26TH ANNUAL REPORT

OF

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

FOR FY 2019-2020

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

CIN:-U65920MH1994PTC077480

Board of Directors

Mr. Shapoorji Pallonji Mistry, Non-Executive Director (DIN-00010114)
Mr. Subranmania Kuppuswamy, Non-Executive Director (DIN-00058836)
Mr. Mahesh Tahilyani, Non-Executive Director (DIN-01423084)
Mr. Jai Mavani, Non-Executive Director (DIN-05260191)
Mr. Sanjay Hinduja, Managing Director & CEO (DIN-00388123)
Mr. Sharad Bajpai, Non-Executive Director (DIN – 07716111)
Mr. Manish Jain, Non-Executive Director (DIN – 02578269)

Key Managerial Personnel

Mr. Sanjay Hinduja, Managing Director & CEO
Mr. Pankaj Gupta, Chief Financial Officer
Ms. Preeti Chhabria, Company Secretary & Compliance Officer

Bankers

Axis Bank
Bank of Baroda
Barclays Bank Plc
Federal Bank
HSBC Bank
ICICI Bank
Indian Bank
Indusind Bank
Kotak Mahindra Bank
State Bank of India
United Bank of India
Yes Bank

Auditors

M/s. Price Waterhouse Chartered Accountants LLP

Corporate & Registered Office

SP Centre, Courtyard 10B, 41/44 Minoo Desai Road, Colaba, Mumbai – 400 005.
Tel No. +91 22 67490000, Fax No. +91 22 66338176
E-mail Id -spfinance@shapoorji.com

Branch Office

Office No : 1222
Regus Business Centre, Regus Cyber City,
Level 12, Tower C, Building Number 8,
DLF Cyber City Complex, DLF City Phase II
Gurgaon, Haryana 122002.

Board's Report

To,
The Members,

Your Directors have pleasure in presenting the 26th Annual Report on the business, operations and state of affairs of the Company and the Accounts for the Financial Year ended March 31, 2020.

1. **Financial summary or highlights/Performance of the Company**
The Company has migrated to the Indian Accounting Standards (Ind-AS) for the financial year 2019-2020. Accordingly, the figures of financial year 2018-2019 have been re-grouped to ensure comparative analysis. The financial results / highlights of the Company for the financial year ended March 31, 2020 and March 31, 2019 are as under:-

Amount in Rupees (in lakhs)

Particulars	**2019-2020**	**2018-2019**
Total Revenue	18,316.23	13,062.71
Total Expenses	15,432.12	6,531.13
Profit after tax for the year	2,203.76	4,675.30
Other Comprehensive Income/ (Loss)	(7.86)	(12.86)
Total Comprehensive Income	2195.90	4662.44
Less: Amount transfer to reserve u/s 45IC	440.75	868.45
Add: Profit/ (Loss) carried forward from previous year	3,595.38	(198.61)
Balance carried forward to Balance Sheet	5,350.53	3,595.38
Loan Book	97,966.74	82,892.08
Capital Adequacy Ratio	23.44%	40.16%

2. **Dividend**
In order to conserve the resources of the Company, your Directors do not recommend dividend for the year under review.

3. **Reserves**
During the year under review, the Company has transferred Rs. 440.75 lakhs to Special Reserve in accordance with Section 45-IC of the Reserve Bank of India Act, 1934.

4. **Deposits**
The Company did not hold any public deposits at the beginning of the year nor has it accepted any public deposits during the year under review.

5. **Information on the State of Affairs of the Company**
During the year under review, your Company has generated revenues from operations amounting to Rs. 18,313.04 lakhs as compared to Rs. 13,061.35 lakhs for the financial year ended March 31, 2019. Total Revenue including other Income for the even period stood at Rs. 18,316.23 lakhs.

   The total expenses for the period under review was Rs. 15,432.12 lakhs which included finance cost of Rs. 6551.04 lakhs and Impairment on financial instruments of Rs. 6304.85 lakhs.

   Net result for the year was Profit (after tax) of Rs. 2,203.76 lakhs.

6. **Share Capital & Capital Adequacy**
As on March 31, 2020, Shapoorji Pallonji Group (including SPCPL) and SSG holds 53.12% and 46.87% respectively of the paid up capital of the Company. The Paid up capital of the Company as

on March 31, 2020 is Rs. 2,899,762,960/- divided into 289,976,296 Equity Shares of the face value of Rs. 10/- each.

The Capital Adequacy Ratio of the Company as on March 31, 2020 was 23.44% higher than the statutory limit of 15% prescribed by the Reserve Bank of India. The breakup of Capital Adequacy Ratio as on even date was Tier I Capital at 22.28% and Tier II Capital at 1.16%.

7. Subsidiary and Associate Company

As on March 31, 2020, the Company did not have any Subsidiary nor any Associate company.

8. Finance

During the period under review, your Company has borrowed funds primarily from Bank through Working Capital, Term Loan Facilities and issue of Non-convertible Debentures. CRISIL has assigned to the Company CRISIL A-/ Rating watch with Negative Implications (pronounced CRISIL A minus rating) and Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. CRISIL has assigned to the Company CRISIL A-/ Rating watch with Negative Implications (pronounced CRISIL A minus rating) to the long term rating to the Bank loan facilities upto Rs. 1000 Crores and has also assigned CRISIL A-/ Rating watch with Negative Implications (pronounced CRISIL A minus rating) for the Non-convertible Debentures issuance upto Rs. 500 Crores.

The total outstanding borrowing of the Company as on March 31, 2020 is Rs. 59,440.66 lakhs which includes Term Loans from Banks of Rs. 44,992.31 lakhs and Working capital Facility from banks of Rs. 14,448.35 lakhs.

9. Internal Financial Control Systems and their adequacy

The Company endeavors to have adequate system of Internal Controls that commensurate with its size and nature of business to safeguard and protect the Company from losses, unauthorized use or disposition of its assets. The Company has also appointed Internal Auditors for review of financial and operating controls at regular intervals which are presented to and reviewed by the Audit Committee of the Board. All the transactions are properly authorized and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintenance of the books of accounts and ensuring timely reporting of financial statements. Further, the Company follows the RBI Master Directions for NBFCs not / holding public deposits.

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's Policies, safeguarding of its assets, prevention and detection of fraud, error, reporting mechanisms, accuracy and completeness of the Accounting Records, and timely preparation of reliable financial disclosure.

Further, the Board has taken note of the audit observations on Internal Financial Controls and has initiated steps to enhance and strengthen the controls. The Company plans to undertake various initiatives to strengthen the policies and processes, internal financial controls including several digitalisation drives for robust operational control and risk management. The Company has also taken additional steps to strengthen the meticulous compliance with various applicable Rules and Regulations.

Further, during the year under review the Company has implemented a robust Loan Management / Origination System along with required Information Technology Infrastructure.

10. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

No material changes or commitments affecting the financial position of the Company occurred between the end of the financial year to which the financial statements relate and the date of this report.

11. Change in nature of business

During the year under review, there has been no change in the nature of business of the Company.

12. Risk Management

Your Company endeavours to have an effective Risk Management Framework in place which provides for risk identification, risk assessment, risk evaluation, monitoring, tracking, mitigating and feedback mechanism and framework to identify, evaluate business risks and opportunities.

The Risk Management framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. Risk Management and mitigation is a continuous process and is integrated with all the areas of the Company's business operations and culture.

Further, the Board has taken note of the audit observations and has initiated steps to enhance and strengthen the controls on risk management. The Company plans to undertake various initiatives to strengthen the policies and processes, internal controls.

13. Vigil Mechanism

The Company has in place the Vigil Mechanism / Whistle Blower Policy for its Directors and Employees to report their concerns or grievances in accordance with the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014. During the period under review no cases were reported under the Vigil Mechanism.

14. Sexual Harassment of Women at Workplace

The Company is committed to providing and promoting a safe and healthy work environment for all its Employees. The Company has framed a Policy on 'Prevention of Sexual Harassment at Workplace' which is in line with the statutory requirements, along with a structured reporting and redressal mechanism, is in place. Your Company has also complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) and the constitution of the Committee is in accordance with POSH Act and the Committee includes external member with relevant expertise.

During the FY 2019-2020, no cases reported under the provisions of the POSH Act and the Policy framed thereunder.

15. Human Resources

The main focus of the Human Resources function is to achieve employee satisfaction at Shapoorji Pallonji Finance Private Limited (SPFPL), while ensuring employees are engaged, encouraged and motivated to help the Company succeed. This was done through regular interventions to percolate values and ensure that the Company's philosophy is reinforced and imbibed in the culture.

SPFPL is a young Company with its average age of employees being 37 years. We have always believed in gender equality and the company maintains the same each year. This year the percentage of our employee strength comprised of 58% Male and 42% Female.

Given the best -in-class development and recognition experience in an environment that provides for employees physical, mental and emotional well-being; the Company has conducted and arranged various Motivational Talk's, Leadership and like Workshops, Skillset trainings and Awareness Programmes on a monthly/quarterly basis to enhance our employee's well-being. We expect to follow a similar approach for the next financial year too.

The Company has applauded Leadership Development programs along with registering for E-Learning platforms. Employees were encouraged to take up online Skill Building Courses during the lockdown to utilize their time effectively along with being engaged and connected which would lead to professional and leadership development.

The focus on digitization in the new normal has enabled the Company to further increase the width and depth of our various interventions. The employee strength of your Company as on March 31, 2020 is 26 (Twenty-Six).

16. Directors and Key Managerial Personnel

During the year under review, Mr. Homeyar Jal Tavaria (SP Nominee Director) resigned from the office of the Director of the Company with effect from January 10, 2020 due to his retirement from the services of Shapoorji Pallonji and Company Private Limited, the Holding Company.

Mr. Shyam Maheshwari (SSG Nominee Director) also resigned from the office of Director of Company with effect from March 23, 2020, due to change in nomination by Investment Opportunities IV Pte Limited (SSG) and his pre-occupation and commitments with SSG.

The Board places on record its appreciation of the valuable services rendered by Mr. Homeyar Jal Tavaria and Mr. Shyam Maheshwari during their tenure as Directors of the Company.

The Board of Directors have appointed Mr. Mahesh Tahilyani (SP Nominee Director) and Mr. Manish Jain (SSG Nominee Director) as Additional Directors of the Company w.e.f. February 10, 2020 and March 23, 2020 respectively who shall hold the office up to the next Annual General Meeting of the Company to be held in the Financial Year 2020.

During the period under review, there was no change in the Key Managerial Personnel (“KMP”) of the Company.

As on March 31, 2020 the Board of your Company comprised Mr. Shapoorji Pallonji Mistry, Mr. Mahesh Tahilyani, Mr. Kuppuswamy Subramania, Mr. Jai Mavani, Mr. Manish Jain, Mr. Sharad Bajpai and Mr. Sanjay Hinduja.

The following were the KMPs of the Company as on March 31, 2020:

Mr. Sanjay Hinduja – Managing Director & CEO
Mr. Pankaj Gupta – Chief Financial Officer
Ms. Preeti Chhabria – Company Secretary & Compliance Officer.

17. Number of Meetings of the Board of Directors

The Board of Directors duly met 4 (four) times during the year under review viz. April 24, 2019, June 18, 2019, October 14, 2019 and February 07, 2020.

The number of Board Meetings attended by each Director of the Company is as under:-

Name of the Director	No. of Meetings	
	Held during the tenure	**Attended by the Director**
Mr. Jai Mavani	4	3
Mr. Kuppuswamy Subramania	4	3
Mr. Homeyar Jal Tavaria#	3	3
Mr. Shapoorji Pallonji Mistry	4	2
Mr. Sanjay Hinduja	4	4
Mr. Sharad Bajpai	4	4
Mr. Shyam Maheshwari#	4	3
Mr. Mahesh Tahilyani*	0	0
Mr. Manish Jain*	0	0

Note:
*Mr. Mahesh Tahilyani and Mr. Manish Jain have been appointed as an Additional Directors on February 10, 2020 and March 23, 2020 respectively.
#Mr. Homeyar Jal Tavaria and Mr. Shyam Maheshwari ceased to be a Directors w.e.f. January 10, 2020 and March 23, 2020 respectively.

18. **Corporate Governance**

The Company have been following the Corporate Governance Guidelines for NBFCs laid down by the Reserve Bank of India from time to time. In accordance with the Corporate Governance guidelines, the various Committees have been constituted by the Board of Directors of the Company and the Board has ensured best corporate practices to increase the investors' and other stakeholders' confidence.

A summary of the Corporate Governance measures adopted by the Company are provided in the Corporate Governance Report annexed to this Report as Annexure A.

19. **Extract of the annual return**

The extract of Annual Return in Form No. MGT - 9, as referred to in Section 92 of the Companies Act, 2013 read with the Rules made thereunder, is annexed to this Report as Annexure B. Further, the Annual Return referred in Section 92 (3) of the Companies Act, 2013 is available at the website of the Company https://www.shapoorjipallonji.com/company/SPFinance.

20. **Particulars of Employees**

The Company being a Private Limited Company, the provisions of Section 197 of the Companies Act, 2013 read along with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

21. **Statement of Declaration by Independent Directors**

The provisions of Section 149(4) of the Companies Act, 2013 ('the Act') pertaining to the appointment of Independent Directors do not apply to the Company and, hence, no declaration under Section 149(7) of the Act was required during the financial year ended March 31, 2020.

22. **Management and Discussion Analysis**

Information on the operational and financial performance amongst others, is also given in the Management and Discussion Analysis forms part of this Report and is in accordance with the RBI Master Directions for Non-Banking Financial Companies not accepting / holding Public Deposits.

23. **Corporate Social Responsibility initiatives taken during the year**

As per the provisions of the Section 135 of the Companies Act, 2013, the Board of the Company has adopted the Corporate Social Responsibility ("CSR") Policy. The CSR Policy along with the Annual Report on the CSR is annexed as Annexure C *inter alia* covering the initiatives undertaken by the Company towards CSR. Further, the CSR Policy can also be accessed from https://www.shapoorjipallonji.com/company/SPFinance.

The Corporate Social Responsibility Committee of the Board comprised following Directors of the Company as its Members:-

Mr. Manish Jain	Non-Executive Director
Mr. Sharad Bajpai	Non-Executive Director
Mr. Jai Mavani	Non-Executive Director
Mr. S. Kuppuswamy	Non-Executive Director
Mr. Sanjay Hinduja	Managing Director & CEO.

24. **Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013**

The Company being a Non-Banking Financial Company, the provisions of Section 186 of the Companies Act, 2013 are not applicable to the Company.

25. **Maintenance of Cost Records**

The Company being a Non-Banking Financial Company, the provisions of Section 148 of the Companies Act, 2013 are not applicable to the Company.

26. **Particulars of contracts or arrangements with Related Parties**

Related party transactions that were entered during the financial year were on an arm's length basis and in the ordinary course of business and in accordance with the Related Party Transaction Policy of the Company. The details of Related Party Transactions as required to be disclosed by AS-18 on 'Related Party Disclosures' specified under the Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in the Notes to the Financial Statements. All related party transactions of the Company are approved by the Audit Committee of the Board of Directors of the Company. The Related Party Transaction Policy of the Company is annexed to this Report as Annexure D. The Material Related Party Transactions are disclosed in Form AOC-2 as Annexure to this Report.

27. **Compliance**

The Company has taken appropriate steps to comply with the applicable regulations of RBI including appropriate disclosures on Liquidity Risk Management, moratorium related on account of Covid-19 pandemic, impact of Covid-19 pandemic on the affairs of the Company in the respective Note No. 45, 46 & 49 of Notes to Accounts of the Financial Statements of FY 2019-20. Further, your Company has drawn the financial statements in accordance with Ind-AS and is in compliance with the applicable Secretarial Standards as specified by the Institute of Company Secretaries of India.

28. **Significant & Material Orders**

During the year under review no significant and material orders have been passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

29. **Reporting of Frauds by Auditors**

During the year under review, neither the Statutory Auditors nor the Internal Auditors has reported to the Audit Committee under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be reported in the Boards' Report.

30. **Statutory Auditors**

At the 23rd Annual General Meeting (AGM) of the Company held on September 29, 2017, M/s. Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N / N500016) were re-appointed as the Auditors of the Company for a period of 4 years to hold the Office from the conclusion of the 23rd AGM of the Company till the conclusion of 27th AGM to be held in the financial year 2021-2022.

31. **Auditors' Report**

The Report of the Statutory Auditors to the Members of the Company for the financial year 2019-2020 contains modified opinion and the responses of the Board to the basis of modified opinion are as under:-

Response to Point No. 3 of 'Basis of Qualified Opinion':

The Company is of the considered view that the provision is adequate and believes that it adequately reflects the amounts recoverable. The same has been conveyed to the Auditors and basis the estimate of recoverability, the expected loss has been provided. Further, there is no material impact on profitability and capital adequacy.

This refers to fee income for providing advisory services for fund raising for Related Party of Shapoorji Pallonji And Co. Pvt. Ltd. engaged into real estate business. The Company has received one third of the total fees during the year and the balance fee due in March, 2020 was delayed due to the stress faced by the Real Estate Sector on account of outbreak of Covid-19 pandemic. Further, the Company had discussions with the Party and basis the projects launched and proposed monetization plans thereof, and it was mutually agreed that the payment will be received by end of FY 2020-2021. Additionally, there has been positive development in the Real Estate Sector due to various measures undertaken by the Government to boost the Sector.

The Board of Directors of the Company have noted the explanations and rationale provided by the Management which adequately addresses the issues. The Board believes the provisions made are adequate. Further, the Board will be reviewing more closely on periodic basis.

Response to Point No. 4 of 'Basis of Qualified Opinion':
This loan relates to Loan against shares and at the time of disbursement the security cover was as prescribed under the RBI Directions. The underlying shares are subject to volatility and due to various market factors the Loan to value ratio could not be maintained by the borrower. The Company has been constantly following up for margin top-up, however, the borrowers did not replenish the margin. The Board believes that the provision is adequate.

Response to Point No. 5 of 'Basis of Qualified Opinion':
The unforeseen delay was due to the impediment of operational efficiency owing to the Covid-19 pandemic & resultant lockdowns and migration of accounting to Ind-AS framework.

Response to 'Basis for Adverse Opinion on Internal Financial Controls with respect to Financial Statements':
The Board has taken note of these observations and has suggested the steps to be taken to enhance and strengthen the controls with respect to loan portfolio of the Company. The Company plans to undertake various initiatives to strengthen the policies and processes, internal financial controls including several digitalisation drives for robust operational control and risk management. The Company has also taken additional steps to strengthen the meticulous compliance with various applicable Rules and Regulations.

32. <u>Information Technology Framework</u>
At Shapoorji Pallonji Finance Private Limited, growth through investment in technology has been one of the key focus areas of the Board of directors and Senior Management . Our approach has been targeted in automation of processes and development of systems, which are robust, scalable, user friendly and secure, both for our internal usage as well as our customers and partners.

For our internal users, we endeavour to build and enhance the digitalisation through integrated digital platforms, deployed on our corporate private cloud, to enable continual access to our Core Systems, Compliance management, Risk management tools and HR systems. There are adequate access controls in place for security of information by use of best of the breed solutions available.

We have embarked upon our journey in building an end-to-end digitalization journey for our customers across all our products. To bring down the time to market, we have partnered with the market leaders with expertise in the areas of onboarding, analytics, and risk assessment. Some of our products are already in their testing phase. This development will enable an effortless experience for our customers while digitally onboarding and servicing them, by enabling mobile and web access. The system will be end to end integrated with a state-of-the-art decisioning engine, which provides real-time scorecards and risk assessment, bring down the turn around time to a considerable level.

We have also been assessed by external auditors during the year and are fully compliant with RBI master directives on IT Framework as applicable for NBFCs.

33. <u>Conservation of energy, technology absorption and foreign exchange earnings and outgo</u>
Given the nature of activities of the Company, the requirement of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 with regard to conservation of energy and technology absorption are not relevant and no particulars arise in the Company's case.

During the year under review, the foreign exchange earned in terms of actual inflows was Nil and the Foreign Exchange Outgo in terms of actual outflows was Rs. 7.66 Lakhs (converted in Indian Rupees).

34. Impact of COVID-19 Pandemic

In terms of the Policy approved by the Board of Directors pursuant to the Reserve Bank of India (RBI) Circular dated 27 March 2020, 17 April 2020 and 22 May 2020 relating to 'COVID-19 – Regulatory Package', the Company has granted moratorium to eligible borrowers for a period upto 6 months with regards to the payment falling due between 1 March 2020 and 31 August 2020. Further, in relation to the accounts overdue but standard as at 29 February 2020 where moratorium benefit has been extended in terms of aforesaid RBI guidelines, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk.

In relation to COVID-19, judgments and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries. While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied prior to the COVID-19 pandemic, the Company has separately incorporated estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic based on early indicators of moratorium and delayed payments metrics observed along with an estimation of potential stress on probability of defaults and exposure at defaults. Accordingly, the Company has measured additional impairment loss allowance and recognised a total provision towards expected credit losses of Rs.2,925.10 lakhs as at 31 March 2020. The extent to which the COVID-19 pandemic will impact the Company's impairment loss allowance on assets and future results will depend on future developments, which are highly uncertain, and the Company will continue to closely monitor the same. Also, Note No. 49 of Audited Financial Statements can also be referred in this regard.

35. Directors' Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 relating to Directors' Responsibility Statement, the Board of Directors, to the best of their knowledge and ability, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of applicable laws and that such systems were adequate and operating effectively.

36. Acknowledgements

The Board place on record its sincere thanks to the Reserve bank of India, Registrar of Companies and other Government and Regulatory Agencies. It also wishes to place on record its sincere appreciation for the continued support which the Company has received from its Promoters, Strategic Investor, lenders, bankers, customers, consultants and all other business associates. The Board also place on record their appreciation for the commitment, commendable efforts, team work and professionalism of all the employees of the Company.

For and on behalf of the Board
Shapoorji Pallonji Finance Private Limited

Sanjay Hinduja **Managing Director & CEO** **DIN: 00388123**	**Jai Mavani** **Non-Executive Director** **DIN: 05260191**

December 9, 2020

Management and Discussion Analysis

The COVID-19 pandemic and lockdown

The COVID-19 pandemic has spread across the world — leading to well above 14.04 million confirmed infections, over 597,000 deaths, enormous human suffering and a full stop on virtually all commercial and economic activities. Even India, apparently relatively fortunate up to now, has had 1,077,618 confirmed cases and 26,816 deaths as per COVID-19 Dashboard of World Health Organisation (WHO) dated 20 July 2020. With lockdowns spreading across countries accounting for over 50% of the world's gross domestic product (GDP), COVID-19 has caused disruptions on an unimaginable scale. Nobody really knows how long the pandemic will last; whether it will increase in the winter of 2020-21 and if so how, and what will be its final toll on lives and livelihood. With the impact of this pandemic still to play out, the scenario of eerily empty high streets, shut factories and stores, and literally millions being rendered unemployed together point to a single outcome — extreme stress for the global economy of the kind not seen since the Great Depression.

In India too, which implemented a lockdown on 25 March 2020, the pandemic has created shocks ripping through society and the world of business. The picture of millions of unemployed daily wage workers and their families trying to trudge back to their villages hundreds of kilometres away; shut factories and stores; empty construction sites; and a nation being deprived of its natural economic vigour are vignettes of this scourge. It consequently hastened the downward trajectory of GDP growth in Q4FY20 to 4.1%. For FY20, India's GDP growth declined to 4.2% as compared to 6.1% in FY19 *(Source: Global Economic Prospects June 2020 – World Bank).*

The Government of India announced a slew of wide-ranging reforms across varied sectors amidst a comprehensive package aggregating Rs. 20 lakh crores — or approximately 10% of nominal GDP — which covered among others Rs 3 lakh crore Guaranteed Emergency Working Capital Facility for Businesses, including MSMEs, Rs 20,000 crore Subordinate Debt for Stressed MSMEs, Rs 50,000 crore equity infusion through MSME Fund of Funds, Rs. 30,000 crore Special Liquidity Scheme for NBFC/HFC/MFIs Rs. 45,000 crore Partial credit guarantee Scheme 2.0 for Liabilities of NBFCs/MFIs, Rs 90,000 crore Liquidity Injection for DISCOMs *(Source: Press Release – Ministry of Finance)*. The Government has also initiated compliance relief measures across various regulatory requirements. The RBI has also initiated several measures like reduction in policy rates, monetary transmission, credit flows to the economy and providing relief on debt servicing.

Your Company is continuously reviewing the evolving situation in the light of COVID-19 and playing a responsible role in minimising the adverse impact of the pandemic on its businesses and the stakeholders' interests. Adapting to the 'new normal' of conducting business, your Company realigned the work priorities by placing highest importance on risk controls and collections.

The shape of the post-pandemic recovery curve depends upon the length of time for which economic activity is subdued, and damage caused by it. The growth is expected to be affected in the first half of FY21, and thereafter to pick up pace in the second half.

Special measures by the Government and RBI for COVID-19 impact mitigation

- Cut in Repo Rate by 40 bps to 4 per cent from 4.4 per cent
- Reverse repo rate cut at 3.35%, to purposefully create an imbalance, encouraging banks to productively disburse for lending purposes
- The marginal standing facility (MSF) rate and the Bank Rate stand reduced to 4.25 per cent from 4.65 per cent

- Additional measures like permitting all lending institutions to provide a 6-month moratorium for all term loans, deferring interest on working capital facilities and easing working capital financing, were announced to infuse liquidity in the markets.
- On April 17, 2020, the RBI announced another round of TLTRO amounting to Rs. 50,000 Crores and the banks are required to invest the funds in investment grade bonds, commercial paper, and non-convertible debentures of NBFCs, with at least 50% of the total amount availed going to small and mid-sized NBFCs and Micro Finance Institutions (MFIs)
- Special refinance facilities for a total amount of ₹50,000 crores to NABARD, SIDBI and NHB to enable them to meet sectoral credit needs.
- Special liquidity scheme for NBFCs/ HFCs through a Special Purpose Vehicle (SPV) to avoid any potential systemic risks to the financial sector.

Moratorium Announced by RBI
The outbreak of Covid-19 pandemic across the globe & India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The RBI has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 announced a moratorium of three months on the payment of instalments falling due between March 1, 2020 and May 31, 2020 to eligible borrowers. For all such accounts classified as standard and overdue as on February 29, 2020, where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the policy).

The RBI announced a moratorium of another three months from June 01, 2020 1 to August 31, 2020 from the earlier 3 months on repayment of term loans and interest on working capital, taking the total period of applicability of the moratorium period to 6 months.

Liquidity Risk Management
The NBFC sector has been facing liquidity related challenges ever since August 2018 after the IL&FS event and other alike events in BFSI Sector. There has been a flight to safety among debt market investors, which led to drying up of these sources for NBFCs.

The Regulatory Framework also saw tightening with the introduction of New Liquidity Risk Management guidelines in November 2019, and stringent scrutiny of Asset Liability mismatches, undertaken monthly.

Under the new framework, non-deposit taking NBFCs with asset size of 10,000 Crores or more and all deposit taking NBFCs will have to maintain a liquidity coverage ratio (LCR) requirement of 50% by December 01, 2020 and progressively increase it to 100% by December, 2024. Similarly, non deposit taking NBFCs with asset size between Rs. 50 billion and Rs. 100 billion would be required to have a minimum LCR of 30% by December 01, 2020. This might have produced short-term pain in the industry but it's an excellent long term measure to protect the sector from externalities, boost confidence in robustness of the sector, lower cost of funds for NBFCs (due to lower risk perception) and improve the overall risk management frameworks across the industry.

Industry structure & developments:

Industry Overview:

NBFCs are an integral part of the Financial System. Their importance has grown over the years with their innovative products, intelligent credit checks, quick turn - around times and ability to reach last mile customer, who generally do not have banking access.

The NBFC Sector in India is large with significant growth potential and has consistently created value for its shareholders. The reasons for steady rise in proportion of NBFC credit are the enhanced reach of NBFCs vis-à-vis banks and the flexibility in operations of NBFCs making them more approachable as against banks, especially for the underserved MSMEs.

The credit growth of NBFCs was slower in FY 2019-20, due to the risk perception for players with higher exposure to wholesale lending, asset-liability mismatches, capital adequacy and perceived corporate governance. This led to a scenario where NBFCs with riskier exposures and ALM mismatches finding it difficult to access capital market over the near to medium term.

The year gone by has been a significant year, as the country witnessed unprecedent events in the judicial and economic space *inter alia*:-

- Removal of 25% Debenture Redemption Reserve (DRR) requirement
- Relaxation of the minimum holding period of loans with original maturities > 5 years to encourage securitising assets
- Allowing co-origination of loans with Scheduled Commercial Banks
- Liquidity coverage ratio maintenance of 50% and 30%, as per the size of AUM
- Interest subvention scheme for NBFC-ND-SI for loans provided to MSMEs to the extent of 2% for all GST registered MSMEs
- One-time restructuring of existing loans to MSMEs

Opportunities and Threats:

Opportunities

- Under-penetration of financial services / products in India.
- Initiatives of the Reserve Bank of India on Policy alignment and latent credit demand in certain segments not catered by the Banks. RBI implements major changes in a structured manner providing companies operating in NBFC Sector adequate time to adapt and adjust.
- Introduction of array of new products to meet the varied requirements of customers.

Threats / Challenges

- Adequate funding, at the right cost and tenure will be critical to achieve business growth.
- Competition from local and multinational players.
- Maintaining the competitive edge with the new entrants like Payment Banks, Small Banks, Fin-Tech Companies.
- Attraction and retention of Human Capital.
- Given economic scenario, maintaining minimal delinquency levels through adequate levels of provisioning.
- The Company needs to be equipped to quickly adapt the constant changes in Regulations and competitive landscape.

Financial Performance:

Your Company is engaged in wholesale lending with a focus on providing innovative debt solutions to corporates, enterprises, etc in various sectors including Real Estate; Promoter Funding & Loan against Securities; etc.

Your Company's balance sheet size at the end of FY 2019-2020 stood at Rs. 101,025.63 lakhs as compared to Rs. 89,967.43 lakhs for FY 2018-19. On the asset side, the Company's loan book, which was at Rs. 82,892.08 lakhs in FY 2018-19, has grown to Rs. 97,966.74 lakhs in FY 2019-2020.

For the FY 2019-20, the revenues of the Company were at Rs. 18,316.23 lakhs as compared to Rs. 13,062.71 lakhs for FY 2018-19. The Profit after tax for FY 2019-2020 was Rs. 2,203.76 lakhs.

As on March 31, 2020, the Net worth of the Company stood at Rs. 40,243.37 lakhs. The total outstanding borrowing of the Company as on March 31, 2020 is Rs. 59,440.66 lakhs which includes

Term Loans from Banks of Rs. 44,992.31 lakhs and Working capital Facility from banks of Rs. 14,448.35 lakhs.

As on March 31, 2020, the impairment loss allowance was provided for Rs. 3,403.11 lakhs (Previous Year: Rs. 478.01 lakhs) as per Ind AS 109.

Operational Performance:
Your Company has adequate Capital to Risk-weighted Assets Ratio (CRAR) due to its robust capitalisation profile aided by low debt. The CRAR of the Company for the financial year ended on March 31, 2020 is at 23.44%, which is above the limit prescribed by the Reserve Bank of India.

Risks:
The risk philosophy of the Company involves developing and maintaining a healthy portfolio within its risk appetite and the regulatory framework. While it is exposed to various types of risks, the most important among them are credit risk, market risk (which includes liquidity risk and price risk) and operational risk. The measurement, monitoring and management of risks remains a key focus area of the Company.

Your Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked against best practices in the market.

The Board of Directors have an oversight on all the risks assumed by the Company. For credit risk, distinct policies and processes are in place. Management of credit risk is carried out through credit assessment, mitigation, etc; portfolio diversification, credit appraisal and approval processes, internal ratings, post sanction monitoring, operations control, fraud control, collection processes and remedial management procedures. For every product, underwriting standards, security structures, etc are specified to ensure consistency of credit patterns. All the credit proposals are approved by the Credit Committee of the Board or the delegation framework approved by the Board from time to time.

Further, the Board has taken note of the audit observations and has initiated steps to enhance and strengthen the controls on risk management. The Company plans to undertake various initiatives to strengthen the policies and processes, internal controls.

Internal Financial Control Systems and their adequacy:

Kindly refer Para 9 of the Boards' Report

Human Resources:

Kindly refer Para 15 of the Boards' Report

Outlook:

NBFCs have been playing a very important role from the macroeconomic perspective and as a core catalyst in the Indian Financial System. NBFCs are certainly emerging as better alternatives to the conventional banks for meeting the financial needs of various sectors. However, to survive and to constantly grow, NBFCs have to focus on their core strengths while improving on weaknesses. They will have to be very dynamic and constantly endeavor to search for new products and services in order to survive in this ever-competitive financial market.

The NBFC segment is a catalyst to the economic development of the country. The RBI is constantly striving to bring necessary changes in the NBFC Regulatory space to proactively provide regulatory support to the segment and also to ensure financial stability in the long run.

The outlook of the Company for the year ahead is to drive profitable growth across all products and maintain its asset quality across its offerings. The Company as a whole, will focus on balanced measured growth, asset quality and cross selling opportunities.

For and on behalf of the Board
Shapoorji Pallonji Finance Private Limited

Sanjay Hinduja
Managing Director & CEO
DIN: 00388123

December 9, 2020

Jai Mavani
Non-Executive Director
DIN: 05260191

CORPORATE GOVERNANCE REPORT

The Company recognizes its role as a Corporate Citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, Government and others. The activities of the Company are carried out in accordance with good corporate practices and the Company is constantly striving to better them by adopting best practices.

The Company believes that good Corporate Governance practices enables the Management to direct and control the affairs of the Company in an efficient manner and to achieve the goal of the Company of maximizing the value for all of its stakeholders.

The Board of Directors along with its Committees provides leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company.

The size of the Board commensurates with the size and business of the Company. At present, the Board comprises 7 (seven) Directors viz, Mr. Shapoorji Pallonji Mistry, Non-Executive Director (SP Nominee Director), Mr. Mahesh Tahilyani, Non-Executive Director (SP Nominee Director), Mr. Jai Mavani, Non-Executive Director (SP Nominee Director), Mr. S Kuppuswamy, Non-Executive Director (SP Nominee Director), Mr. Sharad Bajpai, Non-Executive Director (SSG Nominee Director), Mr. Manish Jain, Non-Executive Director (SSG Nominee Director) and Mr. Sanjay Hinduja, Managing Director and CEO (SP Nominee means Nominee of Shapoorji Pallonji And Co. Pvt. Ltd. and SSG Nominee means Nominee of Investment Opportunities IV Pte. Ltd.)

The Board of Directors duly met 4 (four) times during the year under review viz. April 24, 2019, June 18, 2019, October 14, 2019 and February 07, 2020.

The number of Board Meetings attended by each Director of the Company is as under:-

Name of the Director	No. of Meetings	
	Held during the tenure	Attended by the Director
Mr. Jai Mavani	4	3
Mr. Kuppuswamy Subramania	4	3
Mr. Homeyar Jal Tavaria@	3	3
Mr. Shapoorji Pallonji Mistry	4	2
Mr. Sanjay Hinduja	4	4
Mr. Sharad Bajpai	4	4
Mr. Shyam Maheshwari$	4	3
Mr. Mahesh Tahilyani#	0	0
Mr. Manish Jain#	0	0

Note:
@Mr. Homeyar Jal Tavaria ceased to be a Director w.e.f. January 10, 2020;
$Mr. Shyam Maheshwari ceased to be a Director w.e.f. March 23, 2020;
#Mr. Mahesh Tahilyani and Mr. Manish Jain has been appointed as an Additional Director on February 10, 2020 and March 23, 2020 respectively.

COMMITTEES OF THE BOARD

The Board has constituted various Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These include the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Management Committee, Corporate Social Responsibility Committee, IT Strategy Committee; etc. The Composition of various committees along with their terms of reference are as under:

A) <u>Audit Committee</u>

As on March 31, 2020, the Audit Committee (the Committee) comprised the following Directors of the Company as its Members:-

Mr. Manish Jain	Non-Executive Director
Mr. Sharad Bajpai	Non-Executive Director
Mr. Jai Mavani	Non-Executive Director
Mr. Mahesh Tahilyani	Non-Executive Director
Mr. Sanjay Hinduja	Managing Director & CEO.

The terms of reference of the Committee includes the roles and responsibilities as envisaged under Section 177 of the Companies Act, 2013 and as specified by the Reserve Bank of India in its Master Directions on Non-Banking Financial Company not accepting / holding Public Deposits *inter alia* review of financial statements and auditors' report, approval and subsequent modification of related party transaction, appointment / reappointment of Auditors, review of effectiveness of audit, etc; During the year under review, the Committee met 3 (three) times i.e. on June 18, 2019, October 14, 2019 and February 7, 2020.

The number of Committee Meetings attended by the Members during the year ended March 31, 2020 is as under:-

Name of the Committee Member	No. of Meetings	
	Held during the tenure	Attended by the Director
Mr. Shyam Maheshwari	3	2
Mr. Sharad Bajpai	3	3
Mr. Homeyar Jal Tavaria@	2	2
Mr. Jai Mavani	3	2
Mr. Sanjay Hinduja	3	3
Mr. Mahesh Tahilyani#	0	0
Mr. Manish Jain#	0	0

Note:

@Mr. Homeyar Jal Tavaria and Mr. Shyam Maheshwari ceased to be a members of the Audit Committee w.e.f. January 10, 2020 and March 23, 2020 respectively.
#Mr. Mahesh Tahilyani and Mr. Manish Jain became members of the Audit Committee w.e.f. February 10, 2020 and March 23, 2020 respectively.

B) <u>Nomination & Remuneration Committee</u>

As on March 31, 2020 the Nomination & Remuneration Committee (the Committee) comprised the following Directors of the Company as its Members:-

Mr. Manish Jain	Non-Executive Director
Mr. Sharad Bajpai	Non-Executive Director
Mr. Shapoorji Pallonji Mistry	Non-Executive Director
Mr. Jai Mavani	Non-Executive Director
Mr. Sanjay Hinduja	Managing Director & CEO.

The terms of reference of the Committee *inter alia* includes ensuring fit and proper status of the existing / proposed Directors, recommending the Fit & Proper Criteria Policy, etc. During the year under review, the Committee met 3 (three) times i.e. on April 24, 2019, June 18, 2019 and February 7, 2020.

The number of Committee Meetings attended by the Members during the year ended March 31, 2020 is as under:-

Name of the Committee Member	No. of Meetings	
	Held during the tenure	Attended by the Director
Mr. Shyam Maheshwari#	3	2
Mr. Sharad Bajpai	3	3

Mr. S. Kuppuswamy@	1	0
Mr. Jai Mavani	3	2
Mr. Sanjay Hinduja	3	3
Mr. Shapoorji Pallonji Mistry@	2	1
Mr. Manish Jain#	0	0

Note:

@Mr. S. Kuppuswamy ceased to be a member of the Nomination & Remuneration Committee w.e.f. June 18, 2019. Mr. Shapoorji Pallonji Mistry became member of the Nomination & Remuneration Committee w.e.f. June 18, 2019

#Mr. Shyam Maheshwari ceased to be a member of the Nomination & Remuneration Committee w.e.f. March 23, 2020. Mr. Manish Jain was appointed as a member of the Nomination & Remuneration Committee w.e.f. March 23, 2020.

C) Corporate Social Responsibility Committee

As on March 31, 2020, the Corporate Social Responsibility Committee of the Board (CSR Committee) comprised following Directors of the Company as its Members:-

Mr. Manish Jain	Non-Executive Director
Mr. Sharad Bajpai	Non-Executive Director
Mr. Jai Mavani	Non-Executive Director
Mr. S. Kuppuswamy	Non-Executive Director
Mr. Sanjay Hinduja	Managing Director & CEO.

The terms of reference of the CSR Committee *inter alia* includes recommending the amount of CSR expenditure, monitoring of CSR policy, etc. During the year under review, the CSR Committee met twice i.e. on June 18, 2019 and February 07, 2020.

The number of Committee Meetings attended by the Members during the year ended March 31, 2020 is as under:-

Name of the Committee Member	No. of Meetings	
	Held during the tenure	Attended by the Director
Mr. Shyam Maheshwari#	2	2
Mr. Sharad Bajpai	2	2
Mr. S. Kuppuswamy	2	2
Mr. Jai Mavani	2	1
Mr. Sanjay Hinduja	2	2
Mr. Manish Jain#	0	0

Note:# Mr. Shyam Maheshwari ceased to be a member of CSR Committee w.e.f. March 23, 2020. Mr. Manish Jain became member of CSR Committee w.e.f. March 23, 2020.

D) Risk Management Committee

As on March 31, 2020, the Risk Management Committee comprised the following persons as its members:-

Mr. Manish Jain	Non-Executive Director
Mr. Sharad Bajpai	Non-Executive Director
Mr. Jai Mavani	Non-Executive Director
Mr. S. Kuppuswamy	Non-Executive Director
Mr. Sanjay Hinduja	Managing Director & CEO
Ms. Dipti Advani	Head – Credit
Mr. Pankaj Gupta	Chief Financial Officer
Ms. Tripti Navani	Director – Credit & Markets.

The terms of reference of the Risk Management Committee *inter alia* includes evaluation of the Internal Financial Control and Risk Management Systems, managing integrated risk at entity level, to put in place a progressive Risk Management System, Policy and Strategy; etc; During the year under review, the Committee met twice i.e. on October 14, 2019 and December 16, 2019.

The number of Risk Management Committee (RMC) Meetings attended by the Members during the year ended March 31, 2020 is as under:-

Name of the Committee Member	**No. of Meetings**	
	Held during the tenure	**Attended by the Director**
Mr. Shyam Maheshwari#	2	1
Mr. Sharad Bajpai	2	2
Mr. Jai Mavani	2	2
Mr. S. Kuppuswamy	2	0
Mr. Sanjay Hinduja	2	2
Ms. Dipti Advani	2	2
Mr. Pankaj Gupta	2	1
Ms. Tripti Navani	2	2
Mr. Manish Jain#	0	0

Note: #Mr. Shyam Maheshwari ceased to be a member of a RMC w.e.f. March 23, 2020. Mr. Manish Jain was became a member of RMC w.e.f. March 23, 2020.

E) <u>Asset – Liability Management Committee</u>

As on March 31, 2020, the Asset – Liability Management Committee comprised the following as its members:-

Mr. Manish Jain	Non-Executive Director
Mr. Sharad Bajpai	Non-Executive Director
Mr. Jai Mavani	Non-Executive Director
Mr. S. Kuppuswamy	Non-Executive Director
Mr. Sanjay Hinduja	Managing Director & CEO
Ms. Dipti Advani	Head – Credit
Mr. Pankaj Gupta	Chief Financial Officer
Ms. Tripti Navani	Director – Credit & Markets.

The terms of reference of the Asset – Liability Management Committee (ALM Committee) *inter alia* includes to formulate ALM Guidelines and review of ALM Reports and the mismatches / gaps, if any; to consider product pricing for advances basis desired maturity profile and mix of the incremental assets and liabilities; to ensure liquidity and interest risk management in accordance with the regulatory framework; etc. During the year under review, the ALM Committee met 3 (Three) times i.e. on June 18, 2019, October 14, 2019 and February 7, 2020.

The number of Asset-Liability Management Committee Meetings attended by the Members during the year ended March 31, 2020 is as under:-

Name of the Committee Member	**No. of Meetings**	
	Held during the tenure	**Attended by the Director**
Mr. Shyam Maheshwari#	3	2
Mr. Sharad Bajpai	3	3
Mr. Jai Mavani	3	2
Mr. S. Kuppuswamy	3	2
Mr. Sanjay Hinduja	3	3
Ms. Dipti Advani	3	3
Mr. Pankaj Gupta	3	3
Ms. Tripti Navani	3	3
Mr. Manish Jain#	0	0

Note: #Mr. Shyam Maheshwari ceased to be a member of ALM Committee w.e.f. March 23, 2020. Mr. Manish Jain was appointed as a member of ALM Committee w.e.f. March 23, 2020.

F) <u>IT Strategy Committee</u>

As on March 31, 2020, the IT Strategy Committee comprised the following as its members:-

Name	Designation
Mr. Sanjay Hinduja	Managing Director & CEO
Mr. Mahesh Tahilyani	Non-Executive Director
Mr. Haresh Motwani	Chief Technology Officer
Mr. Shankar Krishnan	SP Group Head – Strategy
Mr. Delzad Mirza	SP Group -CISO.

Pursuant to the RBI Directions on IT Framework, the Board of Directors have also approved the IT Policy. The terms of reference, roles and responsibilities of the IT Strategy Committee are as under:-

i) To approve IT Strategy and policy documents and ensure that the management has put an effective strategic planning process in place;
ii) To ascertain that management has implemented processes and practices that ensure that the IT delivers value to the business;
iii) To ensure IT Investments represent a balance of risks and benefits and that budgets are acceptable;
iv) To monitor the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
v) To ensure proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.
vi) To carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.
vii) In respect of outsourced IT Operations the role and responsibilities as envisaged in the RBI Master Directions on IT Framework dated June 08, 2017 and as amended from time to time."

During the year under review, the Committee met twice i.e. on July 18, 2019 and December 16, 2019.

The number of Committee Meetings attended by the Members during the year ended March 31, 2020 is as under:-

Name of the Committee Member	No. of Meetings	
	Held during the tenure	Attended by the Director
Mr. Sanjay Hinduja	2	2
Mr. Homeyar Jal Tavaria	2	2
Mr. Haresh Motwani #	1	1
Mr. Delzad Mirza	2	2
Mr. Shankar Krishnan@	2	2
Mr. Mahesh Tahilyani	0	0

Note:

@Mr. Subodh Dubey, Shapoorji Pallonji Group – CIO, ceased to be a member of IT Strategy Committee. Mr. Shankar Krishnan, Shapoorji Pallonji Group – Head Strategy, was appointed as a member of IT Strategy Committee w.e.f. May 14, 2019

#Mr. Haresh Motwani, Chief Technology Officer, was appointed as a member of IT Strategy Committee w.e.f. October 14, 2019.

Besides the aforesaid Committees, the Board of Directors of the Company has constituted Committees comprising Board Members and Senior Management, Functional Heads for day to day operations of the Company viz. Operating Committee, Credit Committee, Securities Committee, IT Steering Committee, etc.

For and on behalf of the Board
Shapoorji Pallonji Finance Private Limited

Sanjay Hinduja
Managing Director & CEO
DIN: 00388123

Jai Mavani
Non-Executive Director
DIN: 05260191

December 9, 2020

Annexure B

MGT-9

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U65920MH1994PTC077480
ii.	Registration Date	04-April-1994
iii.	Name of the Company	Shapoorji Pallonji Finance Private Limited
iv.	Category/ Sub-Category of the Company	Private Company Limited by shares-Indian Non-Government Company
v.	Address of the Registered Office and contact details	SP Center, Courtyard 10B, 41/44 Minoo Desai Road, Colaba, Mumbai – 400 005.
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd. C-101, 247 Park, LBS MARG, Vikhroli (West) - 400083 Phone: +91 22 49186000 www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products/services	NIC Code of the product/service	% of total turnover of the Company
1	Financial Services (NBFC)	997113	99.98

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	Shapoorji Pallonji And Company Private Limited 70, Nagindas Master Road, Fort, Mumbai - 400023.	U45200MH1943PTC003812	Holding Company	53.12	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Promoters									
(1)Indian									
(a) Individual/HUF	-	25000	25000	0.01	-	-	-	-	(0.01)
(b) Central Govt.	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	153925907	-	153925907	53.08	153975887	50020	154025907	53.12	0.04
(e) Banks/ FI	-	-	-	-	-	-	-	-	-

(f) Any Other…	-	-	-	-	-	-	-	-	-
Sub Total A(1)	**153925907**	**25000**	**153950907**	**53.09**	**153975887**	**50020**	**154025907**	**53.12**	**0.03**
(2) Foreign									
(a) NRIs- Individuals	-	50000	50000	0.02	-	-	-	-	(0.02)
(b) Other- Individuals	-	-	-	-	-	-	-	-	-
(c)Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any Other…	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	**-**	**50000**	**50000**	**0.02**	**-**	**-**	**-**	**-**	**(0.02)**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**153925907**	**75000**	**154000907**	**53.11**	**153975887**	**50020**	**154025907**	**53.12**	**0.01**
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks/FI	-	-	-	-	-	-	-	-	-
(c)Central Govt	-	-	-	-	-	-	-	-	-
(d)State Govt(s)	-	-	-	-	-	-	-	-	-
(e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
(a) Bodies Corp.									
(i) Indian	-	4000	4000	0.00	-	4000	4000	0.00	-
(ii)Overseas	135926389	-	135926389	46.87	135926389	-	135926389	46.87	-
(b) Individuals									
(i)Individual shareholde	-	-	-	-	-	-	-	-	-

rs holding nominal share capital upto Rs. 1 lakh									
(ii)Individual shareholders holding nominal share capital in excess of Rs. 1 lakh		45000	45000	0.02	-	20000	20000	0.01	(0.01)
(c)Others	-	-	-	-	-	-	-	-	-
Sub Total (B)(2):	**135926389**	**49000**	**135975389**	**46.89**	**135926389**	**24000**	**135950389**	**46.88**	**(0.01)**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**135926389**	**49000**	**135975389**	**46.89**	**135926389**	**24000**	**135950389**	**46.88**	**(0.01)**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**289852296**	**124000**	**289976296**	**100**	**289902276**	**74020**	**289976296**	**100**	**-**

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	% Change in shareholding during the year
1	Shapoorji Pallonji And Company Private Limited	153925907	53.08	-	154025907	53.12	-	0.04
2	Mr. Shapoorji Pallonji Mistry	50000	0.02	-	-	-	-	(0.02)
3	Mr. Cyrus Pallonji Mistry	25000	0.01	-	-	-	-	(0.01)
	Total	154000907	**53.11**	-	154025907	**53.12**	-	0.01

iii. Change in Promoters' Shareholding

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
M/s. Shapoorji Pallonji And Company Private Limited					
1.	At the beginning of the year-	**153925907**	**53.08**	**153925907**	**53.08**
2.	**Date wise increase/ decrease in Promoters shareholding during the year specifying the reasons for increase/ decrease**				
	Transfer of shares from Ms. Rohiqa Cyrus Mistry to M/s. Shapoorji Pallonji and Company Pvt. Ltd. on May 28, 2019	**25000**	**0.01**	**153950907**	**53.09**
	Transfer of shares from Mr. Cyrus Pallonji Mistry to M/s. Shapoorji Pallonji and Company Pvt. Ltd. on May 28, 2019	**25000**	**0.01**	**153975907**	**53.10**
	Transfer of shares from Mr. Shapoorji Pallonji Mistry to M/s. Shapoorji Pallonji and Company Pvt. Ltd. on March 13, 2020	**50000**	**0.02**	**154025907**	**53.12**
3	At the End of the year	**154025907**	**53.12**	**154025907**	**53.12**
Mr. Shapoorji Pallonji Mistry					
1.	At the beginning of the year-	**50000**	**0.02**	**50000**	**0.02**
2.	**Date wise increase/ decrease in Promoters shareholding during the year specifying the reasons for increase/ decrease** Transfer of shares from Mr. Shapoorji Pallonji Mistry to M/s. Shapoorji Pallonji and Company Pvt. Ltd. on March 13, 2020	(50000)	(0.02)	Nil	Nil
3	At the End of the year	Nil	Nil	Nil	Nil
Mr. Cyrus Pallonji Mistry					
1.	At the beginning of the year-	**25000**	**0.01**	**25000**	**0.01**
2.	**Date wise increase/ decrease in Promoters shareholding during the year specifying the reasons for increase/ decrease** Transfer of shares from Mr. Cyrus Pallonji Mistry to M/s. Shapoorji Pallonji and Company Pvt. Ltd. on May 28, 2019	(25000)	(0.01)	Nil	Nil

3	At the End of the year	Nil	Nil	Nil	Nil

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
For Each of the Top 10 Shareholders		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
A.	Investment Opportunities IV Pte. Ltd.				
1.	At the beginning of the year	135926389	46.88	135926389	46.88
2.	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease	Nil	Nil	135926389	46.88
3.	At the End of the year (or on the date of separation, if separated during the year)	135926389	46.88	135926389	46.88
B.	Ms. Rohiqa Cyrus Mistry				
1	At the beginning of the year	25000	0.01	25000	0.01
2	**Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease** Transfer of shares from Ms. Rohiqa Cyrus Mistry to M/s. Shapoorji Pallonji and Company Pvt. Ltd. on May 28, 2019	(25000)	(0.01)	Nil	Nil
3	At the End of the year (or on the date of separation, if separated during the year)	Nil	Nil	Nil	Nil
C	Ms. Aloo Tata				
1	At the beginning of the year	20000	0.00	20000	0.00
2.	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease	Nil	Nil	20000	0.00
3.	At the End of the year (or on the date of separation, if separated during the year)	20000	0.00	20000	0.00
D	Abhipreet Trading Pvt. Ltd.				
1.	At the beginning of the year	4000	0.00	4000	0.00
2	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease	Nil	Nil	4000	0.00
3	At the End of the year (or on the date of separation, if separated during the year)	4000	0.00	4000	0.00

iv. **Shareholding of Directors and Key Managerial Personnel:**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
I.	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
A	At the beginning of the year				
(i)	Mr. Shapoor Mistry	**50000**	**0.02**	**50000**	**0.02**
B	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease Transfer of shares from Mr. Shapoorji Pallonji Mistry to M/s. Shapoorji Pallonji and Company Pvt. Ltd. on March 13, 2020	(50000)	(0.02)	Nil	Nil
C	At the End of the year	Nil	Nil	Nil	Nil

C. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i)Principal Amount	48,747.95	2,000.00	-	50,747.95
(ii)Interest due but not accrued	-	-	-	
(iii)Interest accrued but not due	136.94	8.38	-	145.32
Total (i+ii+iii)	48,884.89	2,008.38	-	50,893.27
Change in Indebtedness during the financial year				
· Addition	39,000.00	1500	-	40,500.00
· Reduction	28,723.94	3508.38	-	32,232.32
Net Change	10,276.06	(2,008.38)	-	8,267.68
Indebtedness at the end of the financial year				
(i)Principal Amount	59,160.95	-	-	59,160.95
(ii)Interest due but not accrued	-	-	-	-
(iii)Interest accrued but not due	279.71	-	-	279.71
Total (i+ii+iii)	59,440.66	-	-	59,440.66

D. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: During the year under review the Company did not have Managing Director / Whole-time Director / Manager

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount (in Rs.)
		Mr. Sanjay Hinduja, Managing Director & CEO	WTD	Manager	
1.	Gross salary (a)Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961 (b)Value of perquisites u/s 17(2) of the Income tax Act, 1961 (c)Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	51,500,008 126,263 0	- - -	- - -	51,500,008 126,263 0
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission -as % of profit -others	-	-	-	-
5.	Others	-	-	-	-
	Total (A)	51,626,271	-	-	51,626,271

Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
	(1)Independent Directors • Fee for attending board committee meetings • Commission • Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil	Nil	Nil
	(2) Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	Nil	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil

B. Remuneration to Key Managerial Personnel other than MD/Manger/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Pankaj Gupta, CFO	Ms. Preeti Chhabria, CS	Total
1.	Gross salary (a)Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961 (b)Value of perquisites u/s 17(2) of the Income tax Act, 1961 (c)Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	9,561,008 111,895 0	5,343,962 0 0	14,904,970 111,895 0
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission -as % of profit -others	-	-	-
5.	Others	-	-	-
	Total (A)	9,672,903	5,343,962	15,016,865

E. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENSES:

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made, if any
A.Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B.Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C.Other Officers in Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board
Shapoorji Pallonji Finance Private Limited

Sanjay Hinduja
Managing Director & CEO
DIN: 00388123

Jai Mavani
Non-Executive Director
DIN: 05260191

December 9, 2020

Annexure C

ENVIRONMENTAL AND SOCIAL GOVERNANCE / CORPORATE SOCIAL RESPONSIBILITY POLICY

Background

Shapoorji Pallonji Finance Private Limited (“**SPFPL**” or “**Company**”) is registered as a Non-Deposit taking, Non-Banking Financial Company (“**NBFC-ND**”) with the Reserve Bank of India (“**RBI**”) in terms of Section 45IA of the Reserve Bank of India Act, 1934 (“**RBI Act**”). SPFPL is subsidiary of Shapoorji Pallonji And Company Private Limited (‘**SPCPL’**). The Directions as applicable to systemically important non-deposit taking non-banking financial companies (NBFC-ND-SI) are applicable to SPFPL.

SPFPL is into the financing business and provides various types of secured and unsecured loans and other facilities.

Introduction

SPFPL is committed to grow in a socially and environmentally responsible manner. The Company’s Corporate Social Responsibility (CSR) / Environmental Social Governance (ESG) vision is to enable sustainable development and inclusive growth across communities through innovative socio economic and environmental interventions, in fulfilment of its role as a socially responsible corporate citizen. CSR / ESG is embedded in our values and reflects how we conduct business, develop products and services and deliver on our goals and commitments. As a Company, we follow responsible business practices in the geographies in which we operate. We rigorously review our business practices and policies and are continuing to simplify information for customers, maintain a strong risk culture and manage our businesses to be accountable to customers and stakeholders.

Our CSR / ESG approach, will continue to focus on building strong economies, helping communities thrive, promoting arts and culture and environmental sustainability.

Objective

This Policy sets out the framework that guides all ESG / CSR initiatives and activities undertaken by the Company. This Policy is framed in accordance with the provisions of Section 135 of the Companies Act, 2013 read with the relevant Rules made there under. Any project or program that is exclusively for the benefit of SPFPL’s employees would not be considered as CSR / ESG initiative, program, project or activity. The surplus arising out of the ESG / CSR projects, initiatives or programs or activities shall not form part of the business profit of SPFPL. The scope and ownership of this Policy will be with SPFPL and shall be governed by the applicable Indian laws.

The Policy is guided by SPFPL’s vision to integrate environmental protection and social development into its mandate in a proactive manner in order to contribute towards sustainable development of the economic socio conditions. To achieve a balance between developmental imperatives, and environmental sustainability and social well-being in its operations, SPFPL:

(i) Gives due consideration to environmental and social (E&S) aspects in examining the credit proposal and financing projects in order to avoid, minimize, and mitigate environmental and social adverse impacts and risks, if any; and

(ii) to comply with applicable Indian environmental and social policies, laws, and regulations.

Scope & Focus Areas

In accordance with the provisions of the Companies Act, 2013 (Act), the scope and focus areas of the Company's CSR / ESG policy, amongst other activities enumerated in Schedule VII of the Act, will be as below:

(i) Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation (including contribution to the Swachh Bharat Kosh set up by the Central Government for promotion of sanitation) and making available safe drinking water;

(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of River Ganga;

(v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

(vi) Measures for the benefit of armed forces veteran, war widows and their dependents;

(vii) Training to promote rural sports nationally recognized sports and Olympic sports;

(viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

(ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

(x) Rural development projects;

(xi) Slum area development;

(xii) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);

(xiii) disaster management, including relief, rehabilitation and reconstruction activities;

(xiv) Such other areas and activities as enumerated in Schedule VII of the Companies Act, 2013; and

(xv) Such other areas and activities as may be notified by the Central Government, the Ministry of Corporate Affairs; etc eligible for CSR purposes.

Currently, the Policy, *inter alia*, includes the activities enumerated in Schedule VII of Companies Act 2013, the scope and focus of the Policy shall be modified from time to time in accordance with the applicable laws.

SPFPL shall give preference to the local area and areas around it where the Company operates, for spending the amounts earmarked for ESG / CSR Projects.

Governance/Operational Framework

ESG / CSR Committee

Section 135 of the Companies Act, 2013 requires a ESG / CSR Committee to be constituted by the Board of Directors ('Board') of the Company. The ESG / CSR Committee is the governing body that will promote, function, operate and perform all matters related to and/or ancillary with regard to the focus areas and ensure compliance with this Policy under the supervision and guidance of the Board.

Modalities

The ESG / CSR Committee will ensure screening, vetting and shortlisting of various projects and proposals and recommend the amount of expenditure to the Board for approval.

Implementation, Monitoring & Documentation

To the extent possible, funding for CSR / ESG projects/activities will be for such period as may be determined by the Board, with potential for future funding contingent on programming and outputs assessed from the interim and final reports provided by ESG / CSR Committee as per applicable laws.

The Company will institute a robust monitoring mechanism for all ESG/CSR programs, generating annual progress reports. These reports will be reviewed by the ESG / CSR Committee with an aim to assess the impact of our ESG / CSR interventions (either new or ongoing), including but not limited to the modalities of utilization of funds on such projects or programs or activities and the monitoring and reporting mechanism, etc. These reports will also form the basis of any external reporting that is required under the Companies Act, 2013.

Review & Amendments

The Board shall review this Policy at least annually and the Policy may be amended from time to time by the Board on the recommendation of the ESG/CSR Committee.

Disclosures

The Annual Report of the Company shall include a report on ESG/CSR activities containing the following particulars as prescribed under the Companies Act, 2013 and rules framed thereunder, as amended from time to time:-

(a) Description of contents of the Policy;
(b) An overview of the activities and reference to the web-link to the Policy and projects or programs on the website of the Company;
(c) The composition of the ESG/CSR Committee;
(d) Average net profit for the preceding 3 financial years;
(e) Prescribed expenditure;
(f) Details of amount spent in the prescribed format;

(g) Amount unspent, if any, and reasons for not spending the amount;

(h) Responsibility statement of the ESG/CSR Committee that the implementation and monitoring of the Policy is in compliance with the ESG/CSR objectives and the Policy;

(i) Such other matters as may be specified from time to time for inclusion in the annual report.

For and on behalf of the Board
Shapoorji Pallonji Finance Private Limited

Sanjay Hinduja
Managing Director & CEO
DIN: 00388123

Jai Mavani
Non-Executive Director
DIN: 05260191

December 9, 2020

Annual Report on CSR Activities

[Pursuant to sub-section (3) of Section 135 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 and as amended]

1. **Outline of CSR Policy**

   Shapoorji Pallonji Finance Private Limited (SPFPL) along with its parent company has tried to create harmony and support causes/projects like Promoting Gender Equality and Women Empowerment by encouraging and supporting women in the role of entrepreneurship for better livelihoods and economic self-sufficiency, Setting up individual micro-enterprises/shops, collective farm and non-farm based enterprises

2. **Focus Areas**

   SPFPL is also working towards Promotion of Education and Elimination of Malnutrition, a) Prevention of Indian Heritage b) Education and Promoting Environmental Sustainability. Our focus last year was on Education and Women Empowerment across the country in the states of Maharashtra, Kerala, Madhya Pradesh and Rajasthan.

   The CSR Policy adopted by the Company is available on https://www.shapoorjipallonji.com/company/SPFinance

3. **Composition of the Corporate Social Responsibility Committee (CSR Committee)**

The Board of Directors of Shapoorji Pallonji Finance Private Limited has constituted CSR Committee that fulfills the requirements of Section 135 of the Companies Act, 2013 (hereafter referred to as Section 135). The CSR Committee comprises the following Directors as its members:-

Mr. Jai Mavani, Non-Executive Director
Mr. S. Kuppuswamy, Non-Executive Director
Mr. Sharad Bajpai, Non-Executive Director
Mr. Manish Jain, Non-Executive Director
Mr. Sanjay Hinduja, Managing Director & CEO

4. **Average net profit of the Company for last 3 financial years**

   The average net profit of Shapoorji Pallonji Finance Private Limited for 3 financial years is Rs. 2,534.78 lakhs

5. **Prescribed CSR spend of Shapoorji Pallonji Finance Private Limited**

   The recommended CSR expenditure for Shapoorji Pallonji Finance Private Limited as per Section 135 for the financial year 2019-2020 was Rs. 50.70 lakhs

6. **Details of CSR spent during the financial year 2019-2020**

a) Total amount spent for the FY 2019-20 – INR 75.46 Lakhs
b) Amount unspent, if any – Nil
c) Manner in which the amount spent during the FY 2019-2020 is detailed below:

During financial year 2019-2020, Shapoorji Pallonji Finance Private Limited has spent INR 75.46 lakhs on CSR Projects. The breakdown of the manner in which this expenditure was made has been depicted in the table given below:-

1	2	3	4	5	6		7	8		9
Sr. No.	**CSR Project or Activity Identified**	**Sector in which Project is covered**	**Projects or Programs (1) Local area or other (2) Specify the State and district where Projects or programs was under taken**	**Amount Outlay (Budget) Project or Programs wise (Rs.)**	**Amount spent on the Projects or Programs Sub Heads:**		**Cumulative expenditure upto the Reporting Period**	**Amount Spent: -**		**Implementing Agency Name, Address & Email ID**
					Direct Expenditure on Projects or Programs (Rs.)	**Overheads**		**Direct**	**Implementing Agency (In case of Implementing Agency, give the details of Implementing Agency – Name & Status)**	
1	Installation of 150 Solar Street Poles	Promoting Environ-mental Sustainability	Parchundi Mamdapur Bhilegaon Kaudgoan Huda Vadkhel Maharashtra, India	30,00,000/-	8,00,000/-	NIL	8,00,000/-	NIL	Manav Seva Mandal	Manav Seva Mandal Shri Sant Dyaneshwar Hospital, Jalalpur Road, Parli, Vaijnath – 431515, Dist – Beed msmparliv@gmail.com
2	Scholarship for Under-privileged Students	a) Prevention of Indian Heritage b) Education	Ernakulam District, Kerala	28,03,000/-	5,00,000/-	NIL	5,00,000/-	NIL	Chinmaya Mission Vishwavidyapeeth, Deemed University	Chinmaya Mission Vishwavidyapeeth, Adi Sankara Marg, Ernakulam, Kerala 682313, nmsundar@cvv.ac.in
3	Parivaar MP Seva Kutirs (148 villages in 5 Districts of MP for Day Boarding Meal cum Education Centres) in Madhya Pradesh	Promotion of Education and Elimination of Malnutrition	Chatarkota and Baniyagaon villages in Sehore District, Madhya Pradesh	18,47,04,000/-	24,96,000/-	NIL	24,96,000/-	NIL	Parivaar Education Society	Parivaar Education Society Parivaar, Bonogram, Bakhrahat Road, Kolkata – 700104 (registered address) siddharth@parivaar.org

4	Promoting Women Entrepreneurship for better livelihood and economic self sufficiency	Promoting gender quality and empowering women	Alwar District, Rajasthan	25,00,000/-	Project costs: 5,25,800/- Human Resource costs: 5,32,950/-)	1,91,260/-	12,50,000/-	NIL	IBDATA	Ibdata, Near Ibdata Circle, Rajgarh Road, 200 feet bypass, Alwar 301001, Rajasthan, info@ibdata.in
5	Promoting Grassroots' Women's Empowerment through Women Entrepreneur-ship and Leadership Initiatives in the state of Maharashtra	Women's Empower-ment	Osmanabad (Washi block) & Latur (Deoni block) districts in Maharashtra state.	25,00,000/- Total Year 1 (FY 2019-2020)	Setup Cost (One Time) 3,00,000/- Implementation Costs (Recurring) 7,28,000/- (Project Operating Costs- 5,00,000/-, Human Resource Costs – 2,28,000/-)	Infrastructure & Project Admin Costs - 2,22,000/-	25,00,000/-	NIL	Swayam Shikshan Prayog	Swayam Shikshan Prayog 102, First Floor, Gayatri Building, Orchid School Lane, Balewadi Phata, Baner, Pune 411045, Maharashtra sspindia1@gmail.com

For and on behalf of the Board
Shapoorji Pallonji Finance Private Limited

Sanjay Hinduja
Managing Director & CEO
DIN: 00388123

Jai Mavani
Non-Executive Director (CSR Committee Chairman)
DIN: 05260191

December 9, 2020

RELATED PARTY TRANSACTION POLICY

PREAMBLE

*Shapoorji Pallonji Finance Private Limited (“**The Company**” or “**SPFPL**”) is registered with the Reserve Bank of India (‘**RBI**’) as a Non – Banking Financial Company not accepting or holding deposits. As stipulated by RBI, the Board of Directors of SPFPL (“**Board**”) has laid down the following Internal Guidelines on Corporate Governance, including this policy on Related Party Transactions This Policy has been framed in order to comply with the directions of the RBI along with the effective compliance with the provisions of the Companies Act, 2013. This policy provides a framework for governance and reporting of Related Party Transactions.*

*SPFPL is subsidiary of Shapoorji Pallonji And Co. Pvt. Ltd., the Holding Company of the Company. SPFPL is committed in conducting its business in accordance with applicable laws, rules and regulations with the highest standards of business ethics and ethical conduct. Corporate Governance is about maximizing shareholders’ value on a sustainable basis and ensuring fairness to all other stakeholder of the Company. During the course of business operations of the Company, there are likely to be transactions between parties, who under various regulations, particularly the Companies Act, 2013 (‘**the Act**’) and Rules framed thereunder and the Accounting Standards on Related Party Disclosures (‘Accounting Standard 18’) as notified from time to time, will be considered to be transactions with Related Parties.*

*The Board, in order to ensure transparency, shareholder confidence and in adherence to the rules for Related Party Transactions (“**RPT**”) have adopted the following policy and procedures with respect to Related Party Transactions of the Company.*

PURPOSE

This Policy is framed as per the requirement of applicable provisions of the Act and the Rules framed thereunder and RBI Guidelines issued in this regard and intend to ensure the proper approval and reporting of transactions between the Company and its Related Parties.

The Company is required to disclose each year in the Financial Statements, transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

DEFINITIONS

1. *“**Act**” means the Companies Act, 2013, and the Rules framed thereunder including any modifications, amendments, clarifications, circulars or re-enactments thereof from time to time.*

2. *“**Arm’s length transactions**” means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.*

3. *“**Associate**” means an enterprise in which the Company has a significant influence, but which is not a subsidiary company of the Company having such influence and includes a joint venture company and the term “**Associate Company**” shall be interpreted accordingly. For the purpose of this definition, “**Significant Influence**” means control of at least 20% (twenty percent) of total voting power or control or participation in business*

decisions under an Agreement
*"**Joint Venture**" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement*

4. *"**Audit Committee**" means the Audit Committee of the Board of Directors of the Company constituted under the provisions of the RBI Guidelines issued in this regard and shall have the similar meaning as defined under Section 177 of the Companies Act, 2013 to the extent applicable to the Company.*

5. *"**Board**" means Board of Directors of the Company*

6. *"**Company Secretary**" means a person who is appointed by the Company to perform the functions of the Company Secretary under provisions of the Companies Act, 2013;*

7. *"**Key Managerial Personnel**" means -*
   (a) the Chief Executive Officer or the Managing Director or the Manager;
   (b) the Company Secretary;
   (c) the Whole - Time Director(s);
   (d) the Chief Financial Officer;
   (e) such other officer, not more than one level below the directors who is in whole-time employment, designated as Key managerial personnel by the Board; and
   (f) such other officer as may be prescribed under Section 2(51) of the Act or Rules framed thereunder.

8. ***"Material Related Party Transaction / Contract / Arrangement"*** *means any one of the following transactions with the Related Party which individually or taken together with previous transactions during a financial year in the ordinary course of business, on arms' length basis and fulfilling the criteria of threshold limit as specified respective transaction:-*
   a) *sale, purchase or supply of any goods or materials, directly or through appointment of agent - amounting to 10% or more of the turnover of the company*
   b) *selling or otherwise disposing of, or buying, property of any kind; directly or through appointment of agent - amounting to 10% or more of net worth of the company*
   c) *leasing of property of any kind- amounting to 10% or more of the turnover of the Company*
   d) *availing or rendering of any services; - directly or through appointment of agent, amounting to 10% or more of the turnover of the company*
   e) *such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company - at a monthly remuneration exceeding Rs. 2,50,000/-;*
   f) *underwriting the subscription of any securities or derivatives thereof, of the company – Remuneration for underwriting exceeding 1% of the net worth; and*
   g) *payments with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into, exceed 2% of the annual turnover of the Company.*

The Turnover or Net worth referred above shall be computed on the basis of the audited financial statement of the preceding financial year.

9. ***"Ordinary course of business"*** *for the purpose of this Policy will cover the business of the Company and usual transactions, customs and practices of a business and would include activities to be carried out incidental to or to facilitate the ordinary course of business of the Company and is usual or customary to the Company and / or providing the necessary support (financial or otherwise) to its Holding Company, Associate Company, Subsidiaries, Fellow Subsidiaries (subsidiary of the Holding Company to which Company is also a subsidiary) etc,*

10. *"office or place of profit" means any office or place—*
(i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
(ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

11. *"**Related Party Transaction**" or "**RPT**" means any transaction between the Company on one side and the Related Party of the Company on other side.*

12. *"**Related Party**" with reference to a company, means -*
(a) a director or his Relative;
(b) a Key Managerial Personnel or his Relative;
(c) a firm, in which a Director, Manager or his Relative is a partner;
(d) a private company in which a Director or Manager or his relatives is a member or director;
(e) a public company in which a Director or Manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;
(f) any body corporate whose Board of Directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager unless the advice, directions or instructions are given in a professional capacity;
(g) any person under whose advice, directions or instructions a Director or Manager is accustomed to act unless the advice, directions or instructions are given in a professional capacity;
(h) Director or Key Managerial Personnel of the Holding Company or his relative other than the Independent Director;

(i) any body corporate which is
  1. *a Holding, subsidiary or an associate Company of such Company*
  2. *A subsidiary of a holding company to which it is also a subsidiary; or*
  3. *An investing company or the venture of the company, which means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate;*

(j) any other person that may be prescribed under Section 2(76) of the Act; and
(k) Related Party as per Accounting Standard 18.

13. *"**Relative**" means relative as defined under Section 2(77) of the Act and includes anyone who is related to another in any of the following manner –*
(a) they are members of a Hindu Undivided Family;
(b) they are husband and wife;
(c) father (including step-father);
(d) mother (including step-mother);
(e) son (including step-son);
(f) son's wife;
(g) daughter;
(h) daughter's husband;
(i) brother (including step-brother); and
(j) sister (including step-sister).

14. *"**Transaction**" with a Related Party shall be construed to include any contract or arrangement or transaction, whether single or as a group of transaction and for the purpose of applying thresholds as specified in Section 188 of the Act and the relevant Rules it shall include previous transaction(s) during the financial year with the said Related Party.*

Approval process

I. Audit Committee

All Related Party Transactions which are in the ordinary course of business and on arms' length basis must be referred to the Audit Committee for its prior approval and any subsequent modification of Related Party Transaction shall also require the approval of the Audit Committee. The Audit Committee shall consider all requisite factors while considering a related party transaction for its approval.

To review a Related Party Transaction, the Audit Committee will be provided with all relevant material information of the Related Party Transaction, name of the Related Party, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, nature and duration of the transaction and justification / rational for arms' length and any other relevant information.

The Audit Committee may make omnibus approval for related party transactions which are repetitive in nature subject to the following conditions:

a) *The Audit Committee shall satisfy itself on the need for omnibus approval and that such approval is in the interest of the Company;*
b) *The omnibus approval shall contain the name of the related party(ies), nature and duration of the transaction, maximum amount of transaction that can be entered into, justification / rational for arms' length, if any, and such other conditions, as the Audit Committee may deem fit;*
   Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may make omnibus approval for such transactions subject to their value not exceeding INR 1 crore per transaction.
c) *Omnibus approval shall be valid for a period not exceeding 1 (One) Financial Year and shall require fresh approval after the expiry of such Financial Year;*
d) *Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.*
e) *The Audit committee shall review, the details of the RPTs entered into by the Company pursuant to the omnibus approval given on a yearly basis.*

II. Board of Directors

In case any Related Party Transactions are referred by the Audit Committee to the Board for its approval due to the transaction being-

(i) *not in the ordinary course of business, or*
(ii) *not at an arm's length price,*

the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering such transaction, the thresholds, etc. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances.

III. Shareholders

If a Related Party Transaction is not in the ordinary course of business, and / or not at arm's length price and exceeds certain thresholds prescribed under Section 188 of the Act and relevant rules, it shall require shareholders' approval.

IDENTIFICATION OF RELATED PARTIES

Every Director and Key Managerial Personnel of the Company is required and responsible to disclose the details of any person or entity that would be regarded as Related Party in accordance with the provisions of the Act, Rules framed thereunder and this Policy. Such Disclosure shall include disclosure of the Director, Key Managerial Personnel's and his/ her relative's concern or interest in any company or companies or bodies corporate, firms or such other association of individuals which shall include the shareholding, directorship, membership, partnership, etc.

The list of Related Parties as envisaged in this Policy shall be prepared and reviewed at least on an annual basis.

RELATED PARTY TRANSACTIONS NOT APPROVED PREVIOUSLY

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board or the Shareholders as may be required in accordance with the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 and Rules framed thereunder and this Policy and for review and ratification. The Audit Committee or the Board or the Shareholders shall consider all relevant facts and circumstances in relation to such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Audit Committee or Board or the Shareholders deems appropriate under the circumstances.

OUTSOURCING TO A RELATED PARTY

In case the Company decides to outsource or intends to outsource any of its financial activities and any such other services to a related party, it shall do so in accordance with the Outsourcing Policy of the Company framed in accordance with the RBI Directions applicable to the Company and the Directions issued by RBI in this regard from time to time.

IMPLEMENTATION

This Policy is effective from the date as approved by the Board of Directors of the Company.

REVIEW

This Policy shall be reviewed by the Board / Audit Committee of the Company at least on an annual basis.

DISCLOSURE

The Policy is made available on the website of the Company and a web link thereto shall be provided in the Company's Annual Report. The Company shall disclose the Material Related Party Transaction / Agreement / Contract, if any, in the Annual Report of the Company.

LIMITATION

In the event of any conflict between the provisions of this Policy and of the Act or any other statutory enactments, rules or regulations, thereof, the Act, Rules and such regulations shall prevail over this Policy and any subsequent amendment to the applicable laws in this regard shall be automatically applicable to this Policy.

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For and on behalf of the Board
Shapoorji Pallonji Finance Private Limited

Sanjay Hinduja
Managing Director & CEO
DIN: 00388123

Jai Mavani
Non-Executive Director
DIN: 05260191

December 9, 2020

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transaction	Date of approval by the Board / Audit Committee	Amount paid as advances, if any
Shapoorji Pallonji and Company Private Limited	Loans taken from	90 days	1,500.00	15 February,2019	
Shapoorji Pallonji and Company Private Limited	Loan repaid to	90 days	1,500.00	15 February,2019	
PMD Infrastructure & Development Private Limited	Loan given to	165 days	2,500.00	15 February,2019	
PMD Infrastructure & Development Private Limited	Loan repaid by	165 days	2,500.00	15 February,2019	
Coherent RMC Private Limited	Loan given to	135 days	2,500.00	15 February,2019	
Coherent RMC Private Limited	Loan repaid by	135 days	2,500.00	15 February,2019	
Stonesteel Prefab Infra Private Limited	Loan given to	165 days	1,750.00	15 February,2019	
Stonesteel Prefab Infra Private Limited	Loan given to	165 days	1,750.00	15 February,2019	
Stonesteel Prefab Infra Private Limited	Loan repaid by	165 days	750.00	15 February,2019	
Stonesteel Prefab Infra Private Limited	Loan repaid by	165 days	1,000.00	15 February,2019	
Stonesteel Prefab Infra Private Limited	Loan repaid by	165 days	225.00	15 February,2019	
Stonesteel Prefab Infra Private Limited	Loan repaid by	165 days	1,750.00	15 February,2019	
Stonesteel Prefab Infra Private Limited	Loan repaid by	165 days	175.00	15 February,2019	
Shapoorji Pallonji Development Managers Private Limited	Sale of non convertible	N.A.	2,385.13	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan given to	180 days	600.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan given to	180 days	500.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan given to	180 days	15.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan given to	180 days	15.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan given to	180 days	14.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan given to	180 days	13.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan given to	180 days	15.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan given to	180 days	15.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan given to	180 days	605.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan given to	180 days	505.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan given to	180 days	25.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan given to	180 days	30.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan repaid by	180 days	600.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan repaid by	180 days	500.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan repaid by	180 days	15.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan repaid by	180 days	15.00	15 February,2019	
Shapoorji Pallonji Ports Private Limited	Loan repaid by	180 days	14.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan given to	180 days	600.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan given to	180 days	500.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan given to	180 days	100.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan given to	180 days	300.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan given to	180 days	800.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan given to	180 days	600.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan given to	180 days	500.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan given to	180 days	100.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan given to	180 days	300.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan given to	180 days	800.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan repaid by	180 days	400.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan repaid by	180 days	600.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan repaid by	180 days	500.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan repaid by	180 days	600.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan repaid by	180 days	500.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan repaid by	180 days	100.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan repaid by	180 days	300.00	15 February,2019	
Shapoorji Pallonji Construction Private Limited	Loan repaid by	180 days	800.00	15 February,2019	

Sanjay Hinduja
Managing Director & CEO
DIN: 00388123

Jai Mavani
Director
DIN: 05260191

December 9, 2020

Independent auditor's report

To the Members of Shapoorji Pallonji Finance Private Limited
Report on the audit of the financial statements

Qualified Opinion

1. We have audited the accompanying financial statements of Shapoorji Pallonji Finance Private Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, except for the matters described in paragraph 3 below, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and except for the effects of the matters described in the Basis for Qualified Opinion section of the report which is presently not ascertainable, give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its total comprehensive income (comprising of profit and other comprehensive income), its changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

3. We draw your attention to note 43 A (i) and (ii) to the financial statements regarding certain loans granted by Company to 2 borrower entities amounting to Rs. 4,243 lacs and note 43 A (iii) to financial statements regarding other receivables amounting to Rs. 590 lacs and related provision on the said borrower entities amounting to Rs. 377 lacs and other receivable amounting to Re. 1 lac respectively.
   In absence of availability of sufficient appropriate audit evidence regarding the recoverability of the loan as mentioned against note 43 A (i) to the financial statements, we are unable to comment on the appropriateness of the classification of the loan as at March 31, 2020 in accordance with the Indian Accounting Standard (Ind –AS) and Reserve Bank of India ('RBI') Prudential norms as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("RBI Prudential norms").

   Further, in respect of all the above-mentioned loan arrangements and receivables as set out in Note 43 A (i), (ii) and (iii) to the financial statements, we are unable to ascertain and comment whether the loan loss provision and provision against receivable is adequate as per Ind AS 109 and RBI Prudential norms. This would, consequently, have an impact on the regulatory reporting i.e. capital adequacy ratio, appropriateness of computation of owned funds, net owned funds as per the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time ("RBI Master Directions") and related disclosures in the financial statements. Consequently, the impact of these matters on the financial statements are presently not ascertainable.

   Also, we would like to emphasise with respect to the matters mentioned in the note 43 A (iv) to the financial statements in respect of internal financial controls with respect to the financial statement. Subsequent to the year end the management has provided us with sufficient and appropriate audit evidence that the financial statements are free from material misstatement in respect of these matters. However, since the Company's internal controls were not operating effectively at the time of grant of such loans, we have issued an adverse opinion in reporting on internal controls with reference to financial statements (Refer Annexure A of the audit report).

4. We draw your attention to Note 48 vii (A) to the financial statements regarding the shortfall in the maintenance of loan to value (LTV) in respect of loan against securities. Accordingly, the LTV ratio as per the RBI Master Directions have not been complied with. The impact of this matter on the financial statements is presently not ascertainable.

5. We draw your attention to note 49.2 to the financial statements regarding delay in submission of annual financial statements for the year ended March 31, 2020 with the Reserve Bank of India in accordance with RBI Master Directions. The impact of this matter on the financial statements is presently not ascertainable.

6. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

7. We draw your attention to Note 49.1 to the financial statements, which explains the uncertainties and the management's assessment of the financial impact, due to restrictions imposed by the Government of India and other factors impacting the Company's operation due to the COVID-19 pandemic, for which a definitive assessment of the impact of the subsequent period is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Other Information

8. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Directors and Annexures thereto, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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LLPIN AAC-5001
Chartered Accountants
FRN 012754N/N500016
Mumbai

Responsibilities of management and those charged with governance for the financial statements

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

10. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

15. The financial information of the Company for the year ended March 31, 2019 and the transition date opening balance sheet as at April 1, 2018 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2019 and March 31, 2018 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated June 18, 2019 and June 27, 2018 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our Opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

16. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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17. As required by Section 143(3) of the Act, we report that:

(a) We have sought and except for the matters described in paragraph 3 of the Basis for Qualified Opinion section of our report, 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, except for the indeterminate effects of the matters described in the Basis for Qualified Opinion section of our report, 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 Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, except for the indeterminate effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) The matters described in the Basis for Qualified Opinion section of our report, in our opinion, may have an adverse effect on the functioning of the Company.

(f) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With regard maintenance of the books and accounts refer our comment in (b) above.

(h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A.

(i) 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 as at March 31, 2020 which would impact its financial positions.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts, except for the indeterminate effects of the matters described in paragraph 3 of the Basis for Qualified Opinion section of our report. The Company did not have any derivative contracts as at March 31, 2020.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

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18. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, reporting under Section 197(16) of the Act is not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Svasant

Sharad Vasant
Partner
Membership Number: 101119

UDIN: 20101119AAAAFT7835
Place: Mumbai
Date: December 10, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 17 (h) of the Independent Auditors' Report of even date to the members of Shapoorji Pallonji Finance Private Limited on the financial statements for the year ended March 31, 2020.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Shapoorji Pallonji Finance Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements 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 with reference to financial

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statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Adverse Opinion

8. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2020:
   a) Credit sanctioning and credit monitoring in respect of loans including vendor finance loans , inter corporate loans, unsecured loan portfolio to borrowers with weak financial strength / credit standing; recoverability of the loans and identification of related party relationships and transactions with the said borrowers (refer note 43 A (iv) to the financial statements).
   b) Classification of loan under loan against securities as per Indian Accounting Standard (Ind –AS) and Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time ("RBI Master Directions") and provisioning in respect of expected credit loss under vendor finance (real estate), intercorporate loans, unsecured loan, secured loan and loan against securities, other receivables; and
   c) Monitoring of compliance with the applicable laws and regulations which includes RBI Regulations/Directions relating to following matters:
      - shortfall in the maintenance of Loan to value ratio of 50% in respect of loan against securities throughout the year on account of movement in share prices.
      - appropriateness of computation of owned fund, net owned fund and capital adequacy ratio as per the RBI Master Directions
      - delay in submission of annual financial statements with the Reserve Bank of India in accordance with RBI Master Directions

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Price Waterhouse Chartered Accountants LLP
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Chartered Accountants
FRN 012754N/N500016
★ Mumbai ★

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 17 (h) of the Independent Auditors' Report of even date to the members of Shapoorji Pallonji Finance Private Limited on the financial statements for the year ended March 31, 2020.

Adverse Opinion

10. In our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls with reference to financial statements as of March 31, 2020, 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 issued by the ICAI.

11. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2020, and these material weaknesses have affected our opinion on the financial statements of the Company for the year ended on that date and we have issued a qualified opinion on the financial statements. (Refer paragraphs 2, 3, 4 and 5 of the main audit report)

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

SVasant

Sharad Vasant
Partner
Membership Number: 101119

UDIN: 20101119AAAAFT7835
Place: Mumbai
Date: December 10, 2020

Annexure B to Independent Auditors' Report

Referred to in paragraph 16 of the Independent Auditors' Report of even date to the members of Shapoorji Pallonji Finance Private Limited on the financial statements for the year ended March 31, 2020.

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company have not been physically verified by the Management during the year, and in view of the lockdown consequent to the outbreak of Coronavirus (Covid-19), the physical verification of fixed assets could not be carried out by the Company as at the year end. Consequently, in our opinion, the frequency of verification is not reasonable. However, the company has carried out the physical verification of fixed assets subsequent to the year-end; and no material discrepancies have been noticed on such verification.

(c) The Company does not own any immovable properties as disclosed in Note 12 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company is a Non-Banking Finance Company registered with the Reserve Bank of India and engaged in the business of financing. Accordingly, the provisions of Section 185 is not applicable to the Company.

In our opinion and according to information and explanations given to us, the Company has complied with the provisions of Section 186(1) of the Companies Act 2013 in respect of the investments made. The other provisions of Section 186 are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues, including provident fund, income tax, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.
Further, for the period March 1, 2020 to March 31, 2020, the company has paid Goods and Service Tax and filed GSTR-3B and GSTR -1 after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs under Notification Number 33/2020 dated April 03, 2020 on fulfilment of conditions specified therein.

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Mumbai

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs, and duty of excise or value added tax or goods and service tax which have not been deposited on account of any dispute.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company. [Also refer paragraph 18 of our main audit report]

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

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Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report

Referred to in paragraph 16 of the Independent Auditors' Report of even date to the members of Shapoorji Pallonji Finance Private Limited on the financial statements for the year ended March 31, 2020.

xvi. The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non-Banking Financial Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Smvasant

Sharad Vasant
Partner
Membership Number: 101119

UDIN: 20101119AAAAFT7835
Place: Mumbai
Date: December 10, 2020

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED
Balance Sheet as at 31 March 2020

Amounts in lakhs

Particulars	Note	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
ASSETS				
Financial assets				
Cash and cash equivalents	5	296.05	5,399.89	3,362.72
Receivables				
(i) Other receivables	6	608.67	7.46	32.00
Loans	7	97,966.74	82,892.08	48,317.09
Investments	8	248.86	865.21	5,529.02
Other financial assets	9	34.26	31.36	24.28
Total financial assets		**99,154.58**	**89,196.00**	**57,265.11**
Non-financial Assets				
Current tax assets (Net)	10	527.13	156.66	235.13
Deferred tax assets (Net)	11	887.26	138.71	206.42
Property, plant and equipment	12	187.54	214.96	135.71
Right of use asset	13	114.08	194.43	-
Intangible assets under development	12	74.94	50.00	-
Intangible assets	12	14.26	-	-
Other non-financial assets	14	65.84	16.67	15.90
Total non-financial assets		**1,871.05**	**771.43**	**593.16**
TOTAL ASSETS		**101,025.63**	**89,967.43**	**57,858.27**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables	15			
(I)Trade payables				
(i) Total outstanding dues of micro enterprises and small enterprises		-	0.11	-
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises		50.15	87.74	46.57
(II)Other payables				
(i) Total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises		233.01	60.79	201.48
Borrowings (other than debt securities)	16	59,440.66	50,792.77	23,556.84
Other financial liabilities	17	122.90	195.12	-
Total financial liabilites		**59,846.72**	**51,136.53**	**23,804.89**
Non-financial liabilities				
Provisions	18	798.10	658.86	460.65
Other non-financial liabilities	19	137.44	124.57	207.70
Total non-financial liabilites		**935.54**	**783.43**	**668.35**
EQUITY				
Equity share capital	20	28,997.63	28,997.63	28,997.63
Other equity	21	11,245.74	9,049.84	4,387.40
Total equity		**40,243.37**	**38,047.47**	**33,385.03**
TOTAL LIABILITIES AND EQUITY		**101,025.63**	**89,967.43**	**57,858.27**

Summary of significant accounting policies — 2

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

As per our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016

Sharad Vasant
Partner
Membership No. 101119
Place : Mumbai
Date : 10 December 2020

For and on behalf of the Board of Directors

Sanjay Hinduja
MD & CEO
DIN. 00388123

Jai Mavani
Director
DIN. 05260191

Pankaj Gupta
Chief Financial Officer

Preeti Chhabria
Company Secretary
ACS No. 18180

Place : Mumbai
Date : 09 December 2020

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31 March 2020

Amounts in lakhs

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations			
Interest Income	22	17,650.84	12,907.00
Fees and commission Income	23	750.00	100.00
Net gain on fair value changes	24	(87.80)	54.35
Total revenue from operations		**18,313.04**	**13,061.35**
Other income	25	3.19	1.36
Total income		**18,316.23**	**13,062.71**
Expenses			
Finance costs	26	6,551.04	4,185.38
Net loss on derecognition of financial instruments under amortised cost category		-	2.24
Impairment on financial instruments	27	6,304.85	202.86
Employee benefits expenses	28	1,900.04	1,660.28
Depreciation and amortization	12	176.84	117.04
Other expenses	29	499.35	363.33
Total expenses		**15,432.12**	**6,531.13**
Profit before tax		**2,884.11**	**6,531.58**
Tax expense:	30		
(1) Current tax		1,426.26	1,783.28
(2) Deferred tax		(745.91)	73.00
Total tax expense		**680.35**	**1,856.28**
Profit for the year		**2,203.76**	**4,675.30**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss -- Remeasurement of defined benefit obligations			
-Re-measurement of defined benefit plan		(10.50)	(18.15)
(ii) Income tax relating to items that will not be reclassified to profit or loss		2.64	5.29
Other comprehensive income		**(7.86)**	**(12.86)**
Total comprehensive income for the year		**2,195.90**	**4,662.44**
Earnings per equity share	31		
Basic (₹) & Diluted (₹)		0.76	1.61
Summary of Significant accounting policies	2		

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

As per our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016

Sharad Vasant
Partner
Membership No. 101119
Place : Mumbai
Date : 10 December 2020

For and on behalf of the Board of Directors

Sanjay Hinduja
MD & CEO
DIN. 00388123

Jai Mavani
Director
DIN. 05260191

Pankaj Gupta
Chief Financial Officer

Preeti Chhabria
Company Secretary
ACS No. 18180

Place : Mumbai
Date : 09 December 2020

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED
Cash Flow Statement for the year ended March 31, 2020

Amounts in lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax:	2,884.11	6,531.58
Adjustments :		
Depreciation and amortisation	176.84	117.04
Net loss on fair value changes	116.35	70.29
Impairment on financial instruments	6,304.85	202.86
Finance cost	6,551.04	4,185.38
Cash outflow towards finance cost	(6,376.50)	(4,279.72)
Operating profit before working capital changes	**9,656.69**	**6,827.43**
Adjustments for (increase)/ decrease in operating assets:		
Other receivables	(601.21)	24.54
Loans	(21,379.51)	(34,777.85)
Other financial assets	(2.90)	(7.08)
Other non financial assets	(49.17)	(0.77)
Adjustments for increase/ (decrease) in operating liabilities		
Trade payables	(37.70)	41.28
Other payables	172.22	(140.69)
Provisions	128.74	180.06
Other non financial liabilities	12.87	(83.13)
Cash generated from operations	(12,099.97)	(27,936.21)
Less : Income taxes paid (net of refunds)	(1,796.73)	(1,704.81)
Net cash outflow from operating activities	**(13,896.70)**	**(29,641.02)**
CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Investments	12,349.99	80,499.66
Purchase of Investments	(11,850.00)	(75,906.14)
Purchase of property, plant and equipments	(83.32)	(390.72)
Purchase of intangibles	(24.94)	(50.00)
Net cash inflow from investing activities	**391.73**	**4,152.80**
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from bank borrowing	71,049.49	49,424.34
(Repayment) of bank borrowing	(60,576.14)	(4,405.66)
Principal element of lease payments (Including recognition of new lease liability in 2019)	(72.22)	195.12
Proceeds from commercial papers	-	60,000.00
(Repayment) of commercial papers	-	(79,688.41)
Proceeds from Inter corporate deposit	1,500.00	6,700.00
(Repayment) of Inter corporate deposit	(3,500.00)	(4,700.00)
Net cash inflow from financing activities	**8,401.13**	**27,525.39**
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	**(5,103.84)**	**2,037.17**
Add : Cash and cash equivalents at beginning of the year	5,399.89	3,362.72
Cash and cash equivalents at end of the year	**296.05**	**5,399.89**

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Chartered Accountants
FRN 012754N/N500016
★ Mumbai ★

SHAPOORJI PALLONJI FINANCE PVT. LTD. ★

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED
Cash Flow Statement for the year ended March 31, 2020

Amounts in lakhs

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Components of Cash and Cash Equivalents		
Cash on hand	0.05	0.02
Balance with banks:		
- In current accounts	296.00	5,399.87
- In fixed deposits (with original maturity of less than 3 months)		
	296.05	**5,399.89**

Refer to Note 16(ii) which provides disclosure regarding changes in liabilities arising from financing activities.

Summary of Significant accounting policies (Refer Note 2)
The accompanying notes are integral part of these financial statements.

As per our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016

Sharad Vasant
Partner
Membership No. 101119
Place : Mumbai
Date : 10 December 2020

For and on behalf of the Board of Directors

Sanjay Hinduja
MD & CEO
DIN. 00388123

Jai Mavani
Director
DIN. 05260191

Pankaj Gupta
Chief Financial Officer

Preeti Chhabria
Company Secretary
ACS No. 18180

Place : Mumbai
Date : 09 December 2020

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED
Statement of changes in equity for the year ended 31 March 2020

Amounts in lakhs

A. Equity share capital

Particulars	Number	Amount
As at 1 April 2018	289,976,296	28,997.63
As at 31 March 2019	289,976,296	28,997.63
As at 31 March 2020	289,976,296	28,997.63

B. Other equity

Particulars	Reserves and surplus			Total other equity
	Securities premium	Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	Retained earnings	
As at 1 April 2018	4,312.62	273.39	(198.61)	4,387.40
Profit for the year	-	-	4,675.30	4,675.30
Other comprehensive income	-	-	(12.86)	(12.86)
Total comprehensive income for the year	-	-	4,662.44	4,662.44
Transfer to special reserve	-	-	(868.45)	(868.45)
Additions	-	868.45	-	868.45
As at 31 March 2019	4,312.62	1,141.84	3,595.38	9,049.84
Profit for the year	-	-	2,203.76	2,203.76
Other comprehensive income	-	-	(7.86)	(7.86)
Total comprehensive income for the year	-	-	2,195.90	2,195.90
Transfer to special Reserve	-	-	(440.75)	(440.75)
Additions	-	440.75	-	440.75
As at 31 March 2020	4,312.62	1,582.59	5,350.53	11,245.74

Summary of Significant accounting policies (Refer Note 2)
The accompanying notes are integral part of these financial statements.

As per our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016

Sonvasant

Sharad Vasant
Partner
Membership No. 101119

Place : Mumbai
Date : 10 December 2020

For and on behalf of the Board of Directors

Sanjay Hinduja
MD & CEO
DIN. 00388123

Jai Mavani
Director
DIN. 05260191

Pankaj Gupta
Chief Financial Officer

Preeti Chhabria
Company Secretary
ACS No. 18180

Place : Mumbai
Date : 09 December 2020

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. CORPORATE INFORMATION

Shapoorji Pallonji Finance Private Limited was incorporated in 1994 under the provisions of the Companies Act, 1956 as a public company and w.e.f. 31 March, 2016 it was converted into a private company. The Company is registered with the Reserve Bank of India (RBI) as Non-Banking Financial Company vide Certificate No. B-13.01534. The Company is primarily engaged in Lending Business. The Company is a Joint venture between Shapoorji Pallonji and Company Private Limited and Investment Opportunity IV Pte Limited.
The registered office of the Company is SP Centre, Ground Floor, Courtyard 10B, 41/44 Minoo Desai Marg, Colaba, Mumbai – 400005

2. BASIS OF PREPARATION

2.1 Presentation of financial statements

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:
i. The normal course of business
ii. The event of default
iii. The event of insolvency or bankruptcy of the Company and/or its counterparties.

2.2 Statement of compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind-AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. The financial statements up to year ended 31 March 2020 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the Company under Ind-AS. Refer note 4 for an explanation of how the transition from previous GAAP to Ind-AS has affected the Company's financial position, financial performance and cash flows of the Company.

2.3 Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest lakhs, except when otherwise indicated.

2.4 Historical cost convention

The financial statements have been prepared under the historical cost convention on the accrual basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair values at the end of each reporting period as explained in the accounting policies below.

2.5 REVENUE RECOGNITION

Revenue (other than for those items to which Ind-AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind-AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.
The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115:
Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a goods or services to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
Chartered Accountants
FRN 012754N/N500016
Mumbai

SHAPOORJI PALLONJI FINANCE PVT. LTD.

(i) Interest income

Under Ind-AS 109 interest income is recognised using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and fair value through other comprehensive income (FVOCI) (other than equity instruments measured at FVOCI). The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges), If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income as modification gain/loss. The adjustment is subsequently amortised through interest income in the statement of profit and loss. The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

(ii) Syndication fees income

Syndication fees are recognised on satisfactory completion of service delivery as per Ind AS 115.

(iii) Other income

Foreclosure/ penal income are recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established when the customer pays.

2.6 Income tax

The income tax expense or credit for the period is the tax payable on the taxable income of the current period based on the applicable income tax rates adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

(i) Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

2.7 LEASES

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 April 2018, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as lessee-

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
Chartered Accountants
FRN 012754N/N500016
Mumbai

SHAPOORJI PALLONJI FINANCE PVT. LTD.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in statement of profit and loss.

2.8 FINANCIAL INSTRUMENT

(i) Date of recognition
Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customer's account. The Company recognises debt securities, deposits and borrowings when funds reach the Company.

(ii) Initial measurement of financial instruments
Recognised financial instruments are initially measured at transaction price, which equates fair value.
Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in statement of profit and loss.
(iii) Day of gain and loss
When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

(iv) Measurement categories of financial assets and liabilities
The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:
• Amortised cost,
• Fair value through other comprehensive income (FVOCI),
• Fair value through profit and loss (FVTPL)
Financial liabilities, other than loan commitments and financial guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied.

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2.9 FINANCIAL ASSETS AND LIABILITIES

Financial assets

Based on the business model, the contractual characteristics of the financial assets and specific elections where appropriate, the Company classifies and measures financial assets in the following categories:
- Amortised cost
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

(a) Financial assets carried at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows ('Asset held to collect contractual cash flows'); and
- the contractual terms of the financial 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 and based on the assessment of the business model as asset held to collect contractual cash flows and SPPI, such financial assets are subsequently measured at amortised cost using effective interest rate ('EIR') method. Interest income and impairment expenses are recognised in statement of profit and loss. Interest income from these financial assets is included in finance income using the EIR method. Any gain and loss on derecognition is also recognised in statement of profit and loss.
The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(b) Financial assets at fair value through other comprehensive income
Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ('Contractual cash flows of assets collected through hold and sell model') and contractual cash flows that are SPPI, are subsequently measured at FVOCI. Movements in the carrying amount of such financial assets are recognised in Other Comprehensive Income ('OCI'), except dividend income which is recognised in statement of profit and loss. Amounts recorded in OCI are not subsequently transferred to the statement of profit and loss. Equity instruments at FVOCI are not subject to an impairment assessment.

(c) Financial assets at fair value through profit or loss
Financial assets, which do not meet the criteria for categorisation as at amortised cost or as FVOCI, are measured at FVTPL. Subsequent changes in fair value are recognised in statement of profit and loss. The company records investments in equity instruments, mutual funds and Treasury bills at FVTPL.

Financial liabilities and equity instrument

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(a) Equity instrument
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of directly attributable transaction costs.

(b) Financial liabilities
Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the EIR method. Interest expense is recognised in the statement of profit and loss. Any gain or loss on de-recognition of financial liabilities is also recognised in profit or loss. Undrawn loan commitments are not recorded in the balance sheet.

2.10 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

a) Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- The contractual rights to receive cash flows from the financial asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset and the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.
On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit and loss.

b) Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, canceled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

2.11 IMPAIRMENT OF FINANCIAL ASSET

(i) Overview of the ECL principles
The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.
The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12 month ECL). The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.
Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:
Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition and are not credit-impaired upon origination. For these assets, 12- month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).
Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is continued to be calculated on the gross carrying amount of the asset.
Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount.

(ii) The calculation of ECLs
The Company calculates ECLs based on a four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:
Probability of Default (PD): The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
Exposure at Default (EAD) is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counter party, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made it the default occurs over the remaining expected lifetime of the loan.
When estimating the ECLs, the Company considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2')). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

2.12 DETERMINATION OF FAIR VALUE

The Company measures certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principle market or in absence of the principle market, the most advantageous market.
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

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Level 1 includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The mutual funds are valued using the closing NAV.
Level 2 Financial instruments the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3 If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Company evaluates the leveling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

2.13 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.
Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives as specified under schedule II of the Act. Land is not depreciated.
The estimated useful lives are, as follows:
(i) Computer Equipments - 3 Years
(ii) Office equipment - 5 years
(iii) Furniture and fixtures - 3 years
(iv) Vehicle- 4 Years
Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

2.15 IMPAIRMENT OF NON-FINANCIAL ASSET

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2.16 INTANGIBLE ASSETS

Intangible assets represents computer software acquired by the Company carried at cost of acquisition less amortisation. The cost of the item of intangible assets comprises its purchase price, including non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Other Indirect Expenses incurred relating to asset under developement, net of income earned during the asset development stage prior to its intended use, are disclosed under Intangible Assets Under Development and are capitalised when asset is ready for the intended use.

At intangible asset is de-recognised on disposal, or when no future economics benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset is recognised in profit or less when the asset is de-recognised.

Amortisation methods, estimated useful lives and residual value
Intangible assets, comprising software, are amortised over the estimated life of 3 years on a straight-line basis from the date of capitalisation. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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2.17 RETIREMENT AND OTHER EMPLOYEE BENEFITS

Defined contribution plans
The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.
Defined benefits plan
The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972. The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.
Short-term employee benefits
All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The cost of short-term compensated absences is accounted as under:
(a) In case of accumulative compensated absences, the employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation. Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a short-term employee benefit.
(b) in case of non-accumulating compensated absences, when the absences occur.

2.18 PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

2.19 SEGMENT REPORTING

The Company is registered with the Reserve Bank of India as a Non Banking Finance Company engaged in the business of lending. During the current year and previous year the Company was engaged in only one business segment (corporate and other financing) and primarily in one geographical segment. Therefore these financial statements pertain to one business segment.

2.2 EARING PER SHARE

Basic earnings per share is calculated by dividing:
• the profit attributable to owners of the Company
• by the weighted average number of equity shares outstanding during the financial year.
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
• the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
• the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.21 Standards issued but not yet effective

There are neither new standards nor amendments to existing standards which are effective for the annual period beginning from 01 April 2020.

2.22 ROUNDING OFF

All amounts disclosed in the financial statements and notes have been rounded off to the nearest "lakh" as per the requirement of Schedule III, unless otherwise stated.

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3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

3.1 JUDGEMENTS

The preparation of the financial statements in conformity with Ind AS requires 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3.2 ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.
Following are the areas that involved a higher degree of estimates and judgement or complexity in determining the carrying amount of some assets and liabilities.

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous in absence of principal market) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

ii) Effective interest rate ("EIR") method

The Company's EIR methodology, as explained in Note 2.5 (i), recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as expected changes to interest rates and other fee income that are integral parts of the instrument.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iv) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.
When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS round((Continued)
FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in lakhs)

Note 4 - First-time adoption of Ind AS

Transition to Ind AS

These are the company's first standalone financial statements prepared in accordance with Ind AS.
The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2020 the comparative information presented in these financial statements for the year ended 31 March 2019 and in the preparation of an opening Ind AS balance sheet at 1 April 2018 round((the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies round((Accounting Standards) Rules, 2006 round((as amended) and other relevant provisions of the Act round((previous GAAP or Indian GAAP or IGAAP). 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

a) Optional exemptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

i) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

b) Ind AS mandatory exemptions

The Company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS

i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP round((after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2018 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company has made estimates relating to impairment of financial assets based on expected credit loss model and amortisation of processing fees over the average period of loan in accordance with Ind AS at the date of transition. These estimates were not required under previous GAAP.

The estimates used by the company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2018, the date of transition to Ind AS and as of 31 March 2019.
The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the Previous GAAP are listed below:
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- EIR on loans and advances.
- Expected life of portfolio.
- Classification of equity and liability.

ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

c) Reconciliations between previous GAAP and Ind AS

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

i) Reconciliation of Total equity between previous GAAP and Ind AS:

Particulars	As at 31 March 2019	As at 1 April 2018
Total equity as per previous GAAP	**9,060.28**	**4,718.02**
Adjustments:		
Impact of impairment as per expected credit loss method	(137.65)	(76.62)
Deferred tax impact on Ind AS adjustments	(0.99)	133.99
Amortisation of processing fees	(776.23)	(521.97)
Fair value Gain/loss on FVTPL instruments	55.48	128.01
Remeasurement of defined benefit -Gratuity plan	5.29	-
Fair valuation of security deposit	(0.17)	(0.18)
Impact of lease accounting as per Ind AS 116	(8.29)	-
Effective Interest Rate on borrowings	100.50	6.15
Modification Gain/(Loss) on loans	751.62	-
Total adjustments	**(10.44)**	**(330.62)**
Total equity as per Ind AS	**9,049.84**	**4,387.40**

(Amounts in lakhs)

Note 4 - First-time adoption of Ind AS (continued)

ii) Reconciliation of profit as per Ind AS with profit reported under previous GAAP:

Particulars	Year ended 31 March 2019
Net profit as per previous GAAP	**4,342.25**
Adjustments:	
Impact of impairment as per expected credit loss method	(61.00)
Deferred tax impact on Ind AS adjustments	(134.99)
Unamortisation of processing fees	(254.26)
Fair value Gain/loss on FVTPL instruments	(72.53)
Remeasurement of defined benefit -Gratuity plan	18.15
Fair valuation of security deposit	0.01
Impact of lease accounting as per Ind AS 116	(8.29)
Effective Interest Rate on borrowings	94.33
Modification Gain/(Loss) on loans	751.63
Profit for the year as per Ind AS	**4,675.30**
Adjustments:	
Reclassification of actuarial losses to OCI	(12.86)
Other comprehensive income for the year	**(12.86)**
Total comprehensive income as per Ind AS	**4,662.44**

iii) Impact of Ind AS adoption on the standalone statements of cash flows for the year ended 31 March 2019

	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	(29,949.01)	307.99	(29,641.02)
Net cash flow from investing activities	4,802.49	(649.69)	4,152.80
Net cash flow from financing activities	27,184.95	340.44	27,525.39
Net increase/(decrease) in cash and cash equivalents	**2,038.43**	**(1.26)**	**2,037.17**
Cash and cash equivalents as at 1 April 2018	**3,361.46**	1.26	**3,362.72**
Cash and cash equivalents as at 31 March 2019	**5,399.89**	**(1.26)**	**5,399.89**

d) Notes to first-time adoption:

i) Expected Credit loss

Under Previous GAAP, the Company has created provision for impairment of loans to customer as per the guidelines specified by RBI. Under Ind AS, the Company has recognised impairment loss on loans based on the expected credit loss model as required by Ind AS 109. Consequently, the Company impaired its loans and advances by INR 76.62 lakhs on 1 April 2018 which has been eliminated against retained earnings. Further, a impact of INR 61.03 lakhs has been recognised in the statement of profit and loss for the year ended on 31 March 2019.

ii) Accounting for effective interest rates

Under Previous GAAP, transaction cost charged to customers were recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using effective interest method. Consequently, loan to customer on the date of transition as on 1 April 2018 have decreased by INR 521.97 lakhs which has been eliminated against retained earnings. The impact of INR 254.26 lakhs for the year ended on 31 March 2019 has been recognised in the statement of profit and loss.

iii) Reclassification of provision of standard / non-performing assets (NPA)

Under Indian GAAP provision for NPA and standard asset were presented under provisions. However, under Ind AS financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses. Consequently, the Company has reclassified the Indian GAAP provisions for standard assets / NPA's amounting to INR 198.53 lakhs and INR 340.36 lakhs as on 1 April 2018 and 31 March 2019 respectively.

iv) Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result, Company has recognised actuarial loss of INR 18.15 lakhs as on 31 March 2019.

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Note 4 - First-time adoption of Ind AS (continued)

v) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

vi) Security deposits initially recognised at amortised cost

a) Under Previous GAAP, the Company accounted for refundable security deposits liability taken from customers at carrying cost. Under Ind AS, these deposits have been accounted at amortised cost determined using a weighted average borrowing rate @ 9.65%.

vii) Lease accounting

Under previous GAAP, the Company accounted for lease by recognising lease rentals as an expense on a straight-line basis over the lease period. Under IND AS 116, at the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right of use asset . Interest expense on the lease liability and the depreciation expense on the right-of-use asset is recognised separately. The Company has opted for exemption for short term leases provided in Ind AS 116. Refer note 35.

As a result of this change, the profit for year ended 31 March 2020 decreased by INR 5.09 lakhs.

viii) Deferred tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

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(Amounts in lakhs)

Note 5 - Cash and Cash Equivalents

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Cash on hand	0.05	0.02	0.07
Balance with banks			
- In current accounts	296.00	5,399.87	1,361.39
- In fixed deposits (with original maturity of less than 3 months)	-	-	2,001.26
Total	**296.05**	**5,399.89**	**3,362.72**

Note 6 - Other Receivables

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Other receivables	608.67	7.46	32.00
Total	**608.67**	**7.46**	**32.00**
Secured - Considered good	-	-	-
Unsecured - Considered good	608.67	7.46	32.00
Receivables which have significant increase in Credit Risk	-	-	-
Receivables - credit impaired	-	-	-
Total - Gross	**608.67**	**7.46**	**32.00**
(Less): Impairment loss allowance	-	-	-
Total - Net	**608.67**	**7.46**	**32.00**

Note 7 - Loans

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Loans at amortised cost			
Loans	101,346.35	83,332.09	48,564.24
Others	23.50	38.00	28.00
Total (A) - Gross	**101,369.85**	**83,370.09**	**48,592.24**
(Less): Impairment loss allowance	(3,403.11)	(478.01)	(275.15)
Total (A) - Net	**97,966.74**	**82,892.08**	**48,317.09**
Secured by tangible assets	58,746.63	61,748.97	34,823.93
Secured by intangible assets	-	-	-
Covered by bank/government guarantees	-	-	-
Unsecured	42,623.22	21,583.12	13,740.31
Total (B) - Gross	101,369.85	83,332.09	48,564.24
(Less): Impairment loss allowance	(3,403.11)	(478.01)	(275.15)
Total (B) - Net	97,966.74	82,854.08	48,289.09
Loans in India			
- Public sector	-	-	-
- Others	101,369.85	83,370.09	48,592.24
Loans within India - Gross	101,369.85	83,370.09	48,592.24
(Less): Impairment loss allowance	(3,403.11)	(478.01)	(275.15)
Loans within India -Net - (C)(i)	97,966.74	82,892.08	48,317.09
Loans Outside India (C) (ii)	-	-	-
Total (C) - Gross	101,369.85	83,370.09	48,592.24
(Less): Impairment loss allowance	(3,403.11)	(478.01)	(275.15)
Total (C) - Net	97,966.74	82,892.08	48,317.09
Grand total - Gross [(A) + (D)]	**101,369.85**	**83,370.09**	**48,592.24**
Grand total - Net [(C) + (D)]	**97,966.74**	**82,892.08**	**48,317.09**

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (Continued)
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Note 8 - Investments

Particulars	At amortised cost	At fair value through profit and loss	Total
As at 31 March 2020			
Investment in Equity Shares	-	248.86	-
Total (A) - Gross	**-**	**248.86**	**248.86**
Less: Allowance for impairment loss	-	-	-
Total (A) - Net	**-**	**248.86**	**248.86**
Investments outside India	-	-	-
Investments in India	-	248.86	248.86
Total (B) - Gross	**-**	**248.86**	**248.86**
Less: Allowance for impairment loss	-	-	-
Total (B) - Net	**-**	**248.86**	**248.86**
As at 31 March 2019			
Investment in Mutual funds	-	500.54	500.54
Investment in Equity Shares	-	364.67	364.67
Total (A) - Gross	**-**	**865.21**	**865.21**
Less: Allowance for impairment loss	-	-	-
Total (A) - Net	**-**	**865.21**	**865.21**
Investments outside India	-	-	-
Investments in India	-	865.21	865.21
Total (B) - Gross	**-**	**865.21**	**865.21**
Less: Allowance for impairment loss	-	-	-
Total (B) - Net	**-**	**865.21**	**865.21**
As at 1 April 2018			
Investment in Non-convertible debentures	2,537.66	-	2,537.66
Investment in Mutual funds	-	2,560.16	2,560.16
Investment in Equity Shares	-	431.20	431.20
Total (A) - Gross	**2,537.66**	**2,991.36**	**5,529.02**
Less: Allowance for impairment loss	-	-	-
Total (A) - Net	**2,537.66**	**2,991.36**	**5,529.02**
Investments outside India	-	-	-
Investments in India	2,537.66	2,991.36	5,529.02
Total (B) - Gross	**2,537.66**	**2,991.36**	**5,529.02**
Less: Allowance for impairment loss	-	-	-
Total (B) - Net	**2,537.66**	**2,991.36**	**5,529.02**

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (Continued)
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Note 9 - Other Financial Assets

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Security deposits	34.26	31.36	24.28
Total	**34.26**	**31.36**	**24.28**

Note 10 - Current tax (net)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Advance Tax and Tax deducted at source	4,173.82	2,377.09	672.28
Less: Provision for tax	(3,646.69)	(2,220.43)	(437.15)
Total	**527.13**	**156.66**	**235.13**

Note 11 - Deferred tax assets

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Deferred Tax Assets (Gross)			
Differences in depreciation on fixed assets	22.61	14.04	5.39
Unamortised Processing fees Income	114.85	226.04	150.54
ECL provision on financial assets	856.56	139.20	79.35
Modification loss on bank borrowing	113.61	-	-
Lease accounting as per Ind AS 116	2.22	0.20	-
Provision for MTM loss on investment	15.32	-	-
Provision for Gratuity	25.93	16.90	5.83
Interest adjustments on Lease deposits	1.23	2.27	0.05
Provision for leave encashment	4.57	4.36	3.96
TOTAL (A)	**1,156.90**	**403.01**	**245.12**
Deferred Tax Liabilities (Gross)			
Unamortised fees on borrowings	94.97	29.27	1.78
Unrealized gain on mutual funds at FVTPL	-	16.16	36.92
Modification gain on loans and advance	174.67	218.87	-
TOTAL (B)	**269.64**	**264.30**	**38.70**
Net Deferred Tax Asset/(Liability) [(A) - (B)]	**887.26**	**138.71**	**206.42**

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(Amounts in lakhs)

Note 12 - Property, Plant and Equipment

FY 2019-20	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1 April 2019	Additions	Deletions/ Adjustments	As at 31 March 2020	As at 1 April 2019	For the year ended 31 March 2020	Deductions/ Adjustments	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Property, Plant and Equipment										
Office equipments	18.83	3.66	-	22.49	4.44	6.62	-	11.06	11.43	14.39
Furnitures and fittings	17.70	1.40	-	19.10	5.81	6.33	-	12.14	6.96	11.89
Leasehold improvements	67.00	-	-	67.00	19.55	22.65	-	42.20	24.80	47.45
Computers	26.40	12.19	-	38.59	7.51	12.71	-	20.22	18.37	18.89
Vehicles	155.34	48.41	-	203.75	33.00	44.77		77.77	125.98	122.34
Total (A)	**285.27**	**65.66**	**-**	**350.93**	**70.31**	**93.08**	**-**	**163.39**	**187.54**	**214.96**
Intangible assets										
Software acquired	-	17.67	-	17.67	-	3.41	-	3.41	14.26	-
Total (B)	**-**	**17.67**	**-**	**17.67**	**-**	**3.41**	**-**	**3.41**	**14.26**	**-**
GRAND TOTAL (A+B)	**285.27**	**83.33**	**-**	**368.60**	**70.31**	**96.49**	**-**	**166.80**	**201.80**	**214.96**
Intangible under development	50.00	24.94	-	74.94	-	-	-	-	74.94	-

FY 2018-19	GROSS BLOCK								NET BLOCK	
	As at 1 April 2018	Additions	Deletions/ Adjustments	As at 31 March 2019	As at 1 April 2018	For the year ended 31 March 2019	Deductions/ Adjustments	As at 31 March 2019	As at 31 March 2019	As at 1 April 2018
Property, Plant and Equipment										
Office equipments	9.14	10.00	(0.31)	18.83	-	4.55	(0.11)	4.44	14.39	9.14
Furnitures and fittings	7.54	10.16	-	17.70	-	5.81	-	5.81	11.89	7.54
Leasehold improvements	24.25	42.75	-	67.00	-	19.55	-	19.55	47.45	24.25
Computers	13.00	13.40	-	26.40	-	7.51	-	7.51	18.89	13.00
Vehicles	81.78	73.56	-	155.34	-	33.00	-	33.00	122.34	81.78
Total (A)	**135.71**	**149.87**	**(0.31)**	**285.27**	**-**	**70.42**	**(0.11)**	**70.31**	**214.96**	**135.71**
Intangible assets										
Software acquired	-	-	-	-	-	-	-	-	-	-
Total (B)	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B)	**135.71**	**149.87**	**-**	**285.27**	**-**	**70.42**	**-**	**70.31**	**214.96**	**135.71**
Intangible under development	-	50.00	-	50.00	-	-	-	-	50.00	-

The Company has availed the deemed cost exemption available under Ind AS 101 in relation to the property plant and equipements on the date of transition (1st April 2018) and hence the net block of carrying amount has been considered as the gross block carrying amount on that date.

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Note 13 - Right of use asset

FY 2019-20	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1 April 2019	Additions	Deletions/ Adjustments	As at 31 March 2020	As at 1 April 2019	For the year ended 31 March 2020	Deductions/ Adjustments	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Right of use asset										
Premises	241.05	-	-	241.05	46.62	80.35	-	126.97	114.08	194.43
Total (A)	**241.05**	**-**	**-**	**241.05**	**46.62**	**80.35**	**-**	**126.97**	**114.08**	**194.43**

FY 2018-19	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1 April 2018	Additions	Deletions/ Adjustments	As at 31 March 2019	As at 1 April 2018	For the year ended 31 March 2019	Deductions/ Adjustments	As at 31 March 2019	As at 31 March 2019	As at 1 April 2018
Right of use asset										
Premises	-	241.05	-	241.05	-	46.62	-	46.62	194.43	-
Total (A)	**-**	**241.05**	**-**	**241.05**	**-**	**46.62**	**-**	**46.62**	**194.43**	**-**

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Note 14 - Other Non financial Assets

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Prepaid expenses	65.64	7.13	9.55
Duties and taxes	0.20	9.54	4.35
Deferred lease rental	-	-	2.00
Total	**65.84**	**16.67**	**15.90**

Note 15 - Payables

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Trade Payables			
a) total outstanding dues of micro enterprises and small enterprises	-	0.11	-
b) total outstanding dues of creditors other than micro enterprises and small enterprises	50.15	87.74	46.57
Other payables			
a) total outstanding dues of micro enterprises and small enterprises	-	-	-
b) total outstanding dues of creditors other than micro enterprises and small enterprises	233.01	60.79	201.48
Total (B)	**283.16**	**148.64**	**248.05**

Note 16 - Borrowings other than debt securities (at amortised cost)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Secured			
Term loans	44,992.31	16,544.83	2,493.84
Working Capital Demand Loans	10,500.00	11,500.00	-
Bank Overdrafts	3,948.35	20,747.94	1,374.59
Unsecured			
Commercial Papers	-	-	19,688.41
Inter corporate deposits	-	2,000.00	-
Total (A)	**59,440.66**	**50,792.77**	**23,556.84**
Borrowings in India	59,440.66	50,792.77	23,556.84
Borrowings outside India	-	-	-
Total (B)	**59,440.66**	**50,792.77**	**23,556.84**

(i) Terms of repayment:
a) Term Loan from Bank:

As on 31 March 2020

Month	Rate of Interest >=9.35% <13.26% Amount	Month	Rate of Interest >=9.35% <13.26% Amount	Month	Rate of Interest >=9.35% <13.26% Amount
Apr-2020	250.00	Aug-2021	2,000.00	Feb-2023	1,125.00
May-2020	750.00	Sep-2021	1,234.65	Mar-2023	776.32
Jun-2020	1,234.65	Oct-2021	250.00	May-2023	1,125.00
Jul-2020	250.00	Nov-2021	2,000.00	Jun-2023	776.32
Aug-2020	1,375.00	Dec-2021	1,234.65	Aug-2023	1,125.00
Sep-2020	1,234.65	Jan-2022	250.00	Sep-2023	776.32
Oct-2020	250.00	Feb-2022	2,000.00	Nov-2023	1,125.00
Nov-2020	2,000.00	Mar-2022	1,234.65	Dec-2023	526.32
Dec-2020	1,234.65	Apr-2022	250.00	Feb-2024	625.00
Jan-2021	250.00	May-2022	2,000.00	Mar-2024	526.32
Feb-2021	2,000.00	Jun-2022	1,026.32	May-2024	625.00
Mar-2021	1,234.65	Jul-2022	250.00	Jun-2024	526.32
Apr-2021	250.00	Aug-2022	1,375.00	Aug-2024	623.21
May-2021	2,000.00	Sep-2022	1,026.32	Sep-2024	880.02
Jun-2021	1,234.65	Nov-2022	1,125.00		
Jul-2021	250.00	Dec-2022	776.32		
Total					**44,992.31**

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Note 16 - Borrowings other than debt securities (at amortised cost continued)

As on 31 March 2019

Month	Rate of Interest >=9.00% <11.26% Amount	Month	Rate of Interest >=9.00% <11.26% Amount	Month	Rate of Interest >=9.00% <11.26% Amount
May-2019	500.00	Dec-2020	458.33	Aug-2022	500.00
Jun-2019	458.33	Feb-2021	500.00	Sep-2022	250.00
Aug-2019	500.00	Mar-2021	458.33	Nov-2022	500.00
Sep-2019	458.33	May-2021	500.00	Dec-2022	250.00
Nov-2019	500.00	Jun-2021	458.33	Feb-2023	500.00
Dec-2019	458.33	Aug-2021	500.00	Mar-2023	250.00
Feb-2020	500.00	Sep-2021	458.33	May-2023	500.00
Mar-2020	458.33	Nov-2021	500.00	Jun-2023	250.00
May-2020	500.00	Dec-2021	458.33	Aug-2023	500.00
Jun-2020	458.33	Feb-2022	500.00	Sep-2023	250.00
Aug-2020	500.00	Mar-2022	458.33	Nov-2023	544.87
Sep-2020	458.33	May-2022	500.00		
Nov-2020	500.00	Jun-2022	250.00		
Total					16,544.83

As on 1 April 2018

Month	Rate of Interest >=8.75% <9.00% Amount	Month	Rate of Interest >=8.75% <9.00% Amount	Month	Rate of Interest >=8.75% <9.00% Amount
Jun-2019	208.33	Jun-2020	208.33	Jun-2021	208.33
Sep-2019	208.33	Sep-2020	208.33	Sep-2021	208.33
Dec-2019	208.33	Dec-2020	208.33	Dec-2021	208.33
Mar-2020	208.33	Mar-2021	208.33	Mar-2022	202.21
Total					2,493.84

Nature of security provided towards the above loan:
All Bank credit facilities are secured via First pari-passu floating charge by way of hypothecation on the standard asset portfolio of receivables and investments.

b) Bank overdraft and working capital demand loan:
Bank overdraft and working capital demand loan are repayable on demand and are secured by way of hypothecation of standard asset portfolio of receivable and investments.

(ii) Net debt reconciliation
Analysis of net debt and the movements in net debt for each of the periods is presented as follows:

Particulars	Net debt as at April 01, 2018	Net Cash Flows	Other non cash movement	Net debt as at March 31, 2019
Borrowings other than debt securities	23,556.84	27,330.27	(94.34)	50,792.77
Lease liabilities	-	195.12	-	195.12
Total	**23,556.84**	**27,525.39**	**(94.34)**	**50,987.89**

Particulars	Net debt as at March 31, 2019	Net Cash Flows	Other non cash movement	Net debt as at March 31, 2020
Borrowings other than debt securities	50,792.77	8,473.35	174.54	59,440.66
Lease liabilities	195.12	(72.22)	-	122.90
Total	**50,987.89**	**8,401.13**	**174.54**	**59,563.56**

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Note 17 - Other financial liabilities

Particulars	**As at 31 March 2020**	**As at 31 March 2019**	**As at 1 April 2018**
Lease liability	122.90	195.12	-
Total	**122.90**	**195.12**	**-**

Note 18 - Provisions

Particulars	**As at 31 March 2020**	**As at 31 March 2019**	**As at 1 April 2018**
Provisions for employee benefits			
Gratuity	103.02	58.03	20.15
Bonus	676.92	585.86	426.76
Leave Encashment	18.16	14.97	13.74
Total	**798.10**	**658.86**	**460.65**

Note 19 - Other non financial liabilities

Particulars	**As at 31 March 2020**	**As at 31 March 2019**	**As at 1 April 2018**
Statutory dues payable	137.44	124.57	207.70
Total	**137.44**	**124.57**	**207.70**

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FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in lakhs)

Note 20 - Equity

Particulars	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Number	Rs.	Number	Rs.	Number	Rs.
Authorised shares 700,000,000 (Previous year : 700,000,000) Equity shares of Rs.10 each	7,000.00	70,000.00	7,000.00	70,000.00	7,000.00	70,000.00
Issued, subscribed & fully paid-up shares 289,976,296 (March 31, 2019: 289,976,296) Equity shares of Rs. 10/- each fully paid up	289,976,296	28,997.63	289,976,296	28,997.63	289,976,296	28,997.63
Total	**289,976,296**	**28,997.63**	**289,976,296**	**28,997.63**	**289,976,296**	**28,997.63**

a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year.

Particulars	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Number	Rs.	Number	Rs.	Number	Rs.
Outstanding at the beginning of the year	289,976,296	28,997.63	289,976,296	28,997.63	289,976,296	28,997.63
Add: Shares issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	**289,976,296**	**28,997.63**	**289,976,296**	**28,997.63**	**289,976,296**	**28,997.63**

b) Terms and rights attached to equity shares

Equity shares: The company has only one class of equity shares having a par value of ₹ 10 per shares. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of shareholder	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Number	**% of Holding**	**Number**	**% of Holding**	**Number**	**% of Holding**
Shapoorji Pallonji and Company Private Limited	154,025,907	53.12	153,925,907	53.08	153,925,907	53.08
Investment Opportunities IV Pte. Limited	135,926,389	46.88	135,926,389	46.88	135,926,389	46.88

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(Amounts in lakhs)

Note 21 - Other equity

Particulars	**As at 31 March 2020**	**As at 31 March 2019**	**As at 1 April 2018**
Securities premium account	4,312.62	4,312.62	4,312.62
Retained earnings	5,350.53	3,595.38	(198.61)
Special Reserve under section 45 IC of RBI Act, 1934	1,582.59	1,141.84	273.39
TOTAL	**11,245.74**	**9,049.84**	**4,387.40**

Particulars	**As at March 31, 2020**	**As at March 31, 2019**	**As at 1 April 2018**
Securities premium account			
Opening balance	4,312.62	4,312.62	328.49
Add- Received during the year	-	-	4,116.76
Add- Share issue expenses	-	-	(132.63)
Closing balance	**4,312.62**	**4,312.62**	**4,312.62**
Retained earnings			
Opening balance	3,595.38	(198.61)	(1,058.59)
Add: Profit for the year	2,203.76	4,675.30	1,074.97
Add: Other comprehensive income for the year	(7.86)	(12.86)	-
Less: Transfer to Special Reserve under section 45 IC of RBI Act, 1934	(440.75)	(868.45)	(214.99)
Closing balance	**5,350.53**	**3,595.38**	**(198.61)**
Special Reserve under section 45 IC of RBI Act, 1934			
Opening balance	1,141.84	273.39	58.40
Add: Transfer from profit for the year	440.75	868.45	214.99
Closing balance	**1,582.59**	**1,141.84**	**273.39**
Total	**11,245.74**	**9,049.84**	**4,387.40**

Nature and purpose of the reserve

a) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act,2013.

b) Special Reserve under section 45 IC of RBI Act, 1934

Special reserve is created as per the requirement of RBI at the rate of 20% of the profit after tax for the year. Transfer to special reserve in previous year is as per the audited financial statements of the previous year as per Indian GAAP.

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Note 22 - Interest income

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
On financial assets measured at amortised costs:		
Interest on loans	17,647.94	12,618.33
Interest on Investments	-	284.18
Interest on fixed deposits	-	0.95
Interest others	2.90	3.54
Total	**17,650.84**	**12,907.00**

Note 23 - Fees and Commission Income

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Syndication Fees	750.00	100.00
Total	**750.00**	**100.00**

Note 24 - Net gain / (loss) on fair value changes

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Net gain /(loss) on financial instruments at FVTPL		
On trading portfolio		
(Loss)/ gain on FVTPL instruments	(87.80)	54.35
Total (A)	**(87.80)**	**54.35**
Fair Value changes:		
Realised	28.55	124.64
Unrealised	(116.35)	(70.29)
Total (B)	**(87.80)**	**54.35**

Note 25 - Other income

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Other Income	3.19	1.36
Total	**3.19**	**1.36**

Note 26 - Finance costs

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Interest on borrowings	6,506.73	4,105.42
Interest expenses on lease liability	14.37	11.30
Other finance cost	29.94	68.66
Total	**6,551.04**	**4,185.38**

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(Amounts in lakhs)

Note 27 - Impairment on financial instruments

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
On financial instruments measured at amortised cost:		
Provision for expected credit loss	2,925.10	202.86
Financials assets written off	3,379.75	-
Total	**6,304.85**	**202.86**

Note 28 - Employee benefit expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries	1,787.37	1,605.88
Contribution to provident fund	30.06	4.78
Leave Encashment	3.19	1.23
Staff welfare expenses	44.93	28.67
Gratuity Expense	34.49	19.72
Total	**1,900.04**	**1,660.28**

Note 29 - Other expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Loss on disposal of fixed asset	-	0.15
Legal and professional fees	188.03	85.73
Premium Expenses	-	10.53
Rates & Taxes	3.85	11.10
Business development expenses	18.39	26.30
Lease rent	4.47	31.60
Office and administrative expenses	30.61	29.56
Travelling and conveyance	99.87	77.02
Payments to auditors	22.43	28.01
Communication expenses	8.55	5.64
Printing and stationery expenses	1.77	2.29
Membership & Subscription	25.77	9.85
Advertisement and publicity	-	0.30
Donation	5.00	15.48
Corporate social responsibility expenses (Refer note 38)	75.46	24.56
Insurance expenses	15.15	5.21
Total	**499.35**	**363.33**

Breakup of Auditors' remuneration

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Statutory Audit	14.00	14.00
Tax audit	2.00	2.00
GST audit	1.75	0.60
Other Services	4.00	11.00
Out of pocket expenses	0.68	0.41
Total	**22.43**	**28.01**

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(Amounts in lakhs)

Note 30 - Tax expense

a. **The components of income tax expense for the years ended 31 March 2020 and 2019 are:**

	Year ended 31 March 2020	**Year ended 31 March 2019**
Current tax	1,426.26	1,783.28
Adjustment in respect of current income tax of prior years	-	-
Deferred tax	(745.91)	73.00
Total tax charge	**680.35**	1,856.28
Current tax	**1,426.26**	1,783.28
Deferred tax	**(745.91)**	73.00

b. **Reconciliation of the total tax charge**

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 31 March 2019 is, as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
Accounting profit before tax	**2,884.11**	**6,531.58**
Applicable tax rate	**25.17%**	**29.12%**
Computed tax expense	725.93	1,902.00
Tax effect of :		
Permanent differences	(64.41)	(53.42)
Adjustment on account of change in tax rate	18.83	(2.00)
Others	-	9.70
Tax expenses recognised in the statement of profit and loss	680.35	1,856.28
Effective tax rate	23.59%	28.42%

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(Amounts in lakhs)

Note 30 - Tax expense (Continued)

c. **Deferred tax assets/liabilities**
The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

	As at 31 March 2019	Statement of profit and loss	OCI	As at 31 March 2020
Deferred tax asset				
Differences in depreciation on fixed assets	14.04	8.57	-	22.61
Unamortised Processing fees Income	226.04	(111.19)	-	114.85
ECL provision on financial assets	139.20	717.36	-	856.56
Provision for MTM gain/loss on investment		15.32	-	15.32
Provision for Gratuity	16.90	6.39	2.64	25.93
Lease Accounting	0.20	2.02	-	2.22
Modification loss on bank borrowing	-	113.61	-	113.61
Fair valuation of security deposit	2.27	(1.04)	-	1.23
Provision for leave encashment	4.36	0.21	-	4.57
	403.01	751.25	2.64	1,156.90
Deferred tax liability				
Unamortised fees on borrowings	29.27	65.70	-	94.97
Unrealized gain on mutual funds at FVTPL	16.16	(16.16)	-	-
Modification gain on loans and advance	218.87	(44.20)	-	174.67
	264.30	5.34	-	269.64
Net Deferred tax asset/liability	**138.71**	**745.91**	**2.64**	**887.26**

	As at 1 April 2018	Statement of profit and loss	OCI	As at 31 March 2019
Deferred tax asset				
Differences in depreciation on fixed assets	5.39	8.65	-	14.04
Unamortised Processing fees Income	150.54	75.50	-	226.04
ECL provision on financial assets	79.35	59.85	-	139.20
Provision for Gratuity	5.83	5.78	5.29	16.90
Lease Accounting	-	0.20	-	0.20
Fair valuation of security deposit	0.05	2.22	-	2.27
Provision for leave encashment	3.96	0.40	-	4.36
	245.12	152.60	5.29	403.01
Deferred tax liability				
Unamortised fees on borrowings	1.78	27.49	-	29.27
Unrealized gain on mutual funds at FVTPL	36.92	(20.76)	-	16.16
Modification gain on loans and advance	-	218.87	-	218.87
	38.70	225.60	-	264.30
Net Deferred tax asset/liability	**206.42**	**(73.00)**	**5.29**	**138.71**

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(Amounts in lakhs)

Note 31 - Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Basic		
Profit after tax (Rs.)	2,203.76	4,675.30
Weighted average no. of equity shares outstanding	289,976,296	289,976,296
Basic EPS (Rs)	0.76	1.61
Diluted		
Profit after tax (Rs.)	2,203.76	4,675.30
Weighted average number of shares outstanding for diluted EPS	289,976,296	289,976,296
Diluted EPS (Rs)	0.76	1.61
Face value per share (Rs)	10.00	10.00

Note 32 - Details of dues to Micro, Small and Medium Enterprises

Based on the information available with the Company, few of the vendors are registered under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end under this Act has been given. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31 March 2020.

Particulars	As at 31 March 2020	As at 31 March 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	0.11
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

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Note 33 - Employee benefit plan

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

(a) Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating INR 30.06 lakhs (31 March 2019: INR 4.78 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity
Financial assets not measured at fair value
The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

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(Amounts in lakhs)

Note 33 - Employee benefit plan (Continued)

(b) Defined benefit plans: *(Continued)*

The status of gratuity plan as required under Ind AS-19 is as under:

(Amounts in lakhs)

	As at 31 March 2020	As at 31 March 2019
i. Reconciliation of opening and closing balances of defined benefit obligation		
Present value of defined benefit obligations at the beginning of the year	58.02	20.15
Current service cost	30.19	18.20
Past service cost	-	-
Interest cost	4.30	1.52
Acquisition adjustment	-	-
Benefit paid	-	-
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-
Change in demographic assumptions	0.04	-
Change in financial assumptions	2.85	0.68
Experience variance (i.e. Actual experience vs assumptions)	7.61	17.47
Present value of defined benefit obligations at the end of the year	103.01	58.02
ii. Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Transfer in / (out) plan assets	-	-
Expenses deducted from the fund	-	-
Interest income	-	-
Return on plan assets excluding amounts included in interest income	-	-
Assets distributed on settlements	-	-
Contributions by the Company	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-
iii. Reconciliation of opening and closing balances of net defined benefit liability		
Net opening provision in books of accounts	58.03	20.15
Transfer in/(out) obligation	-	-
Transfer (in)/out plan assets	-	-
Employee Benefit Expense	34.49	19.72
Amounts recognized in Other Comprehensive Income	10.50	18.15
	103.02	**58.02**
Benefits paid by the Company	-	-
Contributions to plan assets	-	-
Closing provision in books of accounts	**103.02**	**58.02**

	For the year ended 31 March 2020	For the year ended 31 March 2019
iv. Expense recognised during the Year		
Current service cost	30.19	18.20
Interest cost	4.30	1.52
Past service cost	-	-
Expenses recognised in the statement of profit and loss	**34.49**	**19.72**

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Note 33 - Employee benefit plan (Continued)

(b) Defined benefit plans: *(Continued)*

v. Other comprehensive income

Components of actuarial gain/losses on obligations:		
Due to change in financial assumptions	2.85	0.68
Due to change in demographic assumption	0.04	-
Due to experience adjustments	7.61	17.47
Return on plan assets excluding amounts included in interest income	-	-
Components of defined benefit costs recognised in other comprehensive income	**10.50**	**18.15**

	As at 31 March 2020	As at 31 March 2019
vi. Principal actuarial assumptions		
Discount rate (per annum)	6.80%	7.45%
Salary Growth Rate	0.00%	10.00%
Withdrawal rates per annum	10.00% p.a at younger ages reducing to 2.00% p.a% at older ages	10.00% p.a at younger ages reducing to 2.00% p.a% at older ages
Rate of return on plan assets (p.a.)	NA	NA

vii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rates. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Defined benefit obligation (Base)	103.02	58.02

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	**109.41**	**97.16**	61.59	54.76
(% change compared to base due to sensitivity	**6.20%**	**-5.68%**	6.13%	-5.63%
Salary growth rate (- / + 0.5%)	**97.28**	**109.21**	54.82	61.49
(% change compared to base due to sensitivity)	**-5.57%**	**6.01%**	-5.53%	5.96%
Withdrawal rate (W.R.) (W.R. x 90% / W.R. x 110%)	**105.10**	**101.04**	59.34	56.78
(% change compared to base due to sensitivity)	**2.03%**	**-1.92%**	2.26%	-2.15%

viii. Asset liability matching strategies

Since the liabilities are unfunded, there is no Asset-Liability Matching strategy deviced for the plan.

ix. Effect of plan on the Company's future cash flows

a) Funding arrangements and funding policy

Gratuity benefits liabilities of the company are unfunded.

b) Maturity profile of defined benefit obligation

	Cash flows (`)		Distribution (%)	
Expected cash flows over the next (valued on undiscounted basis):	**As at 31 March 2020**	**As at 31 March 2019**	**As at 31 March 2020**	**As at 31 March 2019**
1st Following Year	1.45	0.69	0.50%	0.40%
2nd Following year	1.58	1.02	0.60%	0.60%
3rd Following Year	3.08	1.23	1.10%	0.70%
4th Following Year	4.08	2.17	1.50%	1.30%
5th Following Year	4.43	2.81	1.60%	1.70%
Sum of years 6 to 10	64.83	43.46	24.00%	26.10%

The future accrual is not considered in arriving at the above cash-flows.

The Expected contribution for the next year is Rs. 1.45 lakhs.
The Weighted Average Duration (Years) as at valuation date is 10.26 years.

(C) Other long term employee benefits

The liability for compensated absences as at the year ended 31 March 2020 and as at year ended 31 March 2019 is as below:

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
Liability for Compensated absences at year end	18.16	14.97
Total	**18.16**	**14.97**

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Note 34 - Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at 31 March 2020			As at 31 March 2019			As at 1 April 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	296.05	-	296.05	5,399.89	-	5,399.89	3,362.72	-	3,362.72
Receivables									
(i) Other receivables	608.67	-	608.67	7.46	-	7.46	32.00	-	32.00
Loans	79,355.24	22,014.61	101,369.85	49,388.24	33,981.85	83,370.09	28,999.17	19,593.07	48,592.24
Investments	248.86	-	248.86	865.21	-	865.21	5,529.02	-	5,529.02
Other financial assets	-	34.26	34.26	-	31.36	31.36	-	24.28	24.28
Non-financial assets									
Current tax assets (Net)	-	527.13	527.13	-	156.66	156.66	-	235.13	235.13
Deferred tax assets (Net)	-	887.26	887.26	-	138.71	138.71	-	206.42	206.42
Property, plant and equipment	-	187.54	187.54	-	214.96	214.96	-	135.71	135.71
Right of use asset	-	114.08	114.08	-	194.43	194.43	-	-	-
Intangible assets under development	-	74.94	74.94	-	50.00	50.00	-	-	-
Intangible assets	-	14.26	14.26	-	-	-	-	-	-
Other non-financial assets	14.46	51.38	65.84	16.67	-	16.67	15.90	-	15.90
Total assets	80,523.28	23,905.46	104,428.74	55,677.47	34,767.97	90,445.44	37,938.81	20,194.61	58,133.42
LIABILITIES									
Financial liabilities									
Trade payables									
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	0.11	-	0.11	-	-	-
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	50.15	-	50.15	87.74	-	87.74	46.57	-	46.57
Other payables									
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	233.01	-	233.01	60.79	-	60.79	201.48	-	201.48
Borrowings (other than debt securities)	27,396.95	32,043.71	59,440.66	38,265.53	12,527.24	50,792.77	21,063.00	2,493.84	23,556.84
Other financial liabilities	90.91	31.99	122.90	86.58	108.54	195.12	-	-	-
Non-financial liabilities									
Current tax liabilities (Net)	-	-	-	-	-	-	-	-	-
Provisions	680.34	117.76	798.10	588.22	70.64	658.86	427.48	33.17	460.65
Other non-financial liabilities	137.44	-	137.44	124.57	-	124.57	207.70	-	207.70
Total liability	28,588.80	32,193.46	60,782.26	39,213.54	12,706.42	51,919.96	21,946.23	2,527.01	24,473.24
Net	51,934.48	(8,288.00)	43,646.48	16,463.93	22,061.55	38,525.48	15,992.58	17,667.60	33,660.18

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS ***(Continued)***
FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in lakhs)

Note 35 - Leases
This note provides information for leases where the Company is a lessee. The Company's lease asset classes primarily consist of leases for premises.

The office premises are generally rented on cancellable term for period of thirty six months with escalation clause and renewable at the option of the Company.

The company's leased assets mainly comprise office premises taken on lease. The term of property leases is 3 years. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Total lease liabilities are analysed as at

Denominated in the following currencies:	31 March 2020	31 March 2019
Rupees	122.90	195.12
Foreign currency	-	-
Total	**122.90**	**195.12**

Maturity of Lease liability	31 March 2020	31 March 2019
Current	90.91	86.58
Non Current	31.99	108.54
Total	**122.90**	**195.12**

The following amounts were recognised as expense in the year:

Particulars	31 March 2020	31 March 2019
Depreciation of right-of-use assets	80.35	46.62
Expense relating to short-term leases and low-value assets	4.47	31.60
Interest on lease liabilities (included in finance costs)	14.37	11.30
Total recognised in the income statement	**99.19**	**89.52**

The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forecasts and could in reality be different from expectations:

Maturity analysis:	31 March 2020	31 March 2019
Less than 1 year	90.91	86.58
Between 1 and 2 years	39.77	90.91
Between 2 and 5 years	-	39.77
More than 5 years	-	-
Total	**130.68**	**217.26**

The following is the movement in lease liabilities during the year ended 31 March 2020

Particulars	31 March 2020	31 March 2019
Opening balance	195.12	-
Additions during the period	-	231.92
Finance cost incurred during the period	14.37	11.30
Payment of lease liabilities	86.59	48.10
Closing balance	**122.90**	**195.12**

Note: Refer Note 13 for movement in right to use of assets.

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in lakhs)

Note 36 - Corporate social responsibility (CSR) expenses:

The gross amount required to be spent by the Company during the year towards CSR is Rs.50.70 lakhs (31 March 2019: Rs.7.84 lakhs) as per section 135 of the Company Act 2013. Details of amount spent towards CSR as below:

Particulars	For the year ended 31 March, 2020			For the year ended 31 March, 2019		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any assets	-	-	-	-	-	-
(ii) On purposes other than (i) above	75.46	-	75.46	24.56	-	24.56
Total	**75.46**	**-**	**75.46**	**24.56**	**-**	**24.56**

Note 37 - Related Party Disclosures:

(a) Related party disclosures as required by Ind AS 24 - Related Party Disclosures.

List of related parties and relationships:

Name of Related Parties	Nature of Relationship	
Shapoorji Pallonji and Company Private Limited	Enterprises having significant control over Company	
Investment Opportunities VI Private Limited	Enterprises having significant control over Company	
Shapoorji Pallonji Infrastructure Capital Company Private Limited	Subsidiary of joint venture partner	
Shapoorji Pallonji Construction Private Limited	Subsidiary of joint venture partner	
Shapoorji Pallonji Rural Solutions Private Limited	Subsidiary of joint venture partner	
Shapoorji Pallonji Ports Private Limited	Subsidiary of joint venture partner	
Shapoorji Pallonji Development Managers Private Limited	Subsidiary of joint venture partner	
Abhipreet Trading Private Limited	Subsidiary of joint venture partner	
Gokak Textiles Limited	Subsidiary of joint venture partner	
Forbes facility Services Private Limited	Subsidiary of joint venture partner	
Forvol International Services Limited	Subsidiary of joint venture partner	
Eureka Forbes Limited	Subsidiary of joint venture partner	
Floreat Investments Private Limited	Subsidiary of joint venture partner	
S. D. Corporation Private Limited	Joint venture of joint venture partner	
Stonesteel Prefab Infra Private Limited	Subsidiary of joint venture partner (from 1 April 2019)	
Coherent RMC Private Limited*	Structured entity of joint venture partner (from 25 September 2019)	
PMD Infrastructure & Development Private Limited*	Structured entity of joint venture partner (from 25 September 2019)	
Sanjay Hinduja	MD & CEO	
Shapoorji Pallonji Mistry	Director	
S. Kuppuswamy	Director	
H. J. Tavaria	Director	(till 10 January 2020)
Jai Laxmikant Mavani	Director	
Sharad Bajpai	Director	
Shyam Maheshwari	Director	(till 23 March 2020)
Mahesh Tahilyani	Director	(from 10 February 2020)
Manish Jain	Director	(from 23 March 2020)

* Not related party as per Section 2(76) of the Companies Act, 2013. However the party is classified as structured entity under Ind AS framework.

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
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(Amounts in lakhs)

37 **Note 37 - Related Party Disclosures (continued):**

Transactions with related parties are as follows:

Transactions / Balances	Subsidiaries of joint venture partner																	
	Shapoorji Pallonji Infrastructure Capital Company Private Limited		Floreat Investments Private Limited		Shapoorji Pallonji Ports Private Limited		Forbes facility Services Private Limited		Shapoorji Pallonji Rural Solutions Private Limited		Shapoorji Pallonji Construction Private Limited		Forvol International Services Limited		Gokak Textiles Limited		Eureka Forbes Limited	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Reimbursement of Insurance expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Brand and support fees paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CSR expenses	-	-	-	-	-	-	-	-	8.00	10.30	-	-	-	-	-	4.76	-	-
Office expenses	-	-	-	-	-	-	9.03	7.26	-	-	-	-	-	-	-	-	-	-
IT support services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid on loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travelling expenses	-	-	-	-	-	-	-	-	-	-	-	-	2.63	6.17	-	-	-	-
Remuneration and reimbursement paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received on loan	-	4.56	-	96.42	122.11	-	-	-	-	-	285.33	80.67	-	-	-	-	-	-
Processing /Consultancy Fees (Received)	-	-	-	-	28.27	-	-	-	-	-	13.50	-	-	-	-	-	-	-
Security deposit paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Purifier purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09	-
Sale of non convertible debenture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan taken	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan repaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan given	-	300.00	-	1,100.00	2,352.00	-	-	-	-	-	4,600.00	1,500.00	-	-	-	-	-	-
Loan repaid	-	300.00	-	1,500.00	1,144.00	-	-	-	-	-	3,800.00	-	-	-	-	-	-	-
Balance at the year end																		
Expense payable	-	-	-	-	-	-	0.10	0.86	-	-	-	-	0.13	0.05	-	-	-	-
Loan given	-	-	-	-	1,208.00	-	-	-	-	-	2,300.00	1,500.00	-	-	-	-	-	-
Amount receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in lakhs)

Note 37 - Related Party Disclosures (continued):

Transactions with related parties are as follows:

Transactions / Balances	Subsidiaries of joint venture partner				Structured entities of joint venture partner				Joint venture of Joint venture partner		Enterprises having significant control over Company		Key Management Personnel	
	Shapoorji Pallonji Development Managers Private Limited		Stonesteel Prefab Infra Private Limited		Coherent RMC Private Limited		PMD Infrastructure & Development Private Limited		S. D. Corporation Private Limited		Shapoorji Pallonji and Company Private Limited		Sanjay Hinduja	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Reimbursement of Insurance expenses	-	-	-	-	-	-	-	-	-	-	1.04	2.05	-	-
Brand and support fees paid	-	-	-	-	-	-	-	-	-	-	38.69	6.89	-	-
Rent paid	-	-	-	-	-	-	-	-	-	-	79.43	67.28	-	-
CSR expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IT support services	-	-	-	-	-	-	-	-	-	-	37.00	-	-	-
Interest paid on loan	-	-	-	-	-	-	-	-	-	-	10.38	7.69	-	-
Travelling expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration and reimbursement paid	-	-	-	-	-	-	-	-	-	-	-	-	521.83	504.41
Interest received on loan	-	-	628.82	-	249.72	-	2.74	-	-	-	-	-	-	-
Processing /Consultancy Fees (Received)	-	-	27.50	-	20.00	-	-	-	750.00	-	-	-	-	-
Security deposit paid	-	-	-	-	-	-	-	-	-	-	-	12.62	-	-
Water Purifier purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of non convertible debenture	2,385.13	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan taken	-	-	-	-	-	-	-	-	-	-	1,500.00	4,700.00	-	-
Loan repaid	-	-	-	-	-	-	-	-	-	-	1,500.00	4,700.00	-	-
Loan given	-	-	3,500.00	-	2,500.00	-	2,500.00	-	-	-	-	-	-	-
Loan repaid	-	-	3,900.00	-	2,500.00	-	2,500.00	-	-	-	-	-	-	-
Balance at the year end														
Expense payable	-	-	-	-	-	-	-	-	-	-	12.59	4.04	-	-
Loan given	-	-	4,200.00	-	-	-	-	-	-	-	-	-	-	-
Amount receivable	-	-	-	-	-	-	-	-	590.00	-	-	-	-	-
Security deposit	-	-	-	-	-	-	-	-	-	-	37.82	37.82	-	-

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
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(Amounts in lakhs)

Note 38 - Fair Value Measurement

Valuation Principle
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note 2.12.

Financial Instrument by Category

	As at 31 March 2020			As at 31 March 2019			As at 1 April 2018		
	FVTPL	FVOCI	Amortised	FVTPL	FVOCI	Amortised	FVTPL	FVOCI	Amortised
Financial Asset									
Investments									
- Equity Instruments	248.86	-	-	364.67	-	-	431.20	-	-
- Bonds and Debentures	-	-	-	-	-	-	-	-	2,537.66
- Mutual Funds	-	-	-	500.54	-	-	2,560.16	-	-
Other Receivables	-	-	608.67	-	-	7.46	-	-	32.00
Loans	-	-	97,966.74	-	-	82,892.08	-	-	48,317.09
Cash And Cash Equivalents	-	-	296.05	-	-	5,399.89	-	-	3,362.72
Security Deposits	-	-	34.26	-	-	31.36	-	-	24.28
Total Financial Assets	**248.86**	**-**	**98,905.72**	**865.21**	**-**	**88,330.79**	**2,991.36**	**-**	**54,273.75**
Financial Liability									
Borrowings	-	-	59,440.66	-	-	50,792.77	-	-	23,556.84
Trade Payables	-	-	50.15	-	-	87.85	-	-	46.57
Other Payables	-	-	233.01	-	-	60.79	-	-	201.48
Total Financial Liabilities	**-**	**-**	**59,723.82**	**-**	**-**	**50,941.41**	**-**	**-**	**23,804.89**

Fair value Hierarchy
This section explains the judgments and estimates made in determining the fair value of the financial instrument that are (a) recognized and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath table

As at 31 March 2020

	Notes	Carrying amount	Fair value measurements using			
			Level 1	Level 2	Level 3	Total
Financial assets						
Investments	8					
- Equity Instruments		248.86	248.86	-	-	248.86
Loans and advances	7	97,966.74	-	-	101,195.23	101,195.23
Other Receivables	6	608.67	-	608.67	-	608.67
Cash And Cash Equivalents	5	296.05	296.05	-	-	296.05
Security Deposits	9	34.26	-	34.26	-	34.26
Total Financial Asset		**99,154.58**	**544.91**	**642.93**	**101,195.23**	**102,383.07**
						-
Financial Liability						-
Borrowings*	16	59,440.66	-	-	59,440.66	59,440.66
Trade Payables	15	50.15	50.15	-	-	50.15
Other Payables		233.01	233.01	-	-	233.01
Total Financial Liability		**59,723.82**	**283.16**	**-**	**59,440.66**	**59,723.82**

* Borrowings are at floating rate of interest and hence its fair value approximate its carrying value

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
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(Amounts in lakhs)

Note 38 - Fair Value Measurement (continued)

As at 31 March 2019

	Notes	Carrying amount	Fair value measurements using			
			Level 1	Level 2	Level 3	Total
Financial assets						
Investments	8					
- Equity Instruments		364.67	364.67	-	-	364.67
- Mutual Funds		500.54	500.54	-	-	500.54
Loans and advances	7	82,892.08	-	-	88,020.79	88,020.79
Other Receivables	6	7.46	-	7.46	-	7.46
Cash And Cash Equivalents	5	5,399.89	5,399.89	-	-	5,399.89
Security Deposits	9	31.36	-	31.36	-	31.36
Total Financial Asset		**89,196.00**	**6,265.10**	**38.82**	**88,020.79**	**94,324.71**
Financial Liability						
Borrowings*	16	50,792.77	-	-	50,792.77	50,792.77
Trade Payables	15	87.85	87.85	-	-	87.85
Other Payables		60.79	60.79	-	-	60.79
Total Financial Liability		**50,941.41**	**148.64**	**-**	**50,792.77**	**50,941.41**

* Borrowings are at floating rate of interest and hence its fair value approximate its carrying value

As at 1 April 2018

	Notes	Carrying amount	Fair value measurements using			
			Level 1	Level 2	Level 3	Total
Financial assets						
Investments	8					
- Equity Instruments		431.20	431.20	-	-	431.20
- Bonds and Debentures		2,537.66	-	2,537.66	-	2,537.66
- Mutual Funds		2,560.16	2,560.16	-	-	2,560.16
- Government Securities						-
						-
Loans and advances	7	48,317.09	-	-	49,111.79	49,111.79
Other Receivables	6	32.00	-	32.00	-	32.00
Cash And Cash Equivalents	5	3,362.72	3,362.72	-	-	3,362.72
Security Deposits	9	24.28	-	24.28	-	24.28
Total Financial Asset		**57,265.11**	**6,354.08**	**2,593.94**	**49,111.79**	**58,059.81**
						-
Financial Liability						-
Borrowings*	16	23,556.84	-	-	23,556.84	23,556.84
Trade Payables	15	46.57	46.57	-	-	46.57
Other Payables		201.48	201.48	-	-	201.48
Total Financial Liability		**23,804.89**	**248.05**	**-**	**23,556.84**	**23,804.89**

* Borrowings are at floating rate of interest and hence its fair value approximate its carrying value

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(Amounts in lakhs)

Note 38 - Fair Value Measurement

Level 1 : Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Company has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges are valued using the closing price as at the reporting period. The mutual funds are valued at the closing NAV.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include cash in hand, balances with Banks, financial institutions and money at call and short notice, accrued interest receivable, acceptances, deposits payable on demand, accrued interest payable, and certain other assets and liabilities that are considered financial instruments. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

Financial instruments recorded at fair value

Investment in equity shares and mutual funds
Investment in equity shares and mutual funds classified by company as fair value through profit or loss, are carried at fair value based on quoted market prices. If quoted market prices are not available or if the securities were unlisted, the fair values were estimated at the break-up value ascertained from the entity's latest financial statements, which is generally considered as unobservable inputs.

Fair value of financial instruments carried at amortised cost

Loans and advances
The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. The discount rates are based on the movement in zero coupon yield curve from the loan origination till reporting date. For the purposes of level disclosures loans and advances are categorized under Level 3. The Level 3 loans would decrease (increase) in value based upon an increase (decrease) in discount rate. Since substantially all individual lines of credit and other variable rate loans reprice frequently, with interest rates reflecting current market pricing, the carrying values of these loans approximate their fair values. For purposes of these fair value estimates, the fair values of impaired loans were computed by deducting an estimated market discount from their carrying values to reflect the uncertainty of future cash flows.
Deposits
The fair value of demand deposits and savings deposits without defined maturities are the amounts payable on demand. For deposits with defined maturities, the fair values were estimated using discounted cash flow models that apply market interest rates corresponding to similar deposits and timing of maturities.

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
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(Amounts in lakhs)

Note 39 - Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

C.1 Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

C.2 Regulatory capital

Regulatory capital-related information is presented as part of the RBI mandated disclosures. The RBI norms require capital to be maintained at prescribed levels. In accordance with such norms, Tier I capital of the Company comprises of share capital, share premium and reserves, Tier II capital comprises of provision on loans that are not credit-impaired. There were no changes in the capital management process during the periods presented

Items	As at 31 March 2020	As at 31 March 2019
(i) CRAR (%)	23.44%	40.16%
(ii) CRAR – Tier I capital (%)	22.28%	39.80%
(iii) CRAR – Tier II capital (%)	1.16%	0.36%
(iv) Amount of Subordinated debt raised as Tier - II capital	-	-
(v) Amount raised by issue of perpetual debt instruments	-	-

Note 40 - Capital commitments

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Commitments related to capital work in progress towards agreements with vendors for loan management system	138.75	157.50	-
Undrawn committed credit lines	6,471.78	9,045.96	4,939.80

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in lakhs)

Note 41 - Revenue from contracts with customers

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to profit and loss account:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Type of income		
Syndication fees	750.00	100.00
Total revenue from contracts with customers	**750.00**	**100.00**
Geographical markets		
India	750.00	100.00
Outside India	-	-
Total revenue from contracts with customers	**750.00**	**100.00**
Timing of revenue recognition		
Services transferred at a point in time	750.00	100.00
Services transferred over time	-	-
Total revenue from contracts with customers	**750.00**	**100.00**

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
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(Amounts in lakhs)

Note 42 - Classification of financial assets and financial liabilities

As at 31 March 2020	**Mandatorily at FVTPL**	**Amortised cost**	**Total carrying amount**
ASSETS			
Cash and cash equivalents	-	296.05	296.05
Other receivables	-	608.67	608.67
Loans and advances to customers			
Measured at fair value	-	-	-
Measured at amortised cost	-	97,966.74	97,966.74
Investment securities			
Measured at fair value	248.86	-	248.86
Measured at amortised cost	-	-	-
Other assets	-	34.26	34.26
Total Financial assets	**248.86**	**98,905.72**	**99,154.58**
Trading liabilities	-	283.16	283.16
Borrowings (other than debt securities)	-	59,440.66	59,440.66
Other liabilities	-	122.90	122.90
Total Financial liabilities	**-**	**59,846.72**	**59,846.72**

As at 31 March 2019	**Mandatorily at FVTPL**	**Amortised cost**	**Total carrying amount**
ASSETS			
Cash and cash equivalents	-	5,399.89	5,399.89
Non-pledged trading assets	-	7.46	7.46
Loans and advances to customers			
Measured at fair value	-	-	-
Measured at amortised cost	-	82,892.08	82,892.08
Investment securities			
Measured at fair value	865.21	-	865.21
Measured at amortised cost	-	-	-
Other assets	-	31.36	31.36
Total Financial assets	**865.21**	**88,330.79**	**89,196.00**
Trading liabilities	-	148.64	148.64
Borrowings (other than debt securities)	-	50,792.77	50,792.77
Other liabilities	-	195.12	195.12
Total Financial liabilities	**-**	**51,136.53**	**51,136.53**

As at 1 April 2018	**Mandatorily at FVTPL**	**Amortised cost**	**Total carrying amount**
ASSETS			
Cash and cash equivalents	-	3,362.72	3,362.72
Non-pledged trading assets	-	32.00	32.00
Loans and advances to customers			
Measured at fair value	-	-	-
Measured at amortised cost	-	48,317.09	48,317.09
Investment securities			
Measured at fair value	2,991.36	-	2,991.36
Measured at amortised cost	-	2,537.66	2,537.66
Other assets	-	24.28	24.28
Total Financial assets	**2,991.36**	**54,273.75**	**57,265.11**
Trading liabilities	-	248.05	248.05
Borrowings (other than debt securities)	-	23,556.84	23,556.84
Other liabilities	-	-	-
Total Financial liabilities	**-**	**23,804.89**	**23,804.89**

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
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(Amounts in lakhs)

Note 43 - Financial risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

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Note 43 - Financial risk management (continued)

A. Credit risk

Credit risk arises from loans and advances, cash and cash equivalents, deposits and other financial assets carried at amortized cost. This risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Macroeconomic information (such as Real GDP growth rate and Inflation rate) are incorporated as part of the Ind AS 109 provision model.
In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

Definition of Default
A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which Company operates and other macro-economic factors.

Provision for expected credit losses
The Company provides for expected credit loss based on following:

Staging	Description of category	Basis for recognition of expected credit loss provision
Stage 1	Assets where the counter-party has capacity to meet the obligations and where the risk of default is negligible or nil. Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past and assets where the payments are less than 30 day past due.	12-month expected credit losses
Stage 2	Assets where there has been a significant increase in credit risk since initial recognition. Assets where the payments are more than 30 days past due or two notch internal rating downgrade till BBB and 1 notch rating downgrade from BBB to C, for rating downgrade "+" and "-" sign are not taken into consideration.	Life-time expected credit losses
Stage 3	The Company categorises a loan or receivable for stage 3 when a debtor fails to make contractual payments within 90 days from the day it is due. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days and above past due.	Credit Loss is recognized on full exposure/ Asset is written off

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(Amounts in lakhs)

Note 43 - Financial risk management (continued)

Segmentation for Loan and Advances

Year ended 31 March 2020

Particulars	Asset group	Estimated gross carrying amount at default	Expected credit losses (Ind AS 109)
Corporate Portfolio		**69,404.69**	**3,108.52**
Stage 1	Loans and Advances	52,231.52	1,709.95
Stage 2 *		14,543.61	917.36
Stage 3 #		2,629.56	481.21
Vendor Finance		**38,729.80**	**293.35**
Stage 1	Loans and Advances	22,942.08	171.32
Stage 2		15,787.72	122.03
Stage 3		-	-
Other receivables		**590.00**	**1.24**
Stage 1^	Fees receivable	590.00	1.24
Total		**108,724.49**	**3,403.11**
Stage 1	Loans and Advances	75,763.60	1,882.51
Stage 2		30,331.33	1,039.39
Stage 3		2,629.56	481.21

A (i) * In respect of one borrower classified as stage 2, the interest was serviced by way of sale of underlying collateral i.e. shares in a listed company. The Company has made a provision of Rs. 227 lakhs against the outstanding balance of loan amounting to Rs. 2,743 lakhs.

A (ii) # Includes a loan outstanding from one borrower of Rs. 1,500 lakhs classified as stage 3 secured by pledge of 76% unlisted equity shares of the borrower against which provision of Rs.150 lakhs has been made.

A (iii) ^ In respect of fees receivable from one of the related party (Joint venture of Shapoorji Pallonji and Company Private Limited) amounting to Rs. 590 lakhs as on March 31, 2020, provision of Re. 1 lakh has been made.

Year ended 31 March 2019

Particulars	Asset group	Estimated gross carrying amount at default	Expected credit losses (Ind AS 109)
Corporate Portfolio		**52,436.82**	**470.96**
Stage 1	Loans and Advances	48,384.98	420.13
Stage 2		4,051.84	50.83
Stage 3		-	-
Vendor Finance		**32,653.04**	**7.05**
Stage 1	Loans and Advances	32,653.04	7.05
Stage 2		-	-
Stage 3		-	-
Total		**85,089.86**	**478.01**
Stage 1	Loans and Advances	81,038.02	427.18
Stage 2		4,051.84	50.83
Stage 3		-	-

Year ended 31 March 2018

Particulars	Asset group	Estimated gross carrying amount at default	Expected credit losses (Ind AS 109)
Corporate Portfolio		**40,326.83**	**258.63**
Stage 1	Loans and Advances	40,326.83	258.63
Stage 2		-	-
Stage 3		-	-
Vendor Finance		**9,290.73**	**16.52**
Stage 1	Loans and Advances	9,290.73	16.52
Stage 2		-	-
Stage 3		-	-
Total		**49,617.56**	**275.15**
Stage 1	Loans and Advances	49,617.56	275.15
Stage 2		-	-
Stage 3		-	-

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(Amounts in lakhs)

Note 43 - Financial risk management (continued)

Cash and cash equivalents
Cash and cash equivalents include balance of INR 296.05 lakhs at 31 March 2020 (31 March 2019: INR 5,399.89 lakhs) is maintained as cash in hand and Balances with Company in current accounts.

Collateral held
The Company's loans (including Corporate Portfolio and some of the Vendor Finance loans) are generally secured by collateral in the form of a first charge over real estate properties, land, fixed assets, listed equity shares, other securities and floating charges over book debts, receivable and other current assets. In addition to the collateral as mentioned, the Company holds other types of collateral such as pledge of unlisted shares, personal and corporate guarantees, demand promissory notes and other liens.

Collateral securing each individual loan may not be adequate in relation to the value of the loan. All borrowers must meet the Company's internal credit assessment procedures, regardless of whether the loan is secured.
The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Company generally request that the corporate borrowers provide it. The Company may take collateral in the form of a first charge over real estate properties, land, fixed assets, listed equity share, other securities, floating charges over book debts, receivable, current assets and other liens and guarantees.

The Company has formulated an internal policy on periodical valuation of collaterals. As per the policy, all collaterals are valued annually except land collaterals which are valued once in three years.

Measurement of Expected Credit Losses

The Company has applied a three-stage approach to measure expected credit losses (ECL) on debt instruments accounted for at amortised cost and FVOCI. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

(a) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(b) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This includes the Company's internal credit rating grading system, external risk ratings and forward-looking information to assess deterioration in credit quality of a financial asset.

The Company considers defaulted assets as those which are contractually past due by more than 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days or rating is downgraded by two notch rating downgrade till BBB and 1 notch rating downgrade from BBB to C, lower respectively rated accounts from the initial internal rating are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. The Company considers financial instruments to have low credit risk if they are rated internally or externally within the investment grade. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL after cooling off period of six months.
The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data.

Probability of Default (PD)
Due to the absence of optimal default data points to calculate PD for the Company, the combination of ratings issued by external credit rating agencies and the ratings developed internally by SPFPL to determine the quality of its borrowers. For Corporate Portfolio, Internal credit rating has been utilized post application of Pluto Tasche methodology, which arrives at relative PD rate after adjusting for appropriate confidence interval. For Vendor Finance, credit rating of anchor Companies have been used based on ICRA rating agency.

Loss Given Default (LGD)
For the computation of LGD, the regulatory LGD rates prescribed by RBI or basis the internal management assessment have been used. Collateral values were classified into categories such as financial collateral, financial Receivables, commercial real estate/ residential real estate and other eligible collateral and haircut is applied based on RBI regulation.

Exposure at default (EAD)
Exposure at default is the total value an entity is exposed to when a loan defaults. It is the predicted amount of exposure that an entity may be exposed to when a borrower defaults on a loan. The outstanding principal and outstanding arrears reported as of the reporting date for computation of ECL is used as the EAD for all the portfolios.

Macroeconomic Scenarios
In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors: Real GDP growth rate and Inflation rate. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

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(Amounts in lakhs)

Note 43 - Financial risk management (continued)

Write-offs still under enforcement
Financial assets are written-off when the Company has no reasonable prospects of recovering any further cash flows from the financial assets. In the case of assets that are assessed collectively for impairment, the Company writes-off such assets once these are empirical evidence that no recovery can happen. Amount of INR 3,379.75 lakhs has been written-off in the Financial Year 2019-20.

Modification/Debt restructuring
The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. If the terms are substantially different, the Company derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

If the terms are not substantially different, the renegotiation or modification does not result in de-recognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the statement of profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The following table discloses information on loans and advances that were modified during the year as per Reserve Bank of India Circular DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID19 Regulatory Package.

	Post-modification	Pre-modification
31 March 2020	Gross carrying amount	Gross carrying amount
Loans under moratorium	6,587.92	6,645.60

Investments in debt securities that are past due but not impaired
Investment in debt securities that are 'past due but not impaired' are those for which contractual interest or principal payments are past due but the Company believes that impairment is not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Company. The amounts disclosed exclude assets measured at FVTPL.

Concentration of credit risk
The Company monitors concentrations of credit risk by internal Credit Rating. An analysis of concentrations of credit risk from loans and advances under Corporate Portfolio and Vendor Finance are shown below.

Corporate Portfolio **As at 31 March 2020**

Credit Rating	EAD Amount	(in %)
A-	2,872.85	4.14%
A+	439.15	0.63%
B	12,291.27	17.71%
BB	4,674.81	6.74%
BB-	5,315.35	7.66%
BB+	8,374.50	12.07%
BBB	3,001.48	4.32%
BBB-	2,500.00	3.60%
BBB+	3,006.41	4.33%
C	26,928.87	38.80%
Total	**69,404.69**	

Vendor Finance **As at 31 March 2020**

Credit Rating	EAD Amount	(in %)
ICRA A1	590.00	1.50%
ICRA A2	13,569.53	34.51%
ICRA A3	25,160.27	63.99%
Total	**39,319.80**	

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Note 43 - Financial risk management (continued)

Analysis of changes in the gross carrying amount and corresponding ECL allowances in relation to loans is as follows:

(Amount in lakhs)

Particulars	Stage 1		Stage 2		Stage 3		Total	
	EAD	ECL	EAD	ECL	EAD	ECL	EAD	ECL
As at 31 March 2019	**81,038.02**	**427.18**	**4,051.84**	**50.83**	-	-	**85,089.86**	**478.01**
New credit exposures during the year	57,041.99	1,957.59	19,842.07	295.78	1,500.00	150.00	78,384.06	2,403.37
Account closed/ repayments	(50,061.14)	(131.19)	(1,308.54)	(5.04)	-	-	(51,369.68)	(136.23)
Assets written off during the year	(3,379.75)	(261.20)	-	-	-	-	(3,379.75)	(261.20)
Movement between stages								
Transfer to Stage 2 and Stage 3	(8,875.52)	(109.87)			-	-	(8,875.52)	(109.87)
Transfer from Stage 1	-	-	7,745.96	97.94	-	-	7,745.96	97.94
Transfer from Stage 1	-	-	-	-	1,129.56	11.93	1,129.56	11.93
Impact on ECL on account of movement between stages / updates to the ECL model	-	-	-	599.88	-	319.28	-	919.16
As at 31 March 2020	**75,763.60**	**1,882.51**	**30,331.33**	**1,039.39**	**2,629.56**	**481.21**	**108,724.49**	**3,403.11**

Particulars	Stage 1		Stage 2		Stage 3		Total	
	EAD	ECL	EAD	ECL	EAD	ECL	EAD	ECL
As at 31 March 2018	**49,617.56**	**275.15**	-	-	-	-	**49,617.56**	**275.15**
New credit exposures during the year	64,407.99	318.54	3,851.84	45.79	-	-	68,259.83	364.33
Account closed/ repayments	(32,787.53)	(164.47)	-	-	-	-	(32,787.53)	(164.47)
Assets written off during the year	-	-	-	-	-	-	-	-
Movement between stages								
Transfer to Stage 2 and Stage 3	(200.00)	(2.04)	-	-	-	-	(200.00)	(2.04)
Transfer from Stage 1	-	-	200.00	2.04	-	-	200.00	2.04
Transfer from Stage 1	-	-	-	-	-	-	-	-
Impact on ECL on account of movement between stages / updates to the ECL model	-	-	-	3.00	-	-	-	3.00
As at 31 March 2019	**81,038.02**	**427.18**	**4,051.84**	**50.83**	-	-	**85,089.86**	**478.01**

A (iv) During the year, certain matters were noted with respect to internal financial controls around credit sanctioning and credit monitoring in respect of loans including vendor finance loans, inter corporate loans, unsecured loans to borrowers with weak financial strength, credit standing, recoverability of the loans, identification of related party relationships and transactions with the said parties. Subsequent to the year end, the management has reviewed the above matters based on additional information and supporting documents and concluded that the financial statements are free from material misstatement in respect of these matters. Management is undertaking various steps including digitalisation initiatives to strengthen the internal financial controls with respect to the loan and receivable process.

(Amounts in lakhs)

Note 43 - Financial risk management (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, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to the dynamic nature of the underlying businesses, Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Maturity Pattern

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments of Rs. 9,363.34 lakhs and exclude the impact of netting agreements.

As at 31 March 2020

		Contractual cash flows					
	Carrying amount	**Gross nominal inflow/ (outflow)**	**Upto 3 months**	**Over 3 months to 6 months**	**Over 6 months to one year**	**Over one year to 3 years**	**Over 3 to 5 years**	**Over 5 Years**
Non-derivative financial liabilities								
Trade payables	50.15	(50.15)	(50.15)	-	-	-	-	-
Other payables	233.01	(233.01)	(233.01)	-	-	-	-	-
Borrowings (other than debt securities)	59,440.66	(68,804.00)	(13,649.63)	(4,081.48)	(13,500.69)	(27,978.96)	(9,593.24)	-
Other financial liability	122.90	(130.68)	(22.73)	(22.73)	(45.45)	(39.77)	-	-

As at 31 March 2019

		Contractual cash flows						
	Carrying amount	**Gross nominal inflow/ (outflow)**	**Upto 3 months**	**Over 3 months to 6 months**	**Over 6 months to one year**	**Over one year to 3 years**	**Over 3 to 5 years**	**Over 5 Years**
Non-derivative financial liabilities								
Trade payables	87.85	(87.85)	(87.85)	-	-	-	-	-
Other payables	60.79	(60.79)	(60.79)	-	-	-	-	-
Borrowings (other than debt securities)	50,792.77	(56,056.96)	(11,981.47)	(25,761.01)	(2,781.33)	(9,967.74)	(5,565.41)	-
Other financial liability	195.12	(217.27)	(21.65)	(21.65)	(43.29)	(130.68)	-	-

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in lakhs)

Note 43 - Financial risk management (continued)

As at 1 April 2018

		Contractual cash flows						
	Carrying amount	Gross nominal inflow/ (outflow)	Upto 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 Years
Non-derivative financial liabilities								
Trade payables	46.57	(46.57)	(46.57)	-	-	-	-	-
Other payables	201.48	(201.48)	(201.48)	-	-	-	-	-
Borrowings (other than debt securities)	23,556.84	(24,479.03)	(21,432.41)	(56.61)	(112.19)	(1,997.07)	(880.75)	-

The amounts in the table above have been compiled as follows:

Type of financial instrument	**Basis on which amounts are compiled**
Non-derivative financial liabilities	Undiscounted cash flows, which include estimated interest payments

As part of the management of liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents, deposits with banks, investments in mutual funds and debt securities, which can be readily sold to meet liquidity requirements. In addition, the Company maintains agreed committed credit lines with banks.

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	**As at 31 March 2020**	**As at 31 March 2019**	**As at 1 April 2018**
Committed credit lines	8,051.65	2,752.05	8,625.41
Total	8,051.65	2,752.05	8,625.41

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
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(Amounts in lakhs)

Note 43 - Financial risk management (continued)

C. Price Risk
(a) Exposure details

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet as at fair value through profit or loss.
To manage its price risk arising from investments in equity securities and mutual funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(b) Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period. The analysis is based on the assumption that the market prices had increased by 10% or decreased by 10% with all other variables held constant, and that all the Company's equity instruments moved in line with it.

	Impact on Profit after tax			Impact on other components of equity		
	31 March 2020	31 March 2019	1 April 2018	31 March 2020	31 March 2019	1 April 2018
Increase of 10% in market price	18.62	64.74	223.84	18.62	64.74	223.84
Decrease of 10% in market price	(18.62)	(64.74)	(223.84)	(18.62)	(64.74)	(223.84)

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
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(Amounts in lakhs)

Note 43 - Financial risk management (continued)

D. Interest rate risk

The company provides loans to customers on fixed rate and hence there is no interest rate risk on loan exposure. However, certain borrowings are at floating rate and hence exposed to Interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management is as follows.

	Nominal amount		
	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Fixed-rate instruments			
Loans	101,369.85	83,370.09	48,592.24
Total	101,369.85	83,370.09	48,592.24
Variable-rate instruments			
Borrowings (Other than debt securities)	59,440.66	48,792.77	3,868.43
Total	59,440.66	48,792.77	3,868.43

The Company has certain floating rate bank borrowings which are sensitive to change in the benchmark rate. The change in 100 basis point in such benchmark may affect the profit and loass account and equity of the company by following amounts -

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss (Pre tax Impact)		Equity (Pre tax Impact)	
INR Crore	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at 31 March 2020				
Variable-rate instruments	(594.41)	594.41	(594.41)	594.41
Cash flow sensitivity (net)	(594.41)	594.41	(594.41)	594.41
As at 31 March 2019				
Variable-rate instruments	(487.93)	487.93	(487.93)	487.93
Cash flow sensitivity (net)	(487.93)	487.93	(487.93)	487.93
As at 1 April 2018				
Variable-rate instruments	(38.68)	38.68	(38.68)	38.68
Cash flow sensitivity (net)	(38.68)	38.68	(38.68)	38.68

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in lakhs)

Note 44 -Disclosure Pursuant to RBI Notification no RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5=3-4)	6	(7=4-6)
Performing assets						
Standard	Stage 1	75,763.60	1,882.51	73,881.09	303.05	1,579.46
	Stage 2	30,331.33	1,039.39	29,291.94	121.33	918.06
Subtotal		**106,094.93**	**2,921.90**	**103,173.03**	**424.38**	**2,497.52**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,629.56	481.21	2,148.35	262.96	218.25
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss		-	-	-	-	-
Subtotal for NPA		2,629.56	481.21	2,148.35	262.96	218.25
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	75,763.60	1,882.51	73,881.09	303.05	1,579.46
	Stage 2	30,331.33	1,039.39	29,291.94	121.33	918.06
	Stage 3	2,629.56	481.21	2,148.35	262.96	218.25
	Total	**108,724.49**	**3,403.11**	**105,321.38**	**687.34**	**2,715.77**

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Note 45 -Disclosure Pursuant to RBI Guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies dated 4 November 2019

i Funding Concentration based on significant counterparty (both deposit and borrowings)

Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
7	59,086.91	-	97.21%

ii Top 20 large deposits

Not applicable. The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

iii Top 10 borrowings

Amount	% of Total Borrowings
59,086.91	100.00%

iv Funding Concentration based on significant instrument/product

Name of the instrument/product **	Amount	liabilities
Term loan	44,638.56	73.44%
Overdrafts and working capital limits	14,448.35	23.77%
Total	**59,086.91**	**97.21%**

** A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of total liabilities.

v Stock ratio

Instrument \ As a % of Total	Public Funds	Liabilities	Assets
Commercial Papers	-	-	-
Non Convertible Debentures	-	-	-
Other Short Term Liabilities	24.45%	23.77%	14.30%

vi Institutional set-up for liquidity risk management

Asset Liability Management Committee (ALCO) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerances.

In order to manage/mitigate liquidity risk, in addition to regulatory limits on liquidity gaps, the Company has also defined prudential internal limit for Liquidity Gap tolerance for its time bucket which is approved by the ALCO.

Treasury is responsible for managing liquidity under the liquidity risk management framework as approved by the ALCO.

Liquidity risk management strategies and practices are reviewed to align with changes to the external environment, including regulatory changes, business conditions and market developments. Actual and anticipated cash flows generated are monitored to ensure compliance with limits.

Note 46 -Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID19 Regulatory Package

Particulars	As at 31 March 2020
Amounts where the moratorium/deferment was extended	6,720.69
Amount where asset classification benefits is extended	-
Provision Created	340.71
Less: Provisions adjusted during the against slippages	-
Residual provisions	340.71

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS ***(Continued)***
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(Amounts in lakhs)

Note 47 -As required in terms of Paragraph 18 of Master Direction - Non-Banking Finance Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

	Particulars	As at 31 March 2020	
(1)	**Liabilities side :** **Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**	**Amount outstanding**	**Amount overdue**
	(a) Debenture : Secured	-	-
	: Unsecured	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	44,992.31	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Public Deposits (Refer Note 1 below)	-	-
	(g) Other Loans -working capital facility	14,448.35	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**	**Amount outstanding**	**Amount overdue**
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-
	Assets side :		
			Amount outstanding
(3)	**Break-up of Loans and Advances including bills receivables (other than those included in (4) below):**		
	(a) Secured		58,746.63
	(b) Unsecured		42,623.22

(4)	**Break up of Leased Assets and stock on hire counting towards AFC activities**	**Amount outstanding**
	(i) Lease assets including lease rentals under sundry debtors :	-
	(a) Financial lease	-
	(b) Operating lease	-
	(ii) Stock on Hire including hire charges under sundry debtors :	-
	(a) Assets on hire	-
	(b) Repossessed Assets	-
	(iii) Other loans counting towards AFC Activities :	-
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-
(5)	**Break-up of Investments :**	**Amount outstanding**
	Current Investments :	
	1. Quoted :	
	(I) Shares : (a) Equity	248.86
	(b) Preference	-
	(ii) Debenture and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (Please specify)	-
	2. Unquoted :	
	(I) Shares: (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others: Certificates of deposit	-

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	Particulars	As at 31 March 2020
	Long Term investments :	
	1. Quoted :	
	(I) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (Please specify)	-
	2. Unquoted :	
	(I) Shares: (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-

(6) Borrower group-wise classification of assets, financed as in (3) and (4) above :

Please see Note 2 below

Category	Amount in Rupees (Net of provisions)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	2,450.00	5,258.00	7,708.00
(c) Other related parties	-	-	-
2. Other than related parties	56,296.63	37,365.22	93,661.85

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Please see note 3 below

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	248.86	248.86
2. Other than related parties	-	-

(8) Other information

	Particulars	Amount in Rupees
(i)	Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	2,629.56
(ii)	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	2,148.35
(iii)	Assets acquired in satisfaction of debt	-

Notes :

1. As defined in point xix of paragraph 3 of Chapter -2 of these Directions.
2. Provisioning norms shall be applicable as prescribed in Indian Accounting Standards by MCA
3. All Indian Accounting Standards issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

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Note 48 - Disclosure as per the Reserve Bank of India (RBI) guidelines and circulars

Additional disclosure for the year ended 31 March 2020 in accordance with Master Direction - Non-Banking Finance Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are specified below:

i) Capital to Risk Assets Ratio Disclosure (CRAR)

Particulars	As at 31 March 2020	As at 31 March 2019 *
(i) CRAR (%)	23.44%	40.16%
(ii) CRAR – Tier I capital (%)	22.28%	39.80%
(iii) CRAR – Tier II capital (%)	1.16%	0.36%
(iv) Amount of Subordinated debt raised as Tier - II capital	-	-
(v) Amount raised by issue of perpetual debt instruments	-	-

*As per audited financials statement under IGAAP

ii) Investments

Sr. No.	Particulars		As at 31 March 2020	As at 31 March 2019
1	Value of Investments			
	(i)	Gross Value of Investments		
		(a) In India	309.73	809.73
		(b) Outside India	-	-
	(ii)	Provision for Depreciation		
		(a) In India	60.87	-
		(b) Outside India	-	-
	(iii)	Net Value of Investments		
		(a) In India	248.86	809.73
		(b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments			
	(i)	Opening balance	-	-
	(ii)	Add : Provisions made during the year	60.87	-
	(iii)	Less : Write-off/ write-back of excess provision during the year	-	-
	(iv)	Closing balance	60.87	-

iii) Details of Derivatives

Forward Rate Agreement / Interest Rate Swap

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
i)	The notional principal of swap agreements	-	-
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
iii)	Collateral required by the applicable NBFC upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps	-	-
v)	The fair value of the swap book	-	-

Exchange Traded Interest Rate (IR) Derivatives

Sr. No.	Particulars	Amount
i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-
ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2020 (instrument-wise)	-
iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-
iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-

Risk Exposure in Derivatives - Quantitative Disclosures

SR. No.	Particulars		Currency Derivatives	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)			
	For hedging			-
ii)	Marked to Market Position [1]			
	a)	Asset (+)	-	-
	b)	Liability (-)	-	-
iii)	Credit Exposure [2]		-	-
iv)	Unhedged Exposures		-	-

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Note 48 - Disclosure as per the Reserve Bank of India (RBI) guidelines and circulars (continued)

iv) Disclosure relating to Securitisation

Sr. No.	Particulars			As at 31 March 2020	As at 31 March 2019
1	No of SPVs sponsored by the applicable NBFC for securitisation transactions			-	-
2	Total amount of securitised assets as per books of the SPVs sponsored			-	-
3	Total amount of exposures retained by the applicable NBFC to comply with MRR as on the date of balance sheet				
	a)	Off-balance sheet exposures		-	-
		First loss		-	-
		Others		-	-
	b)	On-balance sheet exposures		-	-
		First loss		-	-
		Others		-	-
4	Amount of exposures to securitisation transactions other than MRR				
	a)	Off-balance sheet exposures		-	-
		i)	Exposure to own securitizations	-	-
			First loss	-	-
			Others	-	-
		ii)	Exposure to third party securitisations	-	-
			First loss	-	-
			Others	-	-
	b)	On-balance sheet exposures			
		i)	Exposure to own securitizations	-	-
			First loss	-	-
			Others	-	-
		ii)	Exposure to third party securitisations	-	-
			First loss	-	-
			Others	-	-

Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
i)	No. of accounts	-	-
ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
iii)	Aggregate consideration	-	-
iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
v)	Aggregate gain / loss over net book value	-	-

Details of Assignment transactions undertaken by applicable NBFC

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
i)	No. of accounts	-	-
ii)	Aggregate value (net of provisions) of accounts sold	-	-
iii)	Aggregate consideration	-	-
iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
v)	Aggregate gain / loss over net book value	-	-

Details of non-performing financial assets purchased

Sr. No.	Particulars		As at 31 March 2020	As at 31 March 2019
1	a)	No. of accounts purchased during the year	-	-
	b)	Aggregate outstanding	-	-
2	a)	Of these, number of accounts restructured during the year	-	-
	b)	Aggregate outstanding	-	-

Details of Non-performing Financial Assets sold

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
1	No. of accounts sold	-	-
2	Aggregate outstanding	-	-
3	Aggregate consideration received	-	-

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(Amounts in lakhs)

Note 48 - Disclosure as per the Reserve Bank of India (RBI) guidelines and circulars (continued)

v) Asset liability management

As at 31 March 2020

	1 to 7 days	8 to 14 days	15 days to 30 /31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	3,545.37	75.76	4,427.23	18,440.68	15,379.36	31,657.99	5,828.87	17,466.84	4,547.75	-	101,369.85
Investments	-	-	-	-	-	-	248.86	-	-	-	248.86
Borrowings	529.72	-	800.00	7,898.35	3,234.65	2,859.65	12,074.59	23,137.61	8,906.09	-	59,440.66
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

As at 31 March 2019 *

	1 to 7 days	8 to 14 days	15 days to 30 /31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	270.69	695.89	1,531.05	4,611.80	6,768.93	32,557.86	3,335.52	33,114.26	1,050.00	-	83,936.00
Investments	-	-	500.00	-	-	309.73	-	-	-	-	809.73
Borrowings	-	-	2,000.00	2,500.00	6,458.33	25,206.28	1,955.59	7,527.24	5,000.00	-	50,647.44
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

*As per audited financials statement under IGAAP

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FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in lakhs)

Note 48 - Disclosure as per the Reserve Bank of India (RBI) guidelines and circulars (continued)

vi) Exposure to real estate sector

Category			As at 31 March 2020	As at 31 March 2019
a)	**Direct exposure**			
	i.	**Residential Mortgages**		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
	ii.	**Commercial Real Estate**		
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.	43,985.73	29,152.00
	iii.	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures**		
		a. Residential	-	-
		b. Commercial Real Estate	-	-
b)	**Indirect Exposure**			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		-	-

vii) Exposure to capital market

	Particulars	As at 31 March 2020	As at 31 March 2019
i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	248.86	309.73
ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	3,741.86	10,300.00
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii)	Bridge loans to companies against expected equity flows / issues;	-	-
viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market		**3,990.72**	**10,609.73**

vii- (A) As per Master Direction - Non-Banking Finance Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 , the Company is required to maintain a minimum loan to value (LTV) of 50% in respect of loan against listed shares throughout the tenure of the loan. Any shortfall in the maintenance of 50% LTV shall be made good within seven working days. For the financial year ended March 31, 2020, in respect of loan against shares for 2 borrower entities, there was a margin shortfall on account of movement in listed share price. Consequently 50% LTV was not maintained throughout the year.

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in lakhs)

Note 48 - Disclosure as per the Reserve Bank of India (RBI) guidelines and circulars (continued)

viii) Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

		As at 31 March 2020	As at 31 March 2019*
1	Provisions for depreciation on Investment	60.87	-
2	Provision towards NPA	481.21	-
3	Provision made towards Income tax	-	-
4	Other Provision and Contingencies (with details)	-	-
5	Provision for Standard Assets	2,443.89	202.86

*As per audited financials statement under IGAAP

ix) Concentration of Advances

		As at 31 March 2020	As at 31 March 2019
1	Total Advances to twenty largest borrowers	62,054.62	60,849.82
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	62.33%	72.50%

x) Concentration of Exposures

		As at 31 March 2020	As at 31 March 2019
1	Total Exposure to twenty largest borrowers /customers	62,743.62	61,711.23
2	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	59.18%	66.37%

xi) Concentration of NPAs

		As at 31 March 2020	As at 31 March 2019
1	Total Exposure to top four NPA accounts	2,629.56	-

xii) Sectorwise NPA (% of NPA to Total Advances in that sector)

		As at 31 March 2020	As at 31 March 2019
1	Agriculture and allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	2.64%	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

xiii) Movement of NPAs

		As at 31 March 2020	As at 31 March 2019
	Net NPAs to Net Advances (%)	-	-
	Movement of NPAs (Gross)		
	Opening balance	-	-
	Additions during the year	2,629.56	-
	Reductions during the year	-	-
	Closing balance	2,629.56	-
	Movement of Net NPAs		
	Opening balance	-	-
	Additions during the year	2,148.35	-
	Reductions during the year	-	-
	Closing balance	2,148.35	-
	Movement of provisions for NPAs (excluding provisions on standard		
	Opening balance	-	-
	Provisions made during the year	481.21	-
	Write-off / write-back of excess provisions	-	-
	Closing balance	481.21	-

xiv) Customer Complaints

		As at 31 March 2020
1	No. of complaints pending at the beginning of the year	NIL
2	No. of complaints received during the year	NIL
3	No. of complaints redressed during the year	NIL
4	No. of complaints pending at the end of the year	NIL

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
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(Amounts in lakhs)

xv - The Company has not obtained any registration from other financial sector regulators.

xvi - During the year, the Company's credit exposure to single and group borrower were within the prudential exposure limits prescribed by RBI. The total amount of exposure in excess of the prudential limit as at 31 March 2020 is Nil.

xvii - The Company has not done financing of parent company products.

xviii - During the year there are no penalties imposed on the Company.

xix - Rating assigned by credit rating agencies and migration of ratings during the year

Sr. No.	Instrument	Credit Rating Agency	As at 31 March 2020	As at 31 March 2019
1	Commercial Paper	CRISIL	A1+	A1+
2	Bank term loan	CRISIL	A+	AA-
3	NCD	CRISIL	A+	AA-

xx - There are no loans and advances which are unsecured as at 31 March 2020 for which intangible securities such as charge over the rights, licenses, authority have taken as intangible collateral.

Note 49 - Covid-19 Impact

49.1 The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently indeterminable. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns and other factors. On March 24, 2020, the Indian government announced a 21-day lockdown which was extended twice, across the country to contain the spread of virus.

The Indian Government, the Reserve Bank of India and other regulators have announced various measures and relaxations acknowledging the current situation to ensure that there is enough liquidity in the hands of market participants and provided moratoriums to the borrowers in terms of their repayments to the financial institutions.

The Company, being a NBFC, is in the business of providing loans to real estate developers, loans against securities, general-purpose corporate loans and make investment. The Company has made an assessment of its liquidity position applying stress scenarios. The Company believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements. Further, In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020 and 17 April 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium upto three months on the payment of instalments falling due between 1 March 2020 and 31 May 2020 basis the circular issued by RBI to all eligible borrowers and same has been extended by another three months upto 31 August 2020 as per RBI circular dated 22 May 2020 on extention of moratorium. In respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The Company has further assessed the recoverability and carrying value of its assets as at balance sheet date and has concluded that there are no material adjustments required in the financial statements, other than those already considered. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

49.2 The Company is required to submit audited financial statements with the RBI by June 2020 pursuant to the RBI Master Directions. However, due to operational difficulties owing to the Covid-19 pandemic and resultant lockdowns and first time introduction and adoption of Ind-AS framework by the company, the finalisation process got delayed.

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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in lakhs)

Note 50 - Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016

Sharad Vasant
Partner
Membership No. 101119
Place : Mumbai
Date : 10 December 2020

For and on behalf of the Board of Directors

Sanjay Hinduja
MD & CEO
DIN. 00388123

Jai Mavani
Director
DIN. 05260191

Pankaj Gupta
Chief Financial Officer

Preeti Chhabria
Company Secretary
ACS No. 18180

Place : Mumbai
Date : 09 December 2020