

Independent Auditor's Report

To the Trustee of Indiabulls ARC - V Trust

Opinion

1. We have audited the accompanying financial statements of **Indiabulls ARC – V Trust** ('the Trust'), which comprise the Balance Sheet as at 31 March 2019, the Revenue Account for the period 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 a true and fair view of the financial position of the Trust as at 31 March 2019, and its financial performance for the period then ended in accordance with the accounting principles generally accepted in India including the Accounting Standards issued by the Institute of Chartered Accountants of India('ICAI').

Basis of Opinion

3. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI. 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 Trust in accordance with the Code of Ethics issued by ICAI and we have fulfilled our 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.

Responsibilities of Trustee for the Financial Statements

4. The Trustee is responsible for preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Trust in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by the ICAI. This responsibility also includes maintenance of adequate accounting records; safeguarding of the assets of the Trust 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 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.

5. In preparing the financial statements, the Trustee is responsible for assessing the Trust'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 the Trustee either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

6. 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.
7. 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, but not for the purpose of expressing an opinion on whether the Trust has in place an adequate internal financial controls system over financial reporting 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 the Trustee.
 - Conclude on the appropriateness of Trustee'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 Trust'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 Trust 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.

8. We communicate with the trustee 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.

Restriction on distribution or use

9. The accompanying financial statements have been prepared solely for information and use of Beneficiaries of the Trust only in accordance with the Trust Deed and accordingly may not be suitable for any other purpose. This report is issued solely for the aforementioned purpose and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sudhir N. Pillai

Partner

Membership No.: 105782

Place: Mumbai

Date: 25 April 2019

INDIABULLS ARC – V TRUST

Balance Sheet as at 31 March 2019

(All amounts in rupees; unless stated otherwise)

	Schedules	As at 31 March 2019
LIABILITIES		
Security Receipts	A	10,25,99,957
Revenue Reserve	B	(12,63,950)
Other Liabilities and Provisions	C	3,72,104
TOTAL		<u>10,17,08,111</u>
ASSETS		
Financial Assets	D	9,78,00,000
Cash and Bank balance	E	12,57,416
Other Assets	F	26,50,695
TOTAL		<u>10,17,08,111</u>
Notes forming part of the Financial Statements	G	

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

Sudhir Pillai

Partner

Membership No. 105782

Place : Mumbai

Date : 25 April 2019

For and on behalf of the Trustees

Indiabulls Asset Reconstruction Company Limited

Kiran Shingwekar

Authorised Signatory

Place : Mumbai

Date : 25 April 2019

Keyur Morparia

Authorised Signatory

INDIABULLS ARC – V TRUST

Revenue Account for the year ended 31 March 2019

(All amounts in rupees; unless stated otherwise)

	Schedules	For the period 31 December 2018 to 31 March 2019
INCOME		
Surplus realisation of financial assets		-
TOTAL		<u>-</u>
EXPENSES		
Management Fee expense		6,87,487
Recovery incentive expense		3,12,500
Collection cost		26,483
Legal and Professional fees		80,980
Stamping and Registration Charges		1,31,500
Audit fees		25,000
TOTAL		<u>12,63,950</u>
Deficit for the period transferred to Revenue Reserve		<u>(12,63,950)</u>

Notes forming part of the Financial Statements

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The schedules referred to above form an integral part of the Revenue Account.

As per our report of even date.

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

For and on behalf of the Trustees
Indiabulls Asset Reconstruction Company Limited

Sudhir Pillai
Partner
Membership No. 105782

Kiran Shingwekar
Authorised Signatory

Keyur Morparia
Authorised Signatory

Place : Mumbai
Date : 25 April 2019

Place : Mumbai
Date : 25 April 2019

INDIABULLS ARC – V TRUST

Schedules forming part of the Financial Statements for the period ended 31 March 2019

For the period 31
December 2018 to
31 March 2019

Schedule A

SECURITY RECEIPTS

Opening Security Receipts	-
Add : Issued	11,03,00,000
Less : Redeemed	(77,00,043)
Closing Security Receipts	10,25,99,957

Schedule B

RESERVES AND SURPLUS

Opening Balance	-
Add: Balance transferred from Revenue Account	(12,63,950)
Closing Balance	(12,63,950)

Schedule C

OTHER LIABILITIES AND PROVISIONS

Sundry Creditors	53,602
Statutory Dues	3,18,502
Payable to Trustee	-
TOTAL	3,72,104

Schedule D

FINANCIAL ASSETS

Opening Balance of Financial Assets	-
Add : Acquired during the period	11,03,00,000
Less: Recoveries	(1,25,00,000)
Closing Balance of Financial Assets	9,78,00,000

Schedule E

CASH AND BANK BALANCES

Cash and Bank balance	12,57,416
TOTAL	12,57,416

OTHER ASSETS

Balances with government authorities	5,73,127
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INDIABULLS ARC – V TRUST

Schedules forming part of the Financial Statements for the period ended 31 March 2019

	For the period 31 December 2018 to 31 March 2019
Other Recoverables	20,77,568
TOTAL	<u>26,50,695</u>

INDIABULLS ARC – V TRUST

Schedules forming part of the Financial Statements for the period ended 31 March 2019

Schedule G

NOTES TO THE FINANCIAL STATEMENTS

1. Background

Indiabulls ARC-V Trust ("the Trust") is a Trust formed by Indiabulls Asset Reconstruction Company Limited ("the Trustee"). The Trust is governed by the terms of the Trust Deed and the Offer Document, based on which Security Receipts (SRs) have been issued to the beneficiaries, which represent beneficial undivided right, title and interest in the assets of the Trust. The objective of the Trust is to acquire loans and other financial assets for the purpose of carrying on the activity of Securitisation and Asset Reconstruction.

2. Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention on an accrual basis and comply with the accounting standards issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable and confor to the Generally Accepted Accounting Principles (GAAP) prevailing in India, the guidelines issued by the Reserve Bank of India from time to time and the Securitisation And Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The financial statements are prepared for the Trust as a whole and represent the consolidated position for all its beneficiaries.

The preparation of financial statements requires the Trustee to make certain estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Trustee believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results may vary from these estimates and assumptions.

(b) Financial Assets

Financial assets acquired by the Trust are stated at acquisition cost or market value (Net Asset Value), whichever is lower. Any realisation from acquired financial assets upto the acquisition cost is deducted from the carrying cost of the acquired financial assets.

(c) Revenue Recognition

Realisation from acquired financial assets over its acquisition cost is recognised as revenue in the financial statements. Other income and expenses are recognised on an accrual basis and the net surplus / (deficit) is allocated to the beneficiaries of the trust.

(d) Impairment

Financial assets held by the trust are tested for impairment based on Net Asset Value (NAV) of Security Receipts (SRs) (range whereof is determined by the rating agencies); within which the NAV is declared by the trustees. Impairment in carrying value of the financial assets and reversal thereof, if any, are recognised in fair value change account in the balance sheet of the trust.

(e) Distribution

Available cash flow and unencumbered recovery from financial assets is distributed to Security Receipt Holder after netting off expenses of the trust as per the offer document.

(f) Security Receipts

Security receipts are issued to investors (known as beneficiaries of the Trust) on the basis of the offer document. Outstanding value of SRs represents the acquisition cost for acquisition of the financial assets less redemptions made to the beneficiaries.

(g) Cash and bank balances

Cash and bank balance comprises of cash on hand, balances with bank accounts and deposits with banks.