of Directors in their meetings held on 3 October 2016 and 24 January 2017, approved the issue and allotment of 49,00,000 and 4,00,00,000 equity shares (ranking pari passu with the existing shares) respectively of Rs. 10 each (fully paid up) to Indiabulls Ventures Limited, the holding company, for consideration received in cash. Consequently, the issued, subscribed and paid up equity share capital of the Company was increased to Rs. 50,00,00,000 (Rupees fifty crores) divided into 5,00,00,000 (five crores) equity shares of Rs. 10 each. Further, the Board of Directors in their meeting held on 28 April 2017 approved the issue and allotment of 50,00,000 equity shares (ranking pari passu with the existing shares) of Rs. 10 each (fully paid up) at a premium of Rs. 90 per share to Indiabulls Ventures Limited, the holding company, for consideration received in cash. Consequently, the issued, subscribed and paid up equity share capital of the Company was increased to Rs. 55,00,00,000 (Rupees fifty five crores) divided into 5,50,00,000 (five crores fifty lakh) equity shares of Rs. 10 each.

b. Terms/ rights attached to equity shares

The Company has only 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.

c. Detail of shareholders holding 5% or more shares:

No. of shareholders	As at 31 March 2018		As at 31 March 2017	
	No. of shares held	% of holding	No. of shares held	% of holding
Equity shares of face value of Rs. 10 each fully paid up Indiabulls Ventures Limited	5,50,00,000	100%	5,00,00,000	100%
Total	5,50,00,000	100%	5,00,00,000	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.

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Indiabulls Asset Reconstruction Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs. unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017
Note - 4		
Reserves and surplus		
Securities premium account		
Balance as at the beginning of the year	-	-
Add: Additions during the year	45,00,00,000	-
	<u>45,00,00,000</u>	<u>-</u>
Surplus in the statement of profit and loss		
Balance at the beginning of the year	36,03,073	3,51,04,888
Add: Profit for the year	4,14,70,795	50,82,096
Amount available for appropriation (A)	<u>4,50,73,868</u>	<u>4,01,86,984</u>
Appropriations:		
Interim dividend paid on equity shares [Rs. Nil (Previous year Rs. 5.96 per share)]	-	3,03,96,000
Corporate dividend tax on interim dividend paid on equity shares	-	61,87,911
Total appropriations (B)	<u>-</u>	<u>3,65,83,911</u>
Balance at the end of the year (A)-(B)	4,50,73,868	36,03,073
	<u>49,50,73,868</u>	<u>36,03,073</u>
Note - 5		
Long-term liabilities and provisions		
Other long-term liabilities	2,21,758	-
Provision for gratuity [Refer note 28]	3,81,155	-
Provision for compensated absences [Refer note 28]	1,95,715	-
	<u>7,98,628</u>	<u>-</u>
Note - 6		
Trade Payables		
Dues to micro enterprises and small enterprises [refer note 29]	-	-
Due to others	6,17,751	25,000
	<u>6,17,751</u>	<u>25,000</u>
Note - 7		
Other current liabilities		
Statutory dues	31,51,934	1,44,230
Other payables	40,00,030	-
	<u>71,51,964</u>	<u>1,44,230</u>
Note - 8		
Short-term provisions		
Provision for tax	50,62,337	38,82,931
[Net of tax deducted at source and self assessment tax Rs. 1,20,19,113 (Previous year Rs. 28,17,729)]		
Provision for gratuity [Refer note 28]	2,402	-
Provision for compensated absences [Refer note 28]	3,315	-
	<u>50,68,054</u>	<u>38,82,931</u>

Indiabulls Asset Reconstruction Company Limited
 Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018
 (All amounts in Rs. unless stated otherwise)

Note - 9
 Plant and equipment

Particulars	Gross block (at cost)			Accumulated depreciation/amortization			Net block		
	As at 1 April 2017	Additions during the year	Adjustments/ sales during year	As at 31 March 2018	As at 1 April 2017	Additions during the year	Adjustments during the year	As at 31 March 2018	As at 31 March 2017
Tangible assets									
Office equipment	-	1,58,806	-	1,58,806	-	7,570	-	7,570	1,51,236
Furniture and fixtures	-	1,63,800	-	1,63,800	-	2,832	-	2,832	1,60,968
Computers	-	3,04,927	-	3,04,927	-	22,644	-	22,644	2,82,283
Total	-	6,27,533	-	6,27,533	-	33,046	-	33,046	5,94,487
Previous Year	-	-	-	-	-	-	-	-	-

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Indiabulls Asset Reconstruction Company Limited
Summary of significant accounting policies and other explanatory
(All amounts in Rs. unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017
Note - 10		
Non-current investments		
(At lower of cost and fair value, unless otherwise stated)		
Other non-current investment		
Available for sale - Investment in Security Receipts of the trusts (Non trade, unquoted):		
229,500 Security Receipts (SR) of Indiabulls ARC- I Trust of face value of Rs. 422.21 per SR	9,68,97,195	-
2,400,000 Security Receipts (SR) of Indiabulls ARC- II Trust of face value of Rs. 100 per SR	24,00,00,000	-
89,055 Security Receipts (SR) of Indiabulls ARC- III Trust of face value of Rs. 1,000 per SR	8,90,55,000	-
	<u>42,59,52,195</u>	<u>-</u>
Less: Current portion of investments	<u>(9,68,97,195)</u>	<u>-</u>
	<u>32,90,55,000</u>	<u>-</u>
Aggregate book value of unquoted investments	32,90,55,000	-
Note - 11		
Deferred tax asset		
Expenditure disallowed under section 43B of Income-tax Act, 1961	1,60,517	-
Less: Deferred tax liabilities		
Timing difference on depreciation and amortisation of plant and equipment	21,638	-
	<u>1,38,879</u>	<u>-</u>
Deferred tax asset (net)	<u>1,38,879</u>	<u>-</u>
Amount recognised in the statement of profit and loss	(1,38,879)	-
Note - 12		
Long-term loans and advances		
Security deposits (Unsecured, considered good)	<u>13,85,990</u>	<u>-</u>
	<u>13,85,990</u>	<u>-</u>
Note - 13		
Current investments		
(At lower of cost and fair value, unless otherwise stated)		
Non-trade, unquoted		
Investment in units of mutual funds:		
- Investment in Indiabulls Liquid Fund - Direct- Growth	-	50,00,00,000
[No. of units Nil (Previous year: 314,762.592 units)		
NAV Rs. Nil (Previous year Rs. 1,588.4988) per unit]		
Available for sale - Investment in Security Receipts of the trusts (Non- trade, unquoted):		
229,500 Security Receipts (SR) of Indiabulls ARC- I Trust of face value of Rs. 422.21 per SR	<u>9,68,97,195</u>	<u>-</u>
	<u>9,68,97,195</u>	<u>50,00,00,000</u>
Aggregate book value of unquoted investments	9,68,97,195	50,00,00,000
Note - 14		
Cash and bank balances		
(a) Cash on hand	-	16
(b) Balances with scheduled banks		
- In current accounts	66,48,726	74,21,315
- In fixed deposits with original maturity of less than three months	<u>61,40,00,000</u>	<u>-</u>
	<u>62,06,48,726</u>	<u>74,21,331</u>
Note - 15		
Short-term loans and advances		
(Unsecured, considered good)		
Balances with government authorities	8,09,368	2,33,903
Others	<u>2,59,816</u>	<u>-</u>
	<u>10,69,184</u>	<u>2,33,903</u>
Note - 16		
Other current assets		
Interest accrued on fixed deposit	<u>89,20,804</u>	<u>-</u>
	<u>89,20,804</u>	<u>-</u>

(All amounts in Rs. unless stated otherwise)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Note - 17		
Revenue from operations		
Management fee	1,67,07,909	-
Recovery incentive fee	2,34,65,997	-
	<u>4,01,73,906</u>	<u>-</u>
Note - 18		
Other income		
Interest on intercorporate deposits	23,88,822	71,50,685
Profit on redemption of mutual funds	44,88,420	81,84,790
Interest on fixed deposits	4,65,49,200	57,896
Miscellaneous income	6,640	-
	<u>5,34,33,082</u>	<u>1,53,93,371</u>
Note - 19		
Employee benefits expense		
Salaries	1,99,44,864	1,53,895
Contribution to provident fund and other funds	80	-
Staff welfare expenses	23,634	-
	<u>1,99,68,578</u>	<u>1,53,895</u>
Note - 20		
Finance costs		
Interest on taxes	5,06,677	2,03,800
	<u>5,06,677</u>	<u>2,03,800</u>
Note - 21		
Other expenses		
Rates and taxes	23,13,133	36,43,188
Lease rent [Refer note 27]	39,17,731	-
Legal and professional expenses	7,98,875	16,54,890
Director's sitting fee	6,00,000	-
Recruitment and training expenses	49,38,952	-
Electricity expenses	1,43,491	-
Auditor's remuneration [Refer note 26]	5,00,000	25,000
Printing and stationery	10,691	-
Communication expenses	221	-
Office maintenance	4,61,997	-
Repairs and maintenance - others	58,725	-
Travelling and conveyance	72,733	-
Membership fees	5,15,000	-
Miscellaneous	31,912	37,094
	<u>1,43,63,461</u>	<u>53,60,172</u>

Indiabulls Asset Reconstruction Company Limited**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018****(All amounts in Rs. unless stated otherwise)****Note - 22**

As per the best estimate of the management, no provision is required to be made as per Accounting Standard 29 (AS 29) as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.

There are no contingent liabilities to be reported as at 31 March 2018 (as at 31 March 2017 Rs. Nil).

Note - 23**Earnings per share**

Basic earnings per share is computed by dividing the net profit/(loss) attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted earnings per share are computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The number of equity shares and potential diluted equity shares are adjusted for stock split and bonus shares as appropriate.

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Net profit available for equity shareholders (Rs.)	4,14,70,795	50,82,096
Weighted average number of equity shares used for computing Basic and Diluted earnings per share	5,46,43,836	1,48,58,904
Nominal value of equity shares - (Rs. Per Share)	10.00	10.00
Earnings per share - Basic and Diluted (Rs. Per Share)	0.76	0.34

Note - 24

As per the Reserve Bank of India Guidelines, the Capital Adequacy Ratio of the Company as at 31 March 2018, works out to 239% (as at 31 March 2017: 101%).

Note - 25**Segment Reporting:**

The Company has single reportable segment viz- 'Securitisation and Reconstruction of Financial Assets' for the purpose of Accounting Standard (AS) 17 'Segment Reporting' as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

Note - 26**Payments to auditors:**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
As auditor		
Statutory audit	5,00,000	25,000
Total	5,00,000	25,000

Note - 27**Leases:**

The Company has taken office premises on operating lease at one location in India and lease rent in respect of the same amounting to Rs. 3,917,731 (Previous year Rs. Nil) has been charged to the Statement of profit and loss. The minimum lease rental outstanding are as under:

Particulars	As at 31 March 2018	As at 31 March 2017
Future minimum lease payments:		
-not later than one year	55,43,960	-
-later than one year and not later than five years	2,01,43,054	-
-later than five years	-	-

Indiabulls Asset Reconstruction Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in Rs. unless stated otherwise)

Note - 28

Employee Benefits:

Disclosures in respect of defined benefit plan i.e. unfunded gratuity:

Particulars	Gratuity	
	As at 31 March 2018	As at 31 March 2017
Reconciliation of liability recognised in the balance sheet:		
Present value of commitments (as per actuarial valuation)	3,83,557	-
Fair value of plan assets	-	-
Net liability in balance sheet (as per actuarial valuation)	3,83,557	-
Movement in net liability recognised in the balance sheet:		
Net liability at the beginning of the year	-	-
Amount paid during the year	-	-
Net expense recognised in the statement of profit and loss	3,83,557	-
Actual return on plan assets	-	-
Net liability at the end of the year	3,83,557	-
Expense recognised in the statement of profit and loss:		
Current service cost	3,34,531	-
Past service cost	49,026	-
Interest cost	-	-
Actuarial loss/(gain)	-	-
Expense recognised in the Statement of profit and loss	3,83,557	-
Reconciliation of defined benefit plans:		
Balance as at beginning of the year	-	-
Current service cost	3,34,531	-
Past service cost	49,026	-
Interest cost	-	-
Paid benefits	-	-
Actuarial loss/(gain)	-	-
Balance as at end of the year	3,83,557	-

Actuarial assumptions

Particulars	As at 31 March 2018	As at 31 March 2017
Discount rate	7.80%	-
Expected rate of salary increase	5.00%	-
Retirement age	60	-
Mortality	IALM (2006-08)	-

The disclosure for current year and previous years is as follows:

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Plan assets	-	-	-	-	-
Defined benefit obligation	3,83,557	-	-	-	-
Net surplus/(liability)	(3,83,557)	-	-	-	-

Note - 29

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	As at 31 March 2018	As at 31 March 2017
(i) Principal amount remaining unpaid as at the end of the accounting year	Nil	Nil
(ii) Interest due thereon remaining unpaid as at the end of the accounting year	Nil	Nil
(iii) The amount of interest paid along with the amounts of the payment beyond the appointed day	Nil	Nil
(iv) The amount of interest due and payable for the year	Nil	Nil
(v) Amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil

The above information regarding Micro, small and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Indiabulls Asset Reconstruction Company Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018
(All amounts in Rs. unless stated otherwise)

Note - 30

Disclosures in respect of AS - 18 'Related Party Disclosures' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended):

(a) Details of related parties:

Description of relationship	Names of related parties
Holding Company	Indiabulls Ventures Limited #
Entities under common control	Indiabulls Distribution Services Limited #
Key management personnel	Mr. Kiran Shingwekar, Chief Executive Officer (with effect from 6 October

with effect from 3 October 2016

(b) Statement of transactions:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Equity share capital		
Issue of equity share capital (Including securities premium)		
- Indiabulls Ventures Limited (Holding Company)	50,00,00,000	44,90,00,000
Loans and advances		
Inter corporate deposit given		
(Maximum balance outstanding at any time during the year)		
- Indiabulls Distribution Services Limited (entity under common control)	67,80,00,000	50,00,00,000
Income		
Interest on inter corporate deposit		
- Indiabulls Distribution Services Limited (entity under common control)	23,88,822	71,50,685
Remuneration		
- Kiran Shingwekar (Key managerial personnel)	1,09,47,581	-
Reimbursement of expenses incurred		
- Indiabulls Ventures Limited (Holding Company)	23,01,590	-

(c) Amount outstanding as at 31 March 2018: Rs. Nil (As at 31 March 2017 Rs. Nil)

In accordance with AS 18, disclosures in respect of transactions with identified related parties are given only for such period during which such relationships existed. Related party relationships are given above are as identified by the Company and relied upon by the Auditors.

Note - 31

Disclosure of details of Specified Bank Notes (SBN)* held and transacted during the period from 8 November 2016 to 30 December 2016:

Particulars	SBN (for the year ended 31 March 2018)#	Other Denomination Notes (for the year ended 31 March 2018)#	SBN (for the year ended 31 March 2017)	Other Denomination Notes (for the year ended 31 March 2017)	Total (for the year ended 31 March 2017)
Closing cash in hand as on 8 November 2016			10,500	16	16
(+) Permitted receipts	-	-	-	-	-
(+) Non-permitted receipts	-	-	-	-	-
(-) Permitted payments	-	-	-	-	-
(-) Non-permitted payments	-	-	-	-	-
(-) Amount deposited in banks	10,500	-	-	-	-
Closing cash in hand as on 30 December 2016			-	16	16

*For the purpose of this note, the term Specified Bank Notes (SBN), shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November 2016.

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 only.

Indiabulls Asset Reconstruction Company Limited
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018
(All amounts in Rs. unless stated otherwise)

Note - 32

Additional Disclosures as required under The Securitisation Companies and Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 (as amended from time to time):

a) Names and addresses of the banks/financial institutions from which financial assets were acquired and the value at which such assets was acquired from each such bank/financial institutions till 31 March 2018.

Name of the Selling bank / Financial institution	Address	Acquisition price as on 31 March 2018 (Rs. in crores)	% to total
IndusInd Bank	2401, Gen. Thimmayya Road, Pune- 411001	160.00	43%
Indiabulls Housing Finance Limited	M-62 & 63, First Floor, Connaught Place, New Delhi- 110001	212.31	57%
	Total	372.31	100%

b) Industry- wise dispersion of original acquisition price of various financial assets held either on its own books or in the books of the trusts:

Industry wise	As on 31 March 2018	
	Acquisition price (Rs. in crores)	% to total financial assets
Real Estate	134.06	36.01%
Cotton and Textile	99.33	26.68%
Auto and Ancillary	19.91	5.35%
Pharmaceuticals	37.54	10.08%
Retail	16.15	4.34%
Food Products and Beverages	13.33	3.58%
Transport Services	10.64	2.86%
Iron and Steel	7.73	2.08%
Gems and Jewellery	4.89	1.31%
Plastics	4.51	1.21%
IT and ITES	4.40	1.18%
Construction and Engineering	4.03	1.08%
Electrical Equipment	2.76	0.74%
Waste and Scrap	2.28	0.61%
Copper	2.17	0.58%
Wood and wood products	1.95	0.52%
Media and Entertainment	1.92	0.52%
Aluminum	1.81	0.49%
FMCG	1.55	0.42%
Others	1.36	0.37%
Total	372.31	100.00%

c) Details of related parties as per Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India and amounts due to and from them are disclosed in the Note 30 of the financials statements.

d) The acquisition price in tables (a) & (b) above includes financial assets acquired till 31 March 2018 including financial assets resolved till date.

e) Status of financial assets acquired in the Trusts set up by Indiabulls Asset Reconstruction Company Limited as on 31 March 2018 as required as per RBI Notification No. DBNS.PD(SC/RC).8/CGM(ASR) dated 21 April 2010:

Particulars	Amount (Rs. in crores)
i. Value of financial assets outstanding for realisation as at 1 April 2017	-
ii. Value of financial assets acquired during the financial year ended 31 March 2018	372.31
iii. Value of financial assets realised during the financial year ended 31 March 2018	93.86
iv. Value of financial assets written-off/back during the financial ended 31 March 2018	-
v. Value of financial assets outstanding for realisation as at 31 March 2018 (i+ii-iii-iv)	278.45

f) Status of Security Receipts (SRs) issued by the trusts set up by Indiabulls Asset Reconstruction Company Limited as on 31 March 2018:

(Amount in Rs. crores)

Particulars	Value of SRs redeemed fully during the year	Value of SRs redeemed partially during the year	Total
i. SRs outstanding as on 1 April 2017	-	-	-
ii. Movement during the year from partially to fully redeemed	-	-	-
iii. SRs issued during the year	-	372.31	372.31
iv. SRs redeemed during the year	-	88.37	88.37
v. SRs written-off during the year	-	-	-
vi. SRs outstanding as at 31 March 2018	-	283.94	283.94

g) The Company has not acquired any land and/or building in ordinary course of business of reconstruction of assets.

h) The Company has not acquired financial asset wherein the acquisition value of assets is more than the book value.

i) The Company has not disposed off (either by write off or by realisation) any financial asset during the year at a discount of more than 20% of valuation as on the current year end.

j) There are no financial assets where the value of the security receipts has declined by more than 20% below the acquisition price.

Note - 33

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current period's classification / disclosures.

The accompanying notes 1 to 33 form an integral part of these financial statements

This summary of significant accounting policies and other explanatory information 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 Indiabulls Asset Reconstruction Company Limited

Lalit Kumar
Partner

Ajit Kumar Mittal
Director
DIN: 02698115

Amit Ajit Gandhi
Whole time Director
DIN: 07606699

Kiran Shingwekar
Chief Executive Officer

Keyur Morparia
Chief Financial Officer

Gaurav Khetrpal
Company Secretary
Membership Number: 52774

Place: Gurugram
Date: 20 April 2018

Place: Mumbai
Date: 20 April 2018