

Independent Auditor's Report

To the Trustee of
Pragati Employee Welfare Trust
(formerly Indiabulls Housing Finance Limited – Employees Welfare Trust)

Report on the Audit of Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Pragati Employee Welfare Trust** (formerly known as Indiabulls Housing Finance Limited – Employees Welfare Trust) (hereinafter referred to as “the trust”) which comprise the Balance Sheet as at March 31, 2021, the Revenue account (including Other Comprehensive Income) and the Statement of Receipts & Payment for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the standalone financial statements”).

In our opinion and to the best of our information and according to the explanations give to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (“Ind AS”) and other accounting principal generally accepted in India, of the state of affairs of the company as at March 31, 2021, the deficit and total comprehensive income and its Receipts & Payment for the period ended on that date.

Basis for opinion

We conduct our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditors Responsibilities for the Audit of Standalone 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 independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other Ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

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

The Trustees of the trust are responsible for the preparation of the other information. The other information comprise the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board Report's, Business Responsibility Report, Corporate Governance and shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

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

Trustee's Responsibility for the Financial Statements

The Trustees of the trust are responsible for the 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 accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control, 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 Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls 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 system 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters - restriction of use

This report is made solely to the Trustees of Pragati Employee Welfare Trust (formerly known as Indiabulls Housing Finance Limited – Employees Welfare Trust). Our audit work has been undertaken so that we might state to the Trustees, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees of Pragati Employee Welfare Trust (formerly known as Indiabulls Housing Finance Limited – Employees Welfare Trust) for our audit work, for this report, or for the opinions we have formed.

For Sumit Mohit & Company

Chartered Accountants

FRN: 021502N

Sd/-

Sumit Garg

(Partner)

M. No.: 506945

Place: New Delhi

Date: May 18, 2021

UDIN: 20506945AAAHH2449

PRAGATI EMPLOYEE WELFARE TRUST

(formerly Indiabulls Housing Finance Limited – Employees Welfare Trust)

Balance sheet as at March 31, 2021*All amounts in Rs. Thousands, unless otherwise stated*

	Notes	As at March 31, 2021 Amount in (Rs.)	As at March 31, 2020 Amount in (Rs.)
ASSETS			
Current assets			
(a) Financial assets			
(i) Investments	3	4,033,091.09	2,596,865.27
(ii) Cash and cash equivalents	4	825.44	-
(b) Current tax assets (net)	5	6,422.00	-
		<u>4,040,338.53</u>	<u>2,596,865.27</u>
TOTAL ASSETS		<u>4,040,338.53</u>	<u>2,596,865.27</u>
EQUITY AND LIABILITIES			
Corpus fund			
-IBHFL	6	10.00	10.00
Other equity			
-Excess of expenditure over income	7	(367,651.75)	(18,657.44)
		<u>(367,641.75)</u>	<u>(18,647.44)</u>
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
-Long-term borrowings	8	4,320,000.00	2,597,000.00
(b) Deferred tax liabilities (net)	9	10.50	-
Current liabilities			
(a) Other current liabilities	10	87,969.78	18,512.71
		<u>4,407,980.28</u>	<u>2,615,512.71</u>
TOTAL EQUITY AND LIABILITIES		<u>4,040,338.53</u>	<u>2,596,865.27</u>
		-	-
Significant Accounting Policies			
Notes to Accounts	2		

As per report of even date

For Sumit Mohit & Company
Chartered Accountants
FRN: 021502NFor and on Behalf of
PRAGATI EMPLOYEE WELFARE TRUSTSd/-
Sumit Garg
Partner
M. No. 506945Sd/-
Rajindar Singh Nandal
(Authorised Signatory)Sd/-
Ram Kumar Sheokand
(Authorised Signatory)Place: Delhi
Date: May 18, 2021Place: Delhi
Date: May 18, 2021

PRAGATI EMPLOYEE WELFARE TRUST

(formerly Indiabulls Housing Finance Limited – Employees Welfare Trust)

Statement of profit and loss for the year ended March 31, 2021*All amounts in Rs. Thousands, unless otherwise stated*

Particulars	Notes	For the year ended	For the period ended
		March 31, 2021	December 3, 2019 to March 31, 2020
Income			
I. Other Income	11	287.13	50,400.00
Total		287.13	50,400.00
II. Expenses			
Administrative And Recurring Expenses	12	347,820.65	69,057.44
Interest on Taxes	13	1,450.29	-
Total		349,270.93	69,057.44
III. Profit before exceptional items (I-II)		(348,983.81)	(18,657.44)
IV. Exceptional items		-	-
V. Profit before tax (III+IV)		(348,983.81)	(18,657.44)
VI. Tax expense			
(1) Current tax		-	-
(2) Tax expenses in respect of earlier years		-	-
Net Current tax		-	-
(3) Deferred tax expenses/(credit)		10.50	-
Income tax expense		10.50	-
VII. Profit/(loss) for the period/year from continuing operations (V-VI)		(348,994.31)	(18,657.44)
VIII Profit/(loss) from discontinued operations		-	-
IX. Tax expense of discontinued operations		-	-
X. Profit/(loss) from discontinued operations after tax (VIII-IX)		-	-
XI. Profit/(loss) for the period/year (VII-X)		(348,994.31)	(18,657.44)
XII. Other Comprehensive Income			
A. Items that will not to be reclassified to profit or loss:		-	-
B. Items that will be reclassified to profit or loss		-	-
Total other comprehensive income		-	-
XIII Total Comprehensive Income for the period/year (XI+XII)		(348,994.31)	(18,657.44)

Significant Accounting Policies
Notes to Accounts

2

As per report of even date

For and on Behalf of
PRAGATI EMPLOYEE WELFARE TRUSTFor Sumit Mohit & Company
Chartered Accountants
FRN: 021502NSd/-
Sumit Garg
Partner
M. No. 506945Sd/-
Rajindar Singh Nandal
(Authorised Signatory)Sd/-
Ram Kumar Sheokand
(Authorised Signatory)Place: Delhi
Date: May 18, 2021Place: Delhi
Date: May 18, 2021

PRAGATI EMPLOYEE WELFARE TRUST
(formerly Indiabulls Housing Finance Limited – Employees Welfare Trust)
Cash Flow Statement for the year ended March 31, 2021
All amounts in Rs. Thousands, unless otherwise stated

	For the year ended March 31, 2021 (Amount)	For the period ended December 3, 2019 to March 31, 2020 (Amount)
A Cash flow from operating activities :		
Net Profit before tax for	(348,983.81)	(18,657.44)
Adjustment for:		
Interest on loan taken	347,820.19	69,057.32
Dividend on investment in equity share	-	(50,400.00)
Profit on redemption of units of mutual funds	(245.41)	-
Unrealised Income / Gain on Current Investments	(41.71)	-
Operating Profit before working capital changes	(1,450.74)	(0.12)
Changes in working capital:		
Other current liabilities	69,457.07	18,512.71
Other current assets	-	-
Net cash generated from/(used in) from operating activities	68,006.33	18,512.59
Direct taxes refund/(paid)	(6,422.00)	-
Net cash generated from/(used in) operating activities	61,584.33	18,512.59
B Cash flow from investing activities		
Investment in Equity shares	(1,427,494.70)	(2,596,865.27)
Dividend received on units of mutual funds	-	50,400.00
Proceed from/(Investment in) units of mutual funds (net)	(8,731.12)	-
Profit on redemption of units of mutual funds	245.41	-
Unrealised Income / Gain on Current Investments	41.71	-
Net cash generated from/(used in) investing activities	(1,435,938.70)	(2,546,465.27)
C Cash flow from financing activities		
Interest paid	(347,820.19)	(69,057.32)
Loan Taken	1,723,000.00	2,597,000.00
Corpus Fund	-	10.00
Net cash generated from/(used in) financing activities	1,375,179.81	2,527,952.68
D Net increase / (decrease) in cash and cash equivalents (A+B+C)	825.44	-
E Cash and cash equivalents at the beginning of the year	-	-
F Cash and cash equivalents at the close of the year (D+E)	825.44	-

Note :

1 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

Summary of significant accounting policies [Refer Note: 2]

The accompanying notes are an integral part of the financial statements.

As per report of even date

For Sumit Mohit & Company
Chartered Accountants
FRN: 021502N

For and on Behalf of
PRAGATI EMPLOYEE WELFARE TRUST

Sd/-
Sumit Garg
Partner
M. No. 506945

Sd/-
Rajindar Singh Nandal
(Authorised Signatory)

Sd/-
Ram Kumar Sheokand
(Authorised Signatory)

Place: Delhi
Date: May 18, 2021

Place: Delhi
Date: May 18, 2021

PRAGATI EMPLOYEE WELFARE TRUST
(formerly Indiabulls Housing Finance Limited – Employees Welfare Trust)
Notes to financial statements for the year ended March 31, 2021

Note : 1

Corporate information:

Indiabulls Housing Finance Limited, a company incorporated under the Companies Act, 1956, bearing CIN L65922DL2005PLC136029 and having its registered office at M-62 & 63, First Floor, Connaught Place, New Delhi - 110001, declare a private trust on date 3rd December 2019 in the name of **Pragati Employee Welfare Trust (formally known as Indiabulls Housing Finance Limited - Employees Welfare Trust)** with its office M-62 & 63, First Floor, Connaught Place, New Delhi - 110001 for the benefits of its employees to provide benefits to the Employees under the scheme or any other scheme that may be formulated or implemented by the company from time to time and for any other purpose as may be conferred upon it by the company from time to time. For this purpose and subscribing to/ acquiring fully paid up equity shares of face value to Rs. 2 each from the Company / Secondary Market Acquisition, the company put a sum of Rs. 10,000/- (Rs. Ten thousand Only) (Corups) in the Turst.

Note : 2

Summary of significant accounting policies:

i) General information and statement of compliance with Ind AS

These financial statements ("financial statements") of the Company have been prepared in accordance with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs ("MCA")). The Company has uniformly applied the accounting policies during the periods presented.

The financial statements for the year ended 31 March 2021 were authorized and approved for issue by the Authorised Persons on 18 May 2021.

ii) Basis of preparation

These financial statements have been prepared in Indian Rupee which is the functional currency of the Company. These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortized cost at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The statement of cash flows have been prepared under indirect method.

iii) Use of estimates and judgements

In preparing these Ind AS financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on its business operations and financial position, based on its review of current indicators of future economic conditions. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

iv) Revenue recognition:

Revenue is recognized upon transfer of control of services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers.

The Company has adopted Ind AS – 115 Revenue from contracts with customers, with effect from 1st April, 2018. Ind AS – 115 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with its customers and replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

v) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use Assets (ROU Assets)

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

PRAGATI EMPLOYEE WELFARE TRUST
(formerly Indiabulls Housing Finance Limited – Employees Welfare Trust)
Notes to financial statements for the year ended March 31, 2021

(ii) Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

vi) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their nature.

vii) Foreign currency

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

viii) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

ix) Financial instruments

I. Financial assets

Initial Recognition and Measurement

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

PRAGATI EMPLOYEE WELFARE TRUST
(formerly Indiabulls Housing Finance Limited – Employees Welfare Trust)
Notes to financial statements for the year ended March 31, 2021

Subsequent Measurement

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

Impairment of Financial Asset

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

II. Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss. This category generally applies to trade payables and other contractual liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

x) Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

PRAGATI EMPLOYEE WELFARE TRUST

(formerly Indiabulls Housing Finance Limited – Employees Welfare Trust)

Notes to financial statements for the year ended March 31, 2021

xi) Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment loss, if any.

xii) Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

xiii) Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences which are amortised over license period which equates the useful life ranging between 2-5 years on a straight line basis over the period of its economic useful life.

xiv) Impairment of Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

xv) Employee benefits

(i) Defined benefit plans: For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Past service cost, both vested and unvested, is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

(ii) Defined contribution plans: Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

(iii) Short-term employee benefits: All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Compensated absences: Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

xvi) Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

xvii) Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

PRAGATI EMPLOYEE WELFARE TRUST

(formerly Indiabulls Housing Finance Limited – Employees Welfare Trust)

Notes to the financial statements for the year ended March 31, 2021*All amounts in Rs. Thousands, unless otherwise stated*

	<u>As at</u> <u>March 31, 2021</u>	<u>As at</u> <u>March 31, 2020</u>
Note: 3		
INVESTMENT		
Investment in Equit Shares	4,024,359.97	2,596,865.27
Investment in Mutual Funds	8,731.12	-
Total	<u>4,033,091.09</u>	<u>2,596,865.27</u>
	<u>As at</u> <u>March 31, 2021</u>	<u>As at</u> <u>March 31, 2020</u>
Note: 4		
CASH AND CASH EQUIVALENTS		
Bank Balance	825.44	-
Total	<u>825.44</u>	<u>-</u>
	<u>As at</u> <u>March 31, 2021</u>	<u>As at</u> <u>March 31, 2020</u>
Note: 5		
Current tax assets (net)		
Income tax recoverable	6,422.00	-
Total	<u>6,422.00</u>	<u>-</u>
	<u>As at</u> <u>March 31, 2021</u>	<u>As at</u> <u>March 31, 2020</u>
Note: 6		
CORPUS FUND		
IHFL	10.00	10.00
Total	<u>10.00</u>	<u>10.00</u>
	<u>As at</u> <u>March 31, 2021</u>	<u>As at</u> <u>March 31, 2020</u>
Note: 7		
RESERVES AND SURPLUS		
A. Capital Fund		
Balance as per last Balance sheet	-	-
Add: Transferred from Corpus	-	-
	-	-
B. Income and Expenditure Account		
Balance as per last Balance sheet	(18,657.44)	-
Add: Excess of Expenditure over Income	(348,994.31)	(18,657.44)
	(367,651.75)	(18,657.44)
Total	<u>(367,651.75)</u>	<u>(18,657.44)</u>
	<u>As at</u> <u>March 31, 2021</u>	<u>As at</u> <u>March 31, 2020</u>
Note: 8		
SHORT-TERM BORROWINGS		
	4,320,000.00	2,597,000.00
Total	<u>4,320,000.00</u>	<u>2,597,000.00</u>

PRAGATI EMPLOYEE WELFARE TRUST

(formerly Indiabulls Housing Finance Limited – Employees Welfare Trust)

Notes to the financial statements for the year ended March 31, 2021*All amounts in Rs. Thousands, unless otherwise stated*

	<u>As at</u> <u>March 31, 2021</u>	<u>As at</u> <u>March 31, 2020</u>
Note: 9		
Deferred tax liabilities (net)		
Deferred tax liabilities:		
Arising on account of temporary differences due to:		
- Fair valuation of financial instruments	10.50	-
	<u>10.50</u>	<u>-</u>
	<u>As at</u> <u>March 31, 2021</u>	<u>As at</u> <u>March 31, 2020</u>
Note: 10		
OTHER CURRENT LIABILITIES		
Temporary overdrawn bank balance as per books	-	6,412.98
Interest accrued but note due for payment	84,847.07	5,771.11
Tax Deducted at Source	3,122.71	6,328.62
Total	<u>87,969.78</u>	<u>18,512.71</u>

PRAGATI EMPLOYEE WELFARE TRUST

(formerly Indiabulls Housing Finance Limited – Employees Welfare Trust)

Notes to the financial statements for the year ended March 31, 2021*All amounts in Rs. Thousands, unless otherwise stated*

	<u>For the year ended March 31, 2021</u>	<u>For the year ended March 31, 2020</u>
Note: 11		
OTHER INCOME		
Dividend received on invested shares	-	50,400.00
Profit on sale of Investments	245.41	-
Unrealised Gain on Current Investments	41.71	-
Total	<u>287.12</u>	<u>50,400.00</u>
Note: 12		
ADMINISTRATIVE AND RECURRING EXPENSES		
Interest on Loan	347,820.19	69,057.32
Rates and taxes	0.22	-
Bank Charges	0.24	0.12
Total	<u>347,820.65</u>	<u>69,057.44</u>
Note: 13		
Interest on Taxes		
	1,450.29	-
Total	<u>1,450.29</u>	<u>-</u>
Note: 14		
Income tax expense		
Tax expense comprises of:		
Current tax (including earlier years)	-	-
Less: minimum alternative tax credit entitlement (including earlier years)	-	-
Deferred tax charge/(credit)	10.50	-
Income tax expense reported in the statement of profit and loss	<u>10.50</u>	<u>-</u>
Reconciliation of tax expense and accounting profit multiplied by India's tax rate		
Accounting profit/(loss) before tax from continuing operations	(348,983.81)	(18,657.44)
Accounting profit/(loss) before income tax	<u>(348,983.81)</u>	<u>(18,657.44)</u>
At India's statutory income tax rate	25.17%	25.17%
computed expected tax expense	-	-
Tax effect of amounts to reconcile expected income tax expense to reported income tax expense:		
Tax impact of expense which will never be allowed	-	-
Tax impact of depreciation	-	-
Tax impact of earlier years	-	-
Tax impact of Income taxable all the time of its realisation	-	-
Deferred tax impact of temporary differences	10.50	-
Income tax expense	<u>10.50</u>	<u>-</u>
Effective tax rate	-0.00	-

PRAGATI EMPLOYEE WELFARE TRUST
(formerly Indiabulls Housing Finance Limited – Employees Welfare Trust)
Notes to financial statements for the year ended March 31, 2021

Note : 15

There are no borrowing costs to be capitalised as at March 31, 2021 (Previous Year: NA).

Note : 16

There are no contingent liabilities to be reported as at March 31, 2021 (Previous Year: NA).

Note : 17

There are no capital and other commitments to be reported as at March 31, 2021 (Previous Year: NA).

Note : 18

The Company has taken into account all the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets and impact on revenue recognition. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19. There has been no material change in the controls or processes followed in the closing of these financial statements of the Company.

Note : 19

The Trust is following all the accounting standards as notified the Central Government to extend applicable to it.

As per our report of even date

For Sumit Mohit & Company
Chartered Accountants
FRN: 021502N

For and on behalf of
PRAGATI EMPLOYEE WELFARE TRUST

Sd/-
Sumit Garg
Partner
M. No. 506945

Sd/-
Rajindar Singh Nandal
(Authorised Signatory)

Sd/-
Ram Kumar Sheokand
(Authorised Signatory)

Place: Delhi
Date: May 18, 2021

Place: New Delhi
Date: May 18, 2021