

**Independent auditor's report
To The Members of
Indiabulls Life Insurance Company Limited**

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Indiabulls Life Insurance Company Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

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.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section 3 of Section 143 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 purposes 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 Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;

(e) On the basis of the written representations received from the Directors as on 31 March 2018 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2018 from being appointed as a Director in terms of subsection 2 of Section 164 of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 litigations 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, required to be transferred, to the Investor Education and Protection Fund by the Company; and

For Ajay Sardana Associates
Chartered Accountants
Firm Registration No. 016827N

Rahul Mukhi
Partner
Membership No.099719
New Delhi, April 23, 2018

Annexure A to the Independent Auditor's Report of even date on the Ind AS financial statements of Indiabulls Life Insurance Company Limited for the year ended March 31, 2018

Report on the statement of matters specified in paragraphs 3 and 4 of the Order.

(i) The Company does not have any fixed assets; accordingly, the provisions of clause 3 (i) of the Order are not applicable to the Company.

(ii) The Company does not have any inventories; accordingly, the provisions of clause 3 (ii) of the Order are not applicable to the Company.

(iii) According to information and explanations given to us, the Company has not granted loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) According to information and explanations given to us, the Company has not entered into transactions in respect of loans, investments, guarantees and security, covered under section 185 and 186 of the Companies Act, 2013.

(v) According to information and explanations given to us, the Company has not accepted any deposits during the year. Accordingly, the provisions of clause 3 (v) are not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 Companies Act, 2013 to the products/services of the Company. Accordingly, the provisions of clause 3 (vi) are not applicable to the Company.

(vii) (a) According to the information and explanations given to us, the Company is generally 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 any other statutory dues with the appropriate authorities, to the extent applicable to it. There are no arrears of outstanding statutory dues as at March 31, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the Company did not have any dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us, the Company did not have any dues in respect of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) According to the information and explanations given to us, the Company has not raised moneys raised by way of public issue, follow-on offer (including debt instruments) and term loans, during the year under audit.

(x) In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers/ employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid or provided any managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) are not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 to the extent applicable and the details have been disclosed in Note 24 to the Financial Statements as required by the accounting standards and Companies Act, 2013.

(xiv) During the year ended March 31, 2018, the Company has made preferential allotment by way of private placement of equity shares, in compliance with the requirements of Section 42 of the Act. The amounts raised have been applied by the Company for the purposes for which the funds were raised, other than temporary deployment of funds pending application. According to the information and explanations given to us, the Company has not made any preferential allotment / private placement of fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Ajay Sardana Associates
Chartered Accountants
Firm Registration No. 016827N

Rahul Mukhi
Partner
Membership No.099719
New Delhi, April 23, 2018

Annexure B to the Independent Auditor's Report of even date on the Ind AS Financial Statements of Indiabulls Life Insurance Company Limited for the year ended March 31, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Indiabulls Life Insurance Company Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("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 its business, including adherence to 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 Companies Act, 2013.

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal 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 its business, including adherence to 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 Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes 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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For Ajay Sardana Associates
Chartered Accountants
Firm Registration No. 016827N

Rahul Mukhi
Partner
Membership No.099719
New Delhi, April 23, 2018

INDIABULLS LIFE INSURANCE COMPANY LIMITED

		<i>All amount in ₹ thousands, unless otherwise stated</i>		
Balance Sheet as at	Note	31 March 2018	31 March 2017	01 April 2016
I ASSETS				
Non-current assets				
(a) Deferred tax assets, net	6	934.68	-	-
		934.68	-	-
Current assets				
(a) Financial Assets				
Investments	7	11,16,382.51	-	-
Cash and cash equivalents	8	1,094.19	108.06	1,628.72
Other bank balances	9	1,567.49	1,489.65	-
(b) Other current assets	10	655.88	12.15	15.14
		11,19,700.07	1,609.86	1,643.86
Total of Assets		11,20,634.75	1,609.86	1,643.86
II EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	11	11,00,000.00	500.00	500.00
(b) Other equity	12	10,389.37	(3,043.22)	(2,556.22)
		11,10,389.37	(2,543.22)	(2,056.22)
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
Borrowings	13	-	4,090.30	3,587.98
		-	4,090.30	3,587.98
Current liabilities				
(a) Financial liabilities				
Other financial liabilities	14	4,324.38	32.16	62.15
(b) Other current liabilities	15	76.87	-	-
(c) Current tax liabilities	16	5,844.13	30.62	49.94
		10,245.38	62.78	112.09
Total of Equity and Liabilities		11,20,634.75	1,609.86	1,643.86

Summary of significant accounting policies 5
The accompanying notes form an integral part of the financial statements.

This is the balance sheet referred to in our report of even date.

For Ajay Sardana Associates
Chartered Accountants
Firm Registration No.: 016827N

For and on behalf of the Board of Directors

Rahul Mukhi
Partner
Membership No. 099719

Ashwin Mallick
Whole Time Director
DIN:08030601

Ajit Kumar Mittal
Director
DIN:02698115

Darpan Gupta
Company Secretary

Saurabh Garg
Chief Financial Officer

Place: Mumbai
Date: April 23, 2018

INDIABULLS LIFE INSURANCE COMPANY LIMITED
All amount in ₹ thousands, unless otherwise stated

Statement of Profit and Loss for the		Year ended March 31,	
	Note	2018	2017
Revenue			
Other income	17	23,447.21	135.86
Total Revenue		23,447.21	135.86
Expenses			
Finance costs	18	405.70	507.83
Other expenses	19	4,728.46	74.45
Total Expenses		5,134.17	582.27
Profit/(Loss) before tax		18,313.05	(446.42)
Tax expense	20		
Current tax (including earlier years)		5,815.14	40.58
Less: minimum alternative tax credit entitlement		(5,844.13)	-
Deferred tax charge		4,909.45	-
Profit/(Loss) for the year from continuing operations (after tax)		13,432.59	(487.00)
Profit/(Loss) for the year from discontinuing operations		-	-
Tax expenses of discontinuing operations		-	-
Profit/(Loss) for the year from discontinuing operations (after tax)		-	-
Total comprehensive income for the year		13,432.59	(487.00)
Earnings per equity share	21		
Equity share of par value ₹10/- each			
Basic (₹)		0.50	(9.74)
Diluted (₹)		0.50	(9.74)

Summary of significant accounting policies

5

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

This is the statement of profit and loss referred to in our report of even date

For Ajay Sardana Associates

Chartered Accountants

Firm Registration No.: 016827N

For and on behalf of the Board of Directors
Rahul Mukhi

Partner

Membership No. 099719

Ashwin Mallick

Whole Time Director

DIN:08030601

Ajit Kumar Mittal

Director

DIN:02698115

Darpan Gupta

Company Secretary

Saurabh Garg

Chief Financial Officer

Place: Mumbai

Date: April 23, 2018

INDIABULLS LIFE INSURANCE COMPANY LIMITED
All amount in ₹ thousands, unless otherwise stated

Statement of Cash Flows for the	Year ended March 31,	
	2018	2017
A. Cash flow from operating activities:		
Profit/(loss) before tax for the year	18,313.05	(446.42)
Adjustments to reconcile net profit / (loss) to net cash provided by/ (used in) operating activities:		
Interest expense	396.93	502.32
Interest income	(75.57)	(105.86)
Balances written back	-	(30.00)
Borrowings written back	(4,487.23)	-
Operating profit/(loss) before working capital changes	14,147.17	(79.96)
Working capital changes and other adjustments:		
(Increase)/decrease in other current assets	(643.73)	2.99
Increase in other financial liabilities	4,292.22	0.00
Increase in other current liabilities	76.87	-
Cash generated from/(used in) operating activities	17,872.53	(76.96)
Income tax paid, net	(1.63)	(59.90)
Net cash generated from/(used in) operating activities	17,870.91	(136.86)
B. Cash flow from investing activities:		
Movement in fixed deposits (net)	(100.00)	(1,400.00)
Investment in mutual funds	(11,16,382.51)	-
Interest received on fixed deposit	97.73	16.21
Net cash used in investing activities	(11,16,384.78)	(1,383.79)
C. Cash flow from financing activities:		
Proceeds from issue of share capital	10,99,500.00	-
Net cash generated from financing activities	10,99,500.00	-
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	986.12	(1,520.66)
E. Cash and cash equivalents at the beginning of the year	108.06	1,628.72
F. Cash and cash equivalents at the end of the year (D+E)	1,094.18	108.06
G. Cash and cash equivalents as at the close of the year includes:		
Cash in hand	5.15	5.15
Balances with scheduled banks		
In current accounts	1,089.04	102.91
	1,094.19	108.06

Note:

- The accompanying notes form an integral part of the financial statements.
- Ind-AS-7 allows entities to report cash flow from operating activities using either the direct or indirect method, however listing regulations issued by SEBI (Securities Exchange Board of India) requires the listed companies to present cash flow only under indirect method. The company has presented the above cash flow statement by using the indirect method.

This is the Statement of Cash Flows referred to in our report of even date

For Ajay Sardana Associates
Chartered Accountants
Firm Registration No.: 016827N

For and on behalf of the Board of Directors

Rahul Mukhi
Partner
Membership No.: 099719

Ashwin Mallick
Whole Time Director
DIN:08030601

Ajit Kumar Mittal
Director
DIN:02698115

Darpan Gupta
Company Secretary

Saurabh Garg
Chief Financial Officer

Place: Mumbai
Date: April 23, 2018

INDIABULLS LIFE INSURANCE COMPANY LIMITED

Statement of changes in equity as at 31 March 2018

A Equity share capital*

All amount in ₹ thousands, unless otherwise stated

Particulars	Opening balance as at 1 April 2016	Issue of equity share capital during the year	Balance as at 31 March 2017	Issue of equity share capital during the year	Balance as at 31 March 2018
Equity share capital	500.00	-	500.00	10,99,500.00	11,00,000.00

B Other equity**

Description	Reserves and Surplus	Other comprehensive income	Total
	Retained earnings		
Balance as at 1 April 2016	(2,556.22)	-	(2,556.22)
Profit/(loss) for the year	(487.00)	-	(487.00)
Balance as at 31 March 2017	(3,043.22)	-	(3,043.22)
Profit/(loss) for the year	13,432.59	-	13,432.59
Balance as at 31 March 2018	10,389.37	-	10,389.37

* Refer Note - 11

**Refer Note - 12

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

This is the Statement of Changes in Equity referred to in our report of even date.

For Ajay Sardana Associates

Chartered Accountants

Firm Registration No.: 016827N

For and on behalf of the board of directors

Rahul Mukhi

Partner

Membership No. 099719

Ashwin Mallick

Whole Time Director

DIN:08030601

Ajit Kumar Mittal

Director

DIN:02698115

Darpan Gupta

Company Secretary

Saurabh Garg

Chief Financial Officer

Place: Mumbai

Date: April 23, 2018

INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

1. Nature of principal activities

Indiabulls Life Insurance Company Limited (“the Company”) was incorporated on December 03, 2007 with the main objects of carrying on the business of life insurance as permitted under the Insurance Act, 1938 and by The Insurance Regulatory and Development Authority (IRDA). Pending receipt of all applicable statutory and regulatory approvals, the Company is yet to commence its life insurance business. Accordingly, the financial statements have not been prepared in accordance with the statutory requirements prescribed under The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations, 2002.

2. 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.

For all periods up to and including the year ended 31 March 2017, the Company has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These financial statements for the year ended 31 March 2018 are the first which the Company has prepared in accordance with Ind AS. For the purpose of corresponding figures, set of financial statements for the year ended 31 March 2017 and opening balance sheet as at 1 April 2016 are also prepared under Ind AS.

The financial statements for the year ended 31 March 2018 were authorized and approved for issue by the Board of Directors on 23 April 2017.

3. Basis of accounting

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities and share based payments which are measure at fair values as explained in relevant accounting policies. Fair valuations related to financial assets and financial liabilities are categorised into level 1, level 2 and level 3 based on the degree to which the inputs to the fair value measurements are observable.

4. Recent accounting pronouncements

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 12, ‘Income taxes’, Ind AS 21, ‘The effects of changes in foreign exchange rates’ and also introduced new revenue recognition standard Ind AS 115 ‘Revenue from contracts with customers’. These amendments rules are applicable to the Company from 1 April 2018.

Ind AS 115 ‘Revenue from Contracts with Customers’ (Ind AS 115)

Ministry of Corporate Affairs (“MCA”) has notified new standard for revenue recognition which overhauls the existing revenue recognition standards including Ind AS 18 – Revenue and Ind AS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue recognition:

- i. Identification of the contracts with the customer
- ii. Identification of the performance obligations in the contract
- iii. Determination of the transaction price
- iv. Allocation of transaction price to the performance obligations in the contract (as identified in step ii)
- v. Recognition of revenue when performance obligation is satisfied.

INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

Since there is no revenue from operations during the year or in past years it has no impact either on retained earnings or to its net income on and on-going basis.

Amendment to Ind AS 12

The amendment to Ind AS 12 requires the entities to consider restriction in tax laws in sources of taxable profit against which entity may make deductions on reversal of deductible temporary difference (may or may not have arisen from same source) and also consider probable future taxable profit. The Company is evaluating the requirements of the amendment and its impact on the financial statements.

Amendment to Ind AS 21

The amendment to Ind AS 21 requires the entities to consider exchange rate on the date of initial recognition of advance consideration (asset/liability), for recognizing related expense/income on the settlement of said asset/liability. The Company is evaluating the requirements of the amendment and its impact on the financial statements.

5. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

i. Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Companies Act 2013. Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities, as the case may be.

ii. Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and it can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable net of rebate and taxes.

iii. Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss as incurred.

iv. Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

v. Financial instruments

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Subsequent measurement

- a) **Debt instruments at amortised cost** – A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
 - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

- b) **Equity investments** – All equity investments in scope of ‘Ind AS 109 Financial Instruments’ (‘Ind AS 109’) are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).
- c) **Mutual funds** – All mutual funds in scope of Ind AS 109 are measured at fair value through profit and loss (FVTPL).

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted.

Subsequent measurement – Amortised cost

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised 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

INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

vi. Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Company applies approach permitted by Ind AS 109, which requires lifetime expected credit losses to be recognised for trade receivables.

Other financial assets

For recognition of impairment loss on other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

vii. Income taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Minimum alternate tax ('MAT') credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealised tax loss are recognised to the extent that it is probable that the underlying tax loss will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

viii. Cash & cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

ix. Provisions, contingent liabilities and contingent assets

Provisions are recognized 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 at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- 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 cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

x. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xi. Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

Significant management judgements

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

Evaluation of indicators for impairment of assets – *The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.*

Recoverability of advances/receivables – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit losses on outstanding receivables and advances.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Provisions – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However the actual future outcome may be different from this judgement.

Significant estimates

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

	31 March 2018	31 March 2017	(₹ in thousand) 01 April 2016
Note - 6			
Deferred tax assets (net)			
Deferred tax liability arising on account of :			
Fair valuation of financial instruments	(4,909.45)	-	-
Minimum alternative tax credit entitlement	5,844.13	-	-
	<u>934.68</u>	<u>-</u>	<u>-</u>

Caption wise movement in deferred tax assets as follows:

Particulars	1 April 2017	Recognised in other comprehensive income	Recognised in profit and loss	31 March 2018
Deferred tax asset/liabilities arising on:				
Fair valuation of financial instruments	-	-	(4,909.45)	(4,909.45)
Sub-total	-	-	(4,909.45)	(4,909.45)
Minimum alternative tax credit entitlement	-	-	5,844.13	5,844.13
Total	-	-	934.68	934.68

Note - 7

A Investments - current

(i) Investment in mutual funds (quoted)

Indiabulls Liquid Fund - Direct Plan - Growth	11,16,382.51	-	-
[657373.113 (31 March 2017: Nil; 1 April 2016:Nil) units]			
	<u>11,16,382.51</u>	<u>-</u>	<u>-</u>
Aggregate book value and market value of quoted investments	11,16,382.51	-	-

Note - 8

Cash and cash equivalents

Cash in hand	5.15	5.15	1.69
Balances with banks			
In current accounts	1,089.04	102.91	1,627.03
	<u>1,094.19</u>	<u>108.06</u>	<u>1,628.72</u>

Note - 9

Other bank balances

Bank deposits with maturity of more than three months and upto twelve months	1,567.49	1,489.65	-
	<u>1,567.49</u>	<u>1,489.65</u>	<u>-</u>

Note - 10

Other current assets

Balances with statutory authorities	655.88	-	-
Prepaid expenses	-	12.15	15.14
	<u>655.88</u>	<u>12.15</u>	<u>15.14</u>

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INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

	31 March 2018		31 March 2017		(₹ in thousand) 01 April 2016	
Note - 11						
Equity share capital	March 31, 2018		March 31, 2017		April 1, 2016	
	Number	(₹ in thousand)	Number	(₹ in thousand)	Number	(₹ in thousand)
i Authorised						
Equity share capital of face value of ₹ 10 each	11,00,00,000	11,00,000.00	10,00,00,000	10,00,000.00	10,00,00,000	10,00,000.00
	11,00,00,000	11,00,000.00	10,00,00,000	10,00,000.00	10,00,00,000	10,00,000.00
	March 31, 2018		March 31, 2017		April 1, 2016	
	Number	(₹ in thousand)	Number	(₹ in thousand)	Number	(₹ in thousand)
ii Issued, subscribed and fully paid up						
Equity share capital of face value of ₹ 10 each fully paid up	11,00,00,000	11,00,000.00	50,000	500.00	50,000	500.00
	11,00,00,000	11,00,000.00	50,000	500.00	50,000	500.00
iii Reconciliation of number and amount of equity shares outstanding at the beginning and at the end of the year						
	March 31, 2018		March 31, 2017		April 1, 2016	
	Number	(₹ in thousand)	Number	(₹ in thousand)	Number	(₹ in thousand)
Equity shares						
Balance at the beginning of the year	50,000	500.00	50,000	500.00	50,000	500.00
Add: Issued during the year	10,99,50,000	10,99,500.00	-	-	-	-
Balance at the end of the year	11,00,00,000	11,00,000.00	50,000	500.00	50,000	500.00
During the year ended March 31, 2018, pursuant to the approval of the shareholders at their extraordinary general meeting held on 11 December 2017 and in accordance with the provisions of Section 13, Section 61(1)(a) of the Companies Act, 2013 and the Rules made thereunder and other applicable provisions if any (including any statutory modifications or re-enactment thereof, for the time being in force) and in accordance with the enabling provisions of the Memorandum and Articles of Association and subject to the applicable provisions of any other law, the Authorised share capital of the Company was increased from ₹1,000,000,000 thousands divided into 100,000,000 equity shares of ₹10 each to ₹1,100,000,000 thousands divided into 110,000,000 equity shares of ₹10 each.						
During the year ended March 31, 2018, pursuant to the approval of Board of Directors at their meeting on 2 January 2018 and in accordance with the provisions of section 62(1)(a) and section 39 and all other applicable provisions of the Companies Act, 2013, read with applicable Rules, framed thereunder, 109,950,000 equity shares of face value of ₹10 each were allotted at par, for consideration received in cash to "SORIL Holdings and Ventures Limited" (formerly Indiabulls Wholesale Services Limited), the Holding Company.						
iv Rights, preferences and restrictions attached to equity shares						
The holders of equity shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In the event of liquidation of the Company, the remaining assets of the Company shall be distributed to the holders of equity shares in proportion to the number of shares held to the total equity shares outstanding as on that date. All shares rank equally with regard to the Company's residual assets.						
v Details of shareholder holding more than 5% share capital	March 31, 2018		March 31, 2017		April 1, 2016	
Name of the equity shareholder	Number of shares		Number of shares		Number of shares	
Indiabulls Housing Finance Limited (including nominee shares)	-		50,000		50,000	
SORIL Holdings and Ventures Limited (including nominee shares)	11,00,00,000		-		-	
vi	The Company has not issued any shares for consideration other than cash during the immediately preceding five years. The Company has not bought back any shares during immediately preceding five years. The Company does not have any shares reserved for issue under options.					
Note - 12						
Other equity						
Nature and purpose of other reserves						
General reserve						
The Company is required to create a general reserve out of the profits when the Company declares dividend to shareholders.						
Note - 13						
A Borrowings non-current (unsecured)						
Inter-corporate loans from related party	-	4,090.30	-	3,587.98		
	-	4,090.30		3,587.98		
a) The Company may at its option prepay the loan before its expiry at the end of 60 months from the date of disbursement.						
b) The loan taken was interest free.						
c) The Company has written back the loan payable to the erstwhile Holding Company, during the year ended March 31, 2018. There is no continuing default in the repayment of the aforesaid loan or interest as at the Balance Sheet date.						
Note - 14						
Other financial liabilities - current						
Expenses payable	4,324.38	32.16	62.15			
	4,324.38	32.16	62.15			
Note - 15						
Other current liabilities						
Payable to statutory authorities	76.87	-	-			
	76.87	-	-			
Note - 16						
Current tax liabilities						
Provision for income tax, net of advance tax and tax deducted at source (March 31, 2018: Nil, March 31, 2017: ₹ 9.96, April 1, 2016: Nil) (₹ in thousands)	5,844.13	30.62	49.94			
	5,844.13	30.62	49.94			

INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

	(₹ in thousand)	
	31 March 2018	31 March 2017
Note - 17		
Other income		
Interest income	75.57	105.86
Profit on sale of investments (net)	18,882.51	-
Loan from erstwhile holding Company written back/waived (Refer Note 13)	4,487.23	-
Miscellaneous income	1.90	30.00
	23,447.21	135.86
Note - 18		
Finance costs		
Interest expenses	405.70	507.83
	405.70	507.83
Note - 19		
Other expenses		
Bank charges	0.62	13.94
Auditor's remuneration - as auditor (refer note (i) below)	25.00	28.63
Insurance expenses	12.15	10.72
Legal and professional charges	3,705.71	-
Rates and taxes	937.07	18.88
Repairs and maintenance	-	2.28
Traveling and conveyance expenses	47.91	-
	4,728.46	74.45
(i) Details of payment to auditors		
Payment to auditor		
Audit fee	25.00	28.63
	25.00	28.63
Note - 20		
Income tax		
Tax expense comprises of:		
Current tax (including earlier years)	5,815.14	40.58
Less: minimum alternative tax credit entitlement (including earlier years)	(5,844.13)	-
Deferred tax charge	4,909.45	-
Income tax expense reported in the statement of profit and loss	4,880.46	40.58
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Accounting profit/(loss) before tax from continuing operations	18,313.05	(446.42)
Accounting profit/(loss) before income tax	18,313.05	(446.42)
At India's statutory income tax rate	25.75%	34.61%
Computed expected tax expense	3,908.30	16.70
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax impact of expense which will never be allowed	1.87	23.88
Tax impact on income recognised in retained earning at the time of IND AS transition to be offered in MAT computation	1,933.96	-
Minimum alternate tax credit entitlement	(5,844.13)	-
Tax impact of earlier year items	(28.99)	-
Deferred tax impact on income taxable at the time of its realisation	4,909.45	-
Income tax expense	4,880.46	40.58
Note - 21		
Earnings per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.		
The following reflects the income and share data used in the basic and diluted EPS computations:		
	31 March 2018	31 March 2017
Profit/(Loss) attributable to equity holders for basic earnings (₹ in thousands)	13,432.59	(487.00)
Profit/(Loss) attributable to equity holders adjusted for the effect of dilution (₹ in thousands)	13,432.59	(487.00)
Weighted average number of equity shares for basic earning per share	2,68,59,726	50,000
Weighted average number of equity shares for diluted earning per share	2,68,59,726	50,000
Earnings per equity share of face value of ₹ 10/- each		
(1) Basic (₹)	0.50	(9.74)
(2) Diluted (₹)	0.50	(9.74)

INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

Note - 22

First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A Ind AS optional exemptions

1 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity investments.

2 Share based payments

Ind AS 102 Share based payments requires an entity to record the options on their fair value instead of intrinsic value. Ind AS 101 permits a first time adopter to ignore such requirement for the options already vested as on transition date that is 1 April 2016. The Company has elected to apply this exemptions for such vested options.

B Ind AS mandatory exemptions

1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

2 Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition. Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The Company has availed the exemption for inter-corporate loans. All the other financial assets and financial liabilities have been restated retrospectively.

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INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

Note - 23

All amount in ₹ thousands, unless otherwise stated

23.1 Financial risk management

i) Financial instruments by category

	31 March 2018			31 March 2017			1 April 2016		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Investments									
Mutual funds	11,16,382.51	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	1,094.19	-	-	108.06	-	-	1,628.72
Other bank balances	-	-	1,567.49	-	-	1,489.65	-	-	-
Total financial assets	11,16,382.51	-	2,661.68	-	-	1,597.71	-	-	1,628.72

Notes

1. These financial assets are mandatorily measured at fair value through profit and loss

2. These financial assets represent investments in equity instrument designated as such upon initial recognition

Investments in equity instrument of subsidiaries are stated at cost as per IND AS 27 "Separate Financial Statements"

	31 March 2018			31 March 2017			1 April 2016		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial liabilities									
Borrowings (including interest accrued)	-	-	-	-	-	4,090.30	-	-	3,587.98
Other financial liabilities	-	-	4,324.38	-	-	32.16	-	-	62.15
Total financial liabilities	-	-	4,324.38	-	-	4,122.46	-	-	3,650.14

iii) Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

(A) Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

a) Credit risk management

i) Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk

B: Moderate credit risk

C: High credit risk

Assets under credit risk –

Credit rating	Particulars	31 March 2018	31 March 2017	1 April 2016
A: Low credit risk	Cash and cash equivalents & other bank balances	2,661.68	1,597.71	1,628.72

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Note - 23 (Continued):

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

31 March 2018	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Non-derivatives					
Other financial liabilities	4,324.38	-	-	-	4,324.38
Total	4,324.38	-	-	-	4,324.38

31 March 2017	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Non-derivatives					
Borrowings	-	-	-	4,090.30	4,090.30
Other financial liabilities	32.16	-	-	-	32.16
Total	32.16	-	-	4,090.30	4,122.46

1 April 2016	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Non-derivatives					
Borrowings	-	-	-	3,587.98	-
Other financial liabilities	62.15	-	-	-	62.15
Total	62.15	-	-	3,587.98	62.15

(C) Market risk**Foreign exchange risk**

Company does not have any foreign currency risks and therefore sensitivity analysis has not been shown.

Interest rate risk

Company does not have any interest rate risks and therefore sensitivity analysis has not been shown.

Price risk

Company does not have any price risk

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INDIABULLS LIFE INSURANCE COMPANY LIMITED**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018****Note - 23 (continued)***All amount in ₹ thousands, unless otherwise stated***23.2 Fair value measurements****(i) Fair value hierarchy**

Financial assets and financial liabilities measured at fair value in the financial statements are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: unobservable inputs for the asset or liability.

(ii) Financial assets measured at fair value

31 March 2018	Level 1	Level 2	Level 3	Total
Financial instruments at FVTPL				
Mutual funds	11,16,382.51	-	-	11,16,382.51
Total financial assets	11,16,382.51	-	-	11,16,382.51

(iii) Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include -

(i) Traded (market) price basis recognised stock exchange for equity shares

(ii) Use of net asset value for mutual funds on the basis of the statement received from investee party.

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INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

Note – 24**Related party transactions**

Relationship	Name of related parties
i) where control exists Holding Company (till December 08, 2017)	Indiabulls Housing Finance Limited
Holding Company (with effect from December 09, 2017)	SORIL Holdings and Ventures Limited
ii) Other related parties Key Management personnel	Mr. Ashwin Mallick (Whole Time Director of the Company) - with effect from December 26, 2017 Mr. M.S. Walia (Whole Time Director of the Holding Company) with effect from 09 December 2017

(i) Statement of transactions with related parties**(₹ in thousands)**

Nature of transactions	Existing Holding Company		Erstwhile Holding Company	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Other expenses	6,516.07	-	-	-
Interest expenses	-	-	405.70	507.83

(ii) Statement of balances outstanding:**(₹ in thousands)**

Nature of transactions	31 March 2018	31 March 2017	1 April 2016
Expenses payable	4,299.38	-	-
- SORIL Holdings and Ventures Limited			
Borrowings non-current	-	4,090.30	3,598.98
- Indiabulls Housing Finance Limited			

INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

Note - 25

Explanation of transition to Ind AS

All amount in ₹ thousands, unless otherwise stated
A Reconciliation of total equity as at 31 March 2017 and 1 April 2016

Particulars	31 March 2017			1 April 2016		
	Previous GAAP*	Effect of transition to Ind AS	Ind AS	Previous GAAP*	Effect of transition to Ind AS	Ind AS
Current assets						
Financial assets						
Cash and cash equivalents	1,508.06	(1,400.00)	108.06	1,628.72	-	1,628.72
Other bank balances	-	1,489.65	1,489.65	-	-	-
Other current assets (including short term loans and advances)	101.80	(89.65)	12.15	15.14	-	15.14
Total current assets	1,609.86	-	1,609.86	1,643.86	-	1,643.86
Total assets	1,609.86	-	1,609.86	1,643.86	-	1,643.86

Particulars	31 March 2017			1 April 2016		
	Previous GAAP*	Effect of transition to Ind AS	Ind AS	Previous GAAP*	Effect of transition to Ind AS	Ind AS
Equity						
Equity share capital	500.00	-	500.00	500.00	-	500.00
Other equity	(48,352.92)	45,309.70	(3,043.22)	(48,368.24)	45,812.02	(2,556.22)
Total equity	(47,852.92)	45,309.70	(2,543.22)	(47,868.24)	45,812.02	(2,056.22)
Liabilities						
Non-current liabilities						
Financial liabilities						
Borrowings	49,400.00	(45,309.70)	4,090.30	49,400.00	(45,812.02)	3,587.98
Total non-current Liabilities	49,400.00	(45,309.70)	4,090.30	49,400.00	(45,812.02)	3,587.98
Current liabilities						
Financial liabilities						
Other financial liabilities	32.16	-	32.16	62.15	-	62.15
Current tax liabilities	30.62	-	30.62	49.94	-	49.94
Total current liabilities	62.78	-	62.78	112.09	-	112.09
Total equity and liabilities	1,609.86	0.00	1,609.86	1,643.86	-	1,643.86

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

Note - 25

Explanation of transition to Ind AS (continued):

B Reconciliation of total comprehensive income for the year ended 31 March 2017

All amount in ₹ thousands, unless otherwise stated

Particulars	Previous GAAP*	Effect of transition to Ind AS	Ind AS
Other income	135.86	-	135.86
Total revenue	135.86	-	135.86
Expenses			
Finance costs	5.51	502.32	507.83
Other expenses	74.45	-	74.45
Total expenses	79.96	502.32	582.27
Profit/(Loss) before tax	55.90	(502.32)	(446.42)
Tax expense:			
Current tax (including earlier year tax)	40.58	-	40.58
Profit/(Loss) for the year	15.32	(502.32)	(487.00)

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

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INDIABULLS LIFE INSURANCE COMPANY LIMITED
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018
Note - 25
Explanation of transition to Ind AS (continued):
C Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

1 Reconciliation of total equity as at 31 March 2017 and 1 April 2016

	Notes to first time adoption*	31 March 2017	1 April 2016
Total equity (shareholder's funds) as per previous GAAP		(47,852.92)	(47,868.24)
Adjustments:			
Impact of effective interest rate adjustment on borrowings	Note – 1	45,309.70	45,812.02
Total adjustments		45,309.70	45,812.02
Total equity as per Ind AS		(2,543.22)	(2,056.22)

2 Reconciliation of total comprehensive income for the year ended 31 March 2017

	Notes to first time adoption	31 March 2017
Profit after tax as per previous GAAP		15.32
Adjustments:		
Impact of effective interest rate adjustment on borrowings	Note – 1	(502.32)
Total adjustments		(502.32)
Total comprehensive income for the year ended 31 March 2017		(487.00)

3 Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2017

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	(136.86)	-	(136.86)
Net cash flow from investing activities	(1,383.79)	-	(1,383.79)
Net cash flow from financing activities	-	-	-
Net increase in cash & cash equivalents	(1,520.65)	-	(1,520.66)
Cash & cash equivalents as at 01 April 2016	1,628.72	-	1,628.72
Cash & cash equivalents as at 31 March 2017	108.07	-	108.06

Note – 1
Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the statement of profit and loss over the tenure of the borrowing as part of the finance cost by applying the effective interest method.

Under previous GAAP, these transaction costs were charged to profit and loss on straight line basis.

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INDIABULLS LIFE INSURANCE COMPANY LIMITED**Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2018****Note – 26****Capital management**

The Company's objectives when managing capital are:

- To ensure Company's ability to continue as a going concern, and
- To provide adequate return to shareholders

Management assesses the capital requirements in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company manages its capital requirements by overseeing the following ratios –

Debt equity ratio			(₹ in thousands)
	31 March 2018	31 March 2017	1 April 2016
Net debt *	(1094.19)	3,982.25	1,959.27
Total equity	11,10,389.37	(2,543.22)	(2,056.22)
Net debt to equity ratio	(0.00)	(1.57)	(0.95)

* Net debt includes long term borrowings + short term borrowings + current maturity of long term borrowings net off cash and cash equivalents (Including fixed deposits and other liquid securities).

Note – 27**Contingent liabilities and commitments**

There are no contingent liabilities & commitments to be reported 31 March 2018, 31 March 2017 and 1 April 2016.

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INDIABULLS LIFE INSURANCE COMPANY LIMITED**Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2018****Note – 28**

Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 (“MSMED Act, 2006”):

S. no.	Particulars	Amount as at March 31, 2018	Amount as at March 31, 2017	Amount as at April 01, 2016
i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	Nil	Nil	Nil
ii)	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil	Nil
iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	Nil	Nil	Nil
iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil	Nil
v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil	Nil	Nil

The above information regarding micro, small and medium enterprises have 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.

Note – 29**Segmental Information**

Considering the nature of the Company's business and operations and based on the information available with the management, there are no reportable segments (business and/or geographical) as per Ind AS 108 on ‘Segment Reporting’. Hence, no further disclosures are required in respect of reportable segments, other than those already provided in the financial statements.

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INDIABULLS LIFE INSURANCE COMPANY LIMITED

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

Note – 30

Other matters

- a. The Company has not entered into any derivative instrument during the year. The Company does not have any foreign currency exposures towards receivables, payables or any other derivative instrument that have not been hedged (March 31, 2017: Nil, April 1, 2016 :Nil).
- b. In respect of amounts as mentioned under Section 124 of the Companies Act, 2013, there were no dues required to be credited to the Investor Education and Protection Fund as at 31 March, 2018 (31 March, 2017: Nil; 1 April, 2016: Nil)
- c. In the opinion of the Board of Directors, all current assets appearing in the balance sheet as at 31 March 2018, have a value on realization, in the ordinary course of the Company's business, at least equal to the amount at which they are stated in the financial statements. In the opinion of the board of directors, no provision is required to be made against the recoverability of these balances.
- d. There are no borrowing costs required to be capitalised as at March 31, 2018 (March 31, 2017: Nil, April 1, 2016: Nil)

For Ajay Sardana Associates
Chartered Accountants
Firm Registration No. 016827N

For and on behalf of the Board

Rahul Mukhi
Partner
Membership No. 099719

Ashwin Mallick
Whole Time Director
DIN: 08030601

Ajit Kumar Mittal
Director
DIN: 02698115

Place: Mumbai
Date: April 23, 2018

Saurabh Garg
Chief Financial Officer

Darpan Gupta
Company Secretary