

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 Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Pragati Employee Welfare Trust** (hereinafter referred to as “the trust”) which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit & Loss (including Other Comprehensive Income) and Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the financial statements”).

In our opinion and to the best of our information and according to the explanations give to us, the aforesaid financial statements for the year ended March 31, 2023 are prepared in all material that give a true and fair view in conformity with the accounting principles generally accepted in India of the statement of affairs of **Pragati Employee Welfare Trust** as at March 31, 2023 the loss and total comprehensive loss and its cash flow for the year ended on that date.

Basis for opinion

We conduct our audit in accordance with the Standards of Auditing issued by the Institute. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the **Pragati Employee Welfare Trust** in accordance with accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records for safeguarding of 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 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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's consider internal control relevant to the Institute's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Institute has in place an adequate internal control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

Other Matters

These Financial Statements have been prepared by the management, solely for the purpose of preparation of consolidated financial statements of the Group & submission to Group Statutory Auditor and filing pursuant to the requirement of Income Tax Act, 1961 and the rules made thereunder, and therefore this financial statement may not be suitable for another 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 accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Report on Other Legal and Regulatory Requirements

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the **Pragati Employee Welfare Trust** so far as it appears from our examination of those books.
- c) The Balance Sheet, Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss comply with the relevant Ind AS Accounting Standards.

For Sumit Mohit & Company

Chartered Accountants

FRN: 021502N

Sd/-

Sumit Garg

(Partner)

M. No.: 506945

Place: New Delhi

Date: May 19, 2023

UDIN: 23506945BGUVXL4026

PRAGATI EMPLOYEE WELFARE TRUST
(formerly known as Indiabulls Housing Finance Limited - Employees Welfare Trust)
Balance sheet as at March 31, 2023

All amounts in Rs. Thousands, unless otherwise stated

	Notes	As at March 31, 2023 (Amount)	As at March 31, 2022 (Amount)
ASSETS			
Current assets			
(a) Financial assets			
(i) Investments	3	49,68,409.36	49,50,847.13
(ii) Cash and cash equivalents	4	-	2,339.88
(b) Current tax assets (net)	5	-	6,271.53
		49,68,409.36	49,59,458.54
TOTAL ASSETS		49,68,409.36	49,59,458.54
EQUITY AND LIABILITIES			
Corpus fund			
-Corpus	6	10.00	10.00
Other equity			
-Excess of expenditure over income	7	(13,12,009.33)	(7,31,270.19)
		(13,11,999.33)	(7,31,260.19)
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
- Long-term borrowings	8	59,88,000.00	55,20,000.00
(b) Deferred tax liabilities (net)	9	542.94	88.67
Current liabilities			
(a) Financial Liabilities			
- Other financial liabilities	10	2,25,760.27	1,19,803.51
(b) Current tax liabilities (net)	11	66,105.49	50,826.55
		62,80,408.70	56,90,718.73
TOTAL EQUITY AND LIABILITIES		49,68,409.36	49,59,458.54

Significant Accounting Policies

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Notes to Accounts

2

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 19, 2023

Place: Delhi
Date: May 19, 2023

PRAGATI EMPLOYEE WELFARE TRUST
(formerly known as Indiabulls Housing Finance Limited - Employees Welfare Trust)
Statement of profit and loss for the year ended March 31, 2023
All amounts in Rs. Thousands, unless otherwise stated

Particulars	Notes	For the year ended March 31, 2023 (Amount)	For the year ended March 31, 2022 (Amount)
Income			
I. Other Income	12	3,802.34	1,55,014.31
Total		3,802.34	1,55,014.31
II. Expenses			
Administrative expenses	13	20.55	-
Finance costs	14	5,77,795.13	4,52,428.03
Total		5,77,815.68	4,52,428.03
III. Profit before exceptional items (I-II)		(5,74,013.34)	(2,97,413.72)
IV. Exceptional items		-	-
V. Profit before tax (III+IV)		(5,74,013.34)	(2,97,413.72)
VI. Tax expense			
(1) Current tax		-	66,126.55
(2) Tax expenses in respect of earlier years		6,271.53	-
Net Current tax		6,271.53	66,126.55
(3) Deferred tax expenses/(credit)		454.27	78.18
Income tax expense		6,725.80	66,204.73
VII. Profit/(loss) for the year from continuing operations (V-VI)		(5,80,739.14)	(3,63,618.44)
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 year (VII-X)		(5,80,739.14)	(3,63,618.44)
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 year (XI+XII)		(5,80,739.14)	(3,63,618.44)

Significant Accounting Policies
Notes to Accounts

2

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

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Ram Kumar Sheokand
(Authorised Signatory)

Place: Delhi
Date: May 19, 2023

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Date: May 19, 2023

PRAGATI EMPLOYEE WELFARE TRUST
(formerly known as Indiabulls Housing Finance Limited - Employees Welfare Trust)
Cash Flow Statement for the year ended March 31, 2023
All amounts in Rs. Thousands, unless otherwise stated

	<u>For the year ended March 31, 2023 (Amount)</u>	<u>For the year ended March 31, 2022 (Amount)</u>
A Cash flow from operating activities :		
Net Profit before tax for	(5,74,013.34)	(2,97,413.73)
Adjustment for:		
Interest on loan taken	5,77,795.13	4,52,428.03
Dividend on investment in equity share	-	(1,53,000.00)
Profit on redemption of units of mutual funds	(2,348.94)	(1,703.69)
Unrealised Income / Gain on Current Investments	(917.89)	(310.61)
Operating Profit before working capital changes	514.96	0.00
Changes in working capital:		
Other current liabilities	1,05,956.76	31,833.73
Other current assets	-	-
Net cash generated from/(used in) from operating activities	1,06,471.72	31,833.73
Direct taxes refund/(paid)	15,278.94	(15,149.53)
Net cash generated from/(used in) operating activities	1,21,750.66	16,684.20
B Cash flow from investing activities		
Investment in Equity shares	10,204.60	(9,00,000.00)
Dividend received on units of mutual funds	-	1,53,000.00
Proceed from/(Investment in) units of mutual funds (net)	(27,766.84)	(17,756.03)
Profit on redemption of units of mutual funds	2,348.94	1,703.69
Unrealised Income / Gain on Current Investments	917.89	310.61
Net cash generated from/(used in) investing activities	(14,295.41)	(7,62,741.73)
C Cash flow from financing activities		
Interest paid	(5,77,795.13)	(4,52,428.03)
Loan Taken	4,68,000.00	12,00,000.00
Net cash generated from/(used in) financing activities	(1,09,795.13)	7,47,571.97
D Net increase / (decrease) in cash and cash equivalents (A+B+C)	(2,339.88)	1,514.44
E Cash and cash equivalents at the beginning of the year	2,339.88	825.44
F Cash and cash equivalents at the close of the year (D+E)	-	2,339.88

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 19, 2023

Place: Delhi
Date: May 19, 2023

PRAGATI EMPLOYEE WELFARE TRUST**(formerly known as Indiabulls Housing Finance Limited - Employees Welfare Trust)****Notes to the financial statements as at March 31, 2023**

All amounts in Rs. Thousands, unless otherwise stated

Note - 1**Background:**

Indiabulls Housing Finance Limited, a company incorporated under the Companies Act, 1956, bearing CIN-L65922DL2005PLC136029 and having its registered office at Plot No. 27, 5th Floor, Kasturba Gandhi Marg, Connaught Place, New Delhi - 110001, declare a private trust on date 3rd December 2019 in the name Indiabulls Housing Finance Limited - Employees Welfare Trust with its office Plot No. 27, 5th Floor, Kasturba Gandhi Marg, 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) (Corpus) in the Trust. On dated September 26, 2020 Board of Trustee of Indiabulls Housing Finance Limited - Employee Welfare Trust approved to change the name of Trust from Indiabulls Housing Finance Limited - Employees Welfare Trust to Pragati Employee Welfare Trust.

Note - 2**Summary of significant accounting policies:****i) Basis of accounting and preparation of financial statements:**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with accounting principles generally accepted in India and comply with the accounting standards applicable to non-corporate entities issued by the Institute of Chartered Accountants of India (ICAI)

The Trust is classified as a Level III enterprise as defined by the scheme of applicability of accounting standards applicable to non-corporate entities issued by ICAI. Accordingly, the Trust is required to comply with all applicable accounting standards applicable to non-corporate entities as prescribed by the ICAI.

ii) Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

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:

- Income and expenditure are recognized on accrual basis, as incurred.

- Interest income is accounted on accrual basis.

v) Investments:

Investments that are readily realizable and are intended to be held for not more than one year from the balance sheet date, are classified as current investments. All other investments are classified as long term investments. Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost of acquisition. Provision for diminution is made if such diminution is considered other than temporary in nature. Investments in Mutual Funds are valued at the lower of cost or fair value, prevailing as at the balance sheet date. Cost of investments includes acquisition charges such as brokerage, fees and duties, as applicable

PRAGATI EMPLOYEE WELFARE TRUST
(formerly known as Indiabulls Housing Finance Limited - Employees Welfare Trust)
Notes to the financial statements as at March 31, 2023
All amounts in Rs. Thousands, unless otherwise stated

Note - 2

Summary of significant accounting policies (continued):

vi) Taxes on Income:

Current tax is determined as the tax payable in respect of taxable income for the period in accordance with relevant tax regulations.

vii) Borrowing Costs:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. All other borrowing costs are charged to revenue.

viii) Preliminary Expenses:

Preliminary expenses are charged off to the Statement of Profit and Loss, as incurred.

ix) Provisions, Contingent Liabilities and Contingent Assets:.

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for:

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

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

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PRAGATI EMPLOYEE WELFARE TRUST
(formerly known as Indiabulls Housing Finance Limited - Employees Welfare Trust)
Notes to the financial statements as at March 31, 2023
All amounts in Rs. Thousands, unless otherwise stated

	As at March 31, 2023 (Amount)	As at March 31, 2022 (Amount)
Note: 3		
<u>Investments</u>		
In fully paid-up equity shares:	49,14,155.37	49,24,359.97
Investment in Mutual Funds	54,253.99	26,487.15
Total	49,68,409.36	49,50,847.13
Note: 4		
CASH AND CASH EQUIVALENTS		
Bank Balance	-	2,339.88
Total	-	2,339.88
Note: 5		
Current tax assets (net)		
Income tax recoverable	-	6,271.53
	-	6,271.53
Note: 6		
CORPUS FUND		
IHFL	10.00	10.00
Total	10.00	10.00
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	(7,31,270.19)	(3,67,651.75)
Add: Excess of Expenditure over Income	(5,80,739.14)	(3,63,618.44)
	(13,12,009.33)	(7,31,270.19)
Total	(13,12,009.33)	(7,31,270.19)

PRAGATI EMPLOYEE WELFARE TRUST
(formerly known as Indiabulls Housing Finance Limited - Employees Welfare Trust)
Notes to the financial statements as at March 31, 2023
All amounts in Rs. Thousands, unless otherwise stated

	<u>As at March 31, 2023 (Amount)</u>	<u>As at March 31, 2022 (Amount)</u>
Note: 8		
LONG-TERM BORROWINGS	59,88,000.00	55,20,000.00
Total	<u>59,88,000.00</u>	<u>55,20,000.00</u>

	<u>As at March 31, 2023 (Amount)</u>	<u>As at March 31, 2022 (Amount)</u>
Note: 9		
DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities:		
Arising on account of temporary differences due to:		
- Fair valuation of financial instruments	542.94	88.67
	<u>542.94</u>	<u>88.67</u>

	<u>As at March 31, 2023 (Amount)</u>	<u>As at March 31, 2022 (Amount)</u>
Note: 10		
OTHER CURRENT LIABILITIES		
Temporary overdrawn bank balance as per books	19,122.83	-
Interest accrued but not due for payment	1,92,180.11	1,07,504.02
Tax deducted at Source	14,457.33	12,299.48
Total	<u>2,25,760.27</u>	<u>1,19,803.51</u>

	<u>As at March 31, 2023 (Amount)</u>	<u>As at March 31, 2022 (Amount)</u>
Note: 11		
Provision for Taxes	66,105.49	50,826.55
Total	<u>66,105.49</u>	<u>50,826.55</u>

PRAGATI EMPLOYEE WELFARE TRUST
(formerly known as Indiabulls Housing Finance Limited - Employees Welfare Trust)

Notes to the financial statements as at March 31, 2023

All amounts in Rs. Thousands, unless otherwise stated

	As at March 31, 2023 (Amount)	As at March 31, 2022 (Amount)
Note: 12		
OTHER INCOME		
Dividend received on investment in shares	-	1,53,000.00
Profit on sale of Investments	2,348.94	1,703.69
Unrealised Gain on Current Investments	917.89	310.61
Income tax refund	535.50	-
Total	3,802.34	1,55,014.31

	As at March 31, 2023 (Amount)	As at March 31, 2022 (Amount)
Note: 13		
ADMINISTRATIVE AND RECURRING EXPENSES		
Rates and taxes	20.55	-
Total	20.55	-

	As at March 31, 2023 (Amount)	As at March 31, 2022 (Amount)
Note: 14		
Finance costs		
Interest on Loan	5,77,795.13	4,52,428.03
Total	5,77,795.13	4,52,428.03

PRAGATI EMPLOYEE WELFARE TRUST
(formerly known as Indiabulls Housing Finance Limited - Employees Welfare Trust)
Notes to the financial statements as at March 31, 2023
All amounts in Rs. Thousands, unless otherwise stated

	As at March 31, 2023 (Amount)	As at March 31, 2022 (Amount)
Note: 15		
Income tax expense		
Tax expense comprises of:		
Current tax (including earlier years)	6,271.53	66,126.55
Less: minimum alternative tax credit entitlement (including earlier years)	-	-
Deferred tax charge/(credit)	454.27	78.18
Income tax expense reported in the statement of profit and loss	6,725.80	66,204.73
Reconciliation of tax expense and accounting profit multiplied by India's tax rate		
Accounting profit/(loss) before tax from continuing operations	(5,74,013.34)	(2,97,413.72)
Accounting profit/(loss) before income tax	(5,74,013.34)	(2,97,413.72)
At India's statutory income tax rate	42.74%	42.74%
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	-	66,126.55
Tax impact of earlier years	6,271.53	-
Deferred tax impact of temporary differences	454.27	78.18
Income tax expense	6,725.80	66,204.73

PRAGATI EMPLOYEE WELFARE TRUST
(formerly known as Indiabulls Housing Finance Limited - Employees Welfare Trust)

Notes to the financial statements as at March 31, 2023

All amounts in Rs. Thousands, unless otherwise stated

Note - 16

As per the best estimate of the management, no provision is required to be made as per Accounting Standard 29 (AS 29) -- Provisions, Contingent Liabilities and Contingent Assets 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.

Note - 17

In the opinion of the Trustees, all current assets, short term and long term loans and advances appearing in the balance sheet as at March 31, 2023 have a value on realization in the ordinary course of the Trust's business at least equal to the amount at which they are stated in the balance sheet and no provision is required to be made against the recoverability of these balances.

Note - 18

Figures are rounded off to the nearest Rupee wherever required.

Note - 19

There are no contingent liabilities to be reported as at March 31, 2023 (Previous Year Nil).

Note - 20

There are no and capital & other commitments to be reported as at March 31, 2023 (Previous Year Nil).

Note - 21

There are no borrowing costs to be capitalised as at March 31, 2023 (Previous Year Nil).

Note - 22

In the opinion of the Trustees, no provision is required towards diminution in value of non-current investments.

Note - 23

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

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 19, 2023

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