

25TH ANNUAL REPORT
OF
SHAPOORJI PALLONJI FINANCE PRIVATE
LIMITED
FOR FY 2018-19

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

CIN:-U65920MH1994PTC077480

Board of Directors

Mr. Shapoorji Pallonji Mistry, Non-Executive Director (DIN-00010114)
Mr. Homeyar Jal Tavaria, Non-Executive Director (DIN-00007567)
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. Shyam Maheshwari, Non-Executive Director (DIN – 01744054)
Mr. Subranmania Kuppuswamy (DIN-00058836)

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 Ltd.
Federal Bank Ltd.
Indusind Bank Ltd.
ICICI Bank Ltd.
Yes Bank Ltd
HSBC Bank
Bank of Baroda
Kotak Mahindra Bank Ltd.
State Bank of India
Barclays Bank PLC

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](mailto:spfinance@shapoorji.com)

Branch Office

Office No 1918, Regus Business Centre, 19th Floor, Tower-C
DLF Epitome (Building Number 5)
DLF Cybercity Phase - II, Haryana - 122002.

Board's Report

To,
The Members,

Your Directors have pleasure in presenting the 25th Annual Report on the business, operations and state of affairs of the Company and the Accounts for the Financial Year ended March 31, 2019.

1. **Financial summary or highlights/Performance of the Company**

The financial results / highlights of the Company for the period under review are summarised as under:-

<i>Amount in Rupees</i>		
Particulars	2018-2019	2017-2018
Total Revenue	1,263,208,627	405,699,180
Total Expenses	656,854,496	267,117,385
Profit/ (Loss) after tax for the year	434,225,466	107,496,545
Add: (Loss) carried forward from previous year	(713,470)	(86,710,706)
Less: Amount transfer to reserve u/s 45IC	86,845,093	21,499,309
Balance carried forward to Balance Sheet	346,666,903	(713,470)
Loan Book	8,393,601,149	4,822,259,613
Capital Adequacy Ratio	40.16%	56.24%

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. 86,845,093/- 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 period under review, your Company has generated revenues from operations amounting to Rs. 1,221,787,352/- as compared to Rs. 366,286,568/- for the financial year ended March 31, 2018. Total Revenue including other Income for the even period stood at Rs. 1,263,208,627/-.

The total expenses for the period under review was Rs. 656,854,496/- which included provision on Standard Assets of Rs. 14,183,469/-

Net result for the year was Profit (after tax) of Rs. 434,225,466/-.

6. **Share Capital & Capital Adequacy**

As on March 31, 2019, Shapoorji Pallonji Group (including SPCPL) and SSG holds 53.12% and 46.88% respectively of the paid up capital of the Company. The Paid up capital of the Company as on March 31, 2019 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, 2019 was 40.16% higher than the threshold limit of 15% prescribed by the Reserve Bank of India. The break up of Capital Adequacy Ratio as on even date was Tier I Capital at 39.80% and Tier II Capital at 0.36%.

7. Subsidiary and Associate Company

As on March 31, 2019, the Company did not have any Subsidiary nor any Associate company.

8. Finance

During the period under review, your Company has borrowed funds through Bank Loan Facilities and issue of Commercial Paper. CRISIL has assigned to the Company CRISIL A1+ rating in respect of the Commercial Paper Programme upto Rs. 500 Crores. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk. CRISIL has assigned rating of CRISIL AA-/Stable, long term rating to the Bank loan facilities upto Rs. 1000 Crores and has also assigned CRISIL AA-/Stable ratings for the proposed Bond issuance upto Rs. 200 Crores. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The total outstanding borrowing of the Company as on March 31, 2019 is Rs. 507.48 Crores which includes Term Loans from Banks of Rs. 165 Crores, Working capital Facility from banks of Rs. 322.48 Crores and Inter-Corporate Loans of Rs. 20 Crores.

9. Internal Financial Control Systems and their adequacy

The Company has 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 maintaining the books of accounts and ensuring timely reporting of financial statements. Further, the Company follows the RBI Master Directions for NBFCs not accepting / 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, during the year under review the Company has initiated steps for putting in place 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 has 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.

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 2018-19, no cases reported under the provisions of the POSH Act and the Policy framed thereunder.

15. Human Resources

The Human Resource (HR) function plays a pivotal role in securing the future success of the Company. In doing so, the function is guided by its long-term vision of working in partnership to create an environment where employees can thrive and are enabled to deliver sustainable organizational performance.

The HR function's focus has been on anchoring the values and beliefs in all people processes – from recruitment to performance management, talent development, promotions and remuneration. In 2018-2019, recruitment, referral processes and policies were strengthened to ensure new employees fulfill the Company's requirements on conduct and living the beliefs of trust and integrity.

The Company places utmost importance on managing and developing employee performance holistically by regularly giving feedback and taking appropriate employee friendly actions. All talent development programs have a strong culture component as a part of their curriculum. When employees are being considered for promotion, it is important to assess how one demonstrates the values and beliefs in their daily style of conducting business.

Effective consequence management as well as escalation mechanism are basic conditions for a healthy cultural change. The Company has improved its processes and practices to ensure compliance, investigate misconduct and take disciplinary action, as may be required.

Work related trainings specific to the respective job roles are being encouraged for the overall development of the new generation and to further enhance knowledge, skills and ability of future leaders. Knowledge sharing forums executed conventionally by subject matter experts in respective fields enhances curiosity and creates the urge to learn, which in succession helps to expand the horizons and look for solutions within the reach. The employee strength of your Company as on March 31, 2019 is 24 (Twenty-Four).

16. Directors and Key Managerial Personnel

During the period under review, there was no change in the Board of Directors and the Key Managerial Personnel ("KMP") of the Company. As on March 31, 2019 the Board of your Company comprised Mr. Shapoorji Pallonji Mistry, Mr. Homeyar Jal Tavaria, Mr. Kuppuswamy Subramania, Mr. Jai Mavani, Mr. Shyam Maheshwari, Mr. Sharad Bajpai and Mr. Sanjay Hinduja as its Members.

The following were the KMPs of the Company as on March 31, 2019:

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 5 (five) times during the year under review viz. April 24, 2018, May 03, 2018, June 27, 2018, October 22, 2018 and February 15, 2019.

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	5	5
Mr. Kuppuswamy Subramania	5	3
Mr. Homeyar Jal Tavaría	5	5
Mr. Shapoorji Pallonji Mistry	5	2
Mr. Sanjay Hinduja	5	5
Mr. Sharad Bajpai	5	4
Mr. Shyam Maheshwari	5	4

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 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 <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, 2019.

22. Management and Discussion Analysis

Information on the operational and financial performance amongst others, is also given in the Management and Discussion Analysis which is annexed to 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. Shyam Maheshwari	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.

27. Compliance

The Company has taken adequate steps to comply with the applicable regulations of RBI during FY 2018-19. Your Company 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. Conservation of energy, technology absorption and foreign exchange earnings and outgo

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. 9,62,408/- (converted in Indian Rupees).

32. 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.

33. 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**

June 18, 2019

Management and Discussion Analysis

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 NBFC Sector has a double digit credit market share and has consistently gained market share from Banks over last 10 years. The Sector has been delivering on average, approximately 1.5% - 2% RoEs as compared to select Banks over the last many years.

The year gone by has been a significant year, as the country witnessed unprecedented events in the judicial and economic space.

Supreme Court made a judgement in September 2018 that private entities cannot insist on Aadhaar for KYC Verification. The verdict had a major adverse impact on payment banks and financial technology (fintech) players including e-wallets, online loan givers, peer- peer lending platform; etc as obtaining Non-Aadhaar based KYC resulted an increase in the cost and time for acquiring new customers for these enterprises.

Another incident that has had an impact on NBFC Sector is rising NPAs and Credit Crunch. Interest Rates have increased, growth and margins have seen some strain and Asset- Liability Mismatch have been widely discussed.

Draft guidelines on Liquidity Risk Management for NBFCs and Core Investment Companies have been issued by the RBI to ensure that NBFCs have robust system of measuring, monitoring and controlling liquidity risk and they maintain sufficient liquidity.

In addition to above, RBI has also issued Prudential Framework for Resolution of Stressed Assets for NBFCs and thereby providing for early identification and reporting of stress under different categories of Special Mention Assets which *inter alia* includes reporting of default falling within the bucket of 1-30 days.

The opportunity for NBFCs still exists as the retail credit penetration in India is low and approximately less than 20% of the population have access to bank credit.

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.
- The Company needs to implement Indian Accounting Standards from FY 2019-20

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 shares; etc.

Your Company's balance sheet size at the end of FY 2018-19 stood at Rs. 9,195,685,312 as compared to Rs. 5,893,569,519 for FY 2017-18. On the asset side, the Company's loan book, which was at Rs. 4,822,259,613 in FY 2017-18, has grown to Rs. 8,393,601,149 in FY 2018-19.

For the FY 2018-19, the revenues of the Company were at Rs. 1,263,208,627 as compared to Rs. 405,699,180 for FY 2017-18. The Profit after tax for FY 2018-19 was Rs. 434,225,466.

As on March 31, 2019, the Net worth of the Company stood at Rs. 3,805,790,713. The total outstanding borrowing of the Company as on March 31, 2019 is Rs. 5,074,794,687 which includes Term Loans from Banks of Rs. 1,650,000,000, Working capital Facility from banks of Rs. 3,224,794,687 and Inter Corporate Deposit of Rs. 200,000,000.

As on March 31, 2019, the standard provision of Rs. 34,035,980/- (Previous Year: Rs. 19,852,511) at the rate of 0.40% was provided pursuant to the Reserve Bank of India (RBI) requirement in this regard.

Operational Performance:

Your Company has consistently maintained a high 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, 2019 is at 40.16%, which is way above the limit prescribed by the Reserve Bank of India.

While the Board's strategy is to have a gradually increasing yet conservative debt/equity ratio, and its commitment to ensure that the Company's CRAR remains well above the regulatory prescribed limit of 15%.

Risks:

The Company's risk philosophy 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.

Internal Financial Control Systems and their adequacy:

Shapoorji Pallonji Finance Private Limited
Registered & Corporate Office – SP Centre, Courtyard 10B, 41/44 Minoo Desai Road, Colaba, Mumbai – 400005
Tel No.- +91 22 67490000 Fax No. +91 22 66338176
CIN:U65920MH1994PTC077480

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
June 18, 2019



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. Homeyar Jal Tavaría, Non-Executive Director (SP Nominee Director), Mr. Jai Mavani, Non-Executive Director (SP Nominee Director), Mr. S Kuppaswamy, Non-Executive Director (SP Nominee Director), Mr. Sharad Bajpai, Non-Executive Director (SSG Nominee Director), Mr. Shyam Maheshwari, 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.)

During the year under review, the Board of Directors duly met 5 (five) times viz. April 24, 2018, May 03, 2018, June 27, 2018, October 22, 2018 and February 15, 2019.

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	5	5
Mr. Kuppaswamy Subramania	5	3
Mr. Homeyar Jal Tavaría	5	5
Mr. Shapoorji Pallonji Mistry	5	2
Mr. Sanjay Hinduja	5	5
Mr. Sharad Bajpai	5	4
Mr. Shyam Maheshwari	5	4

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) Audit Committee

As on March 31, 2019, the Audit Committee (the Committee) comprised the following Directors of the Company as its Members:-

Mr. Shyam Maheshwari	Non-Executive Director
Mr. Sharad Bajpai	Non-Executive Director
Mr. Jai Mavani	Non-Executive Director
Mr. Homeyar Jal Tavaría	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 27, 2018, October 22, 2018 and February 15, 2019.

The number of Committee Meetings attended by the Members during the year ended March 31, 2019 is as under:-

Name of the Committee Member	No. of Meetings	
	Held during the tenure	Attended by the Director
Mr. Shyam Maheshwari	3	3
Mr. Sharad Bajpai	3	3
Mr. Homeyar Jal Tavaria	3	3
Mr. Jai Mavani	3	3
Mr. Sanjay Hinduja	3	3
Mr. Kuppuswamy Subramania*	1	0

* Ceased to be a member w.e.f. June 27, 2018.

B) Nomination & Remuneration Committee

As on March 31, 2019 the Nomination & Remuneration Committee (the Committee) comprised the following Directors of the Company as its Members:-

Mr. Shyam Maheshwari	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 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 twice i.e. on May 03, 2018 and June 27, 2018.

The number of Committee Meetings attended by the Members during the year ended March 31, 2019 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	1
Mr. S. Kuppuswamy	2	1
Mr. Jai Mavani	2	2
Mr. Sanjay Hinduja	2	2

C) Corporate Social Responsibility Committee

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

Mr. Shyam Maheshwari	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 Committee *inter alia* includes recommending the amount of CSR expenditure, monitoring of CSR policy, etc. During the year under review, the Committee met only once i.e. on June 27, 2018.

The number of Committee Meetings attended by the Members during the year ended March 31, 2019 is as under:-

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

D) Risk Management Committee

As on March 31, 2019, the Risk Management Committee comprised the following as its members:-

Mr. Shyam Maheshwari	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	Vice President – 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 3 (Three) times i.e. on June 27, 2018, October 22, 2018 and February 15, 2019.

The number of Risk Management Committee Meetings attended by the Members during the year ended March 31, 2019 is as under:-

Name of the Committee Member	No. of Meetings	
	Held during the tenure	Attended by the Director
Mr. Shyam Maheshwari	3	3
Mr. Sharad Bajpai	3	3
Mr. Jai Mavani	3	3
Mr. S. Kuppuswamy	3	1
Mr. Sanjay Hinduja	3	3
Ms. Dipti Advani	3	3
Mr. Pankaj Gupta	3	3
Ms. Tripti Navani\$	1	1

\$ Appointed as a member w.e.f. October 22, 2018

E) Asset – Liability Management Committee

As on March 31, 2019, the Asset – Liability Management Committee comprised the following as its members:-

Mr. Shyam Maheshwari	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	Vice President – Credit & Markets

The terms of reference of the Asset – Liability Management 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 Committee met 4 (Four) times i.e. on June 27, 2018, September 24, 2018, October 22, 2018 and February 15, 2019.

The number of Asset-Liability Management Committee Meetings attended by the Members during the year ended March 31, 2019 is as under:-

Name of the Committee Member	No. of Meetings	
	Held during the tenure	Attended by the Director
Mr. Shyam Maheshwari	4	4
Mr. Sharad Bajpai	4	4
Mr. Jai Mavani	4	4
Mr. S. Kuppuswamy	4	2
Mr. Sanjay Hinduja	4	4
Ms. Dipti Advani	4	4
Mr. Pankaj Gupta	4	4
Ms. Tripti Navani\$	1	1

\$ Appointed as a member w.e.f. October 22, 2018

F) IT Strategy Committee

During the year under review, the Board of Directors has constituted the IT Strategy Committee, in accordance with the RBI Master Directions No. RBI/DNBS/2016-17/53 Master Direction DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 on 'IT Framework', with following persons as its Members:-

Name	Designation
Mr. Sanjay Hinduja	Managing Director & CEO
Mr. Homeyar Jal Tavaria	Non-Executive Director
Mr. Subodh Dubey	SP Group -CIO
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:-

- To approve IT Strategy and policy documents and ensure that the management has put an effective strategic planning process in place;
- 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 December 18, 2018 and March 19, 2019.

The number of Committee Meetings attended by the Members during the year ended March 31, 2019 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. Subodh Dubey	2	2
Mr. Delzad Mirza	2	2

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

June 18, 2019



Jai Mavani
Non-Executive Director
DIN: 05260191

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	99.96

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	53.082	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	-	25000	25000	0.01	-
(b) Central Govt.	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	153925907	-	153925907	53.08	153925907	-	153925907	53.08	-

(e) Banks/ FI	-	-	-	-	-	-	-	-	-
(f) Any Other...	-	-	-	-	-	-	-	-	-
Sub Total A(1)	1539259 07	25000	1539509 07	53.09	15392590 7	25000	1539509 07	53.09	-
(2) Foreign									
(a) NRIs- Individuals	-	50000	50000	0.02	-	50000	50000	0.02	-
(b) Other- Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	-	50000	50000	0.02	-	50000	50000	0.02	-
Total Sharehold ing of Promoter (A)= (A)(1)+(A)(2)	1539259 07	75000	1540009 07	53.11	15392590 7	75000	1540009 07	53.11	-
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) FIs	-	-	-	-	-	-	-	-	-
(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) Oversea s	1359263 89	-	1359263 89	46.88	13592638 9	-	1359263 89	46.88	-
(b) Individuals									

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

Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during 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	
1	Shapoorji Pallonji And Company Private Limited	153925907	53.08	Nil	153925907	53.08	Nil	Nil
2	Mr. Shapoorji Pallonji Mistry	50000	0.02	Nil	50000	0.02	Nil	Nil
3	Mr. Cyrus Pallonji Mistry	25000	0.01	Nil	25000	0.01	Nil	Nil
	Total	154000907	53.11	-	154000907	53.11	-	-

Change in Promoters' Shareholding – During the year under review there has been no change in Promoters Shareholding

Sr. No.	Name	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
1.	At the beginning of the year-				
2.	Date wise increase/ decrease in Promoters shareholding during the year specifying the reasons for increase/ decrease				
3	At the End of the year				
1.	At the beginning of the year-				
2.	Date wise increase/ decrease in Promoters shareholding during the year specifying the reasons for increase/ decrease				
	Total				

ii. 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		
2.	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease	Nil	Nil		
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		
2	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease	Nil	Nil		
3	At the End of the year (or on the date of separation, if separated during the year)	25000	0.01	25000	0.01
C	Ms. Aloo Tata				
1	At the beginning of the year	20000	0.00	-	-
2.	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease	Nil	Nil	-	-
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		
2	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease	Nil	Nil		
3	At the End of the year (or on the date of separation, if separated during the year)	4000	0.00	4000	0.00

iii.

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		
B	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease	Nil			
C	At the End of the year	50000	0.02	50000	0.02

C. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans **	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i)Principal Amount	387,458,893	2,000,000,000	-	2,387,458,893
(ii)Interest due but not accrued	-	-	-	-
(iii)Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	387,458,893	2,000,000,000	-	2,387,458,893
Change in Indebtedness during the financial year				
· Addition	4,587,335,794	6,670,000,000	-	11,257,335,794
· Reduction	100,000,000	8,470,000,000	-	8,570,000,000
Net Change	4,874,794,687	200,000,000	-	5,074,794,687
Indebtedness at the end of the financial year				
(i)Principal Amount	4,874,794,687	200,000,000	-	5,074,794,687
(ii)Interest due but not accrued	-	-	-	-
(iii)Interest accrued but not due	13,694,384	838,356	-	14,532,740
Total (i+ii+iii)	4,888,489,071	200,838,356	-	5,089,327,427

** include Commercial papers

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	43,300,008 6,670,903 -	- - -	- - -	43,300,008 6,670,903 -
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission -as % of profit -others	-	-	-	-
5.	Others	-	-	-	-
	Total (A)	49,970,911	-	-	49,970,911

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	7,643,400	5,175,900	12,819,300
		188,029	-	188,029

	(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			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission -as % of profit -others	-	-	-
5.	Others	-	-	-
	Total (A)	7,831,429	5,175,900	13,007,329

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

June 18, 2019



Jai Mavani
Non-Executive Director
DIN: 05260191

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

The scope and focus areas of the Company’s CSR / ESG policy is in alignment with the activities enumerated in Schedule VII of the Companies Act, 2013 as mentioned 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; and
- (xi) Slum area development

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 screen, vet and shortlist various projects and proposals and recommend the same and 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

June 18, 2019



Jai Mavani
Non-Executive Director
DIN: 05260191

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) strongly believes in the Shapoorji Pallonji Group's concept of iCare. An initiative started in the last financial year to support various segments of the society.

2. Focus Areas

We, at SPFPL over the past one year have synergized with the likes of; Promoting Health Care, Promoting Education, Preventive Healthcare & Environmental Sustainability, Promotion of Sanitation and Improve quality of life.

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

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. Shyam Maheshwari, Non-Executive Director
Mr. Sanjay Hinduja, Managing Director & CEO

3. 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 INR 3,92,09,920/-

4. 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 2018-19 was INR 7,84,198/-

5. Details of CSR spent during the financial year 2018-19

- a) Total amount spent for the FY 2018-19 – INR 24,56,380/-
- b) Amount unspent, if any – Nil

c) Manner in which the amount spent during the FY 2018-19 is detailed below:

During financial year 2018-19, Shapoorji Pallonji Finance Private Limited has spent INR 24,56,380/- 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	
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 undertaken	Amount Outlay (Budget) Project or Programs wise (Rs.)	Amount spent on the Projects or Programs Sub Heads:		Cumulative expenditure upto the Reporting Period (Rs.)	Amount Spent: -	
					Direct Expenditure on Projects or Programs (Rs.)	Overheads		Direct	Implementing Agency (In case of Implementing Agency, give the details of Implementing Agency)
1	Day Care Centre (Providing Health Care including Surgeries and other medical treatments)	Promoting Health Care including Preventive Health Care	Mumbai, Maharashtra	7,00,000/-	7,00,000/-	NIL	7,00,000/-	N.A.	Global Hospital & Research Centre, Trust
2	Skilling of Urban Children	Promoting Education	Bandra, Mumbai	50,00,000/-	2,50,000/-	NIL	2,50,000/-	N.A.	Shahani Academy & Global Empowerment Foundation, Company
3	Relief Kits for Kerala Flood Relief	Preventive Healthcare & Environmental Sustainability	Affected parts of Kerala & Other States	15,00,000/-	4,76,180/-	NIL	4,76,180/-	N.A.	Goonj, Society
4	Building 85 Toilets under Swacch Bharat Abhiyan	Promotion of Sanitation	Chinchvali Wagode Pabal Pedhambe Tadwagle Maharashtra, India	24,00,000/-	10,30,200/-	NIL	10,30,200/-	N.A.	PANCHASHEEL HITVARDHINI MANDAL, Public Trust System
Total							24,56,380		

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



**Sanjay Hinduja
Managing Director & CEO
DIN: 00388123**

June 18, 2019



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

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 share capital, or of business decisions under an agreement.

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. **“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,
9. **“Related Party Transaction”** or **“RPT”** means any transaction between the Company on one side and the Related Party of the Company on other side.
10. **“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.

11. **“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).*
12. **“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 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, 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, 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 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.

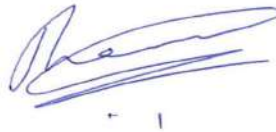
LIMITATION

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.

**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**

June 18, 2019

Price Waterhouse Chartered Accountants LLP

Independent auditor's report

To the Members of Shapoorji Pallonji Finance Private Limited

Report on the audit of the financial statements

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, 2019, and the statement of Profit and Loss, 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, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and 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, 2019, and Profit and its cash flows for the year then ended.

Basis for opinion

3. 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 opinion.

Other Information

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report, 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.



Price Waterhouse Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West)
Mumbai - 400 028

T: +91 (22) 66691500, F: +91 (22) 66547804 / 07

Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/NS00016 (ICAI registration number before conversion was 012754N).

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Shapoorji Pallonji Finance Private Limited

Report on the Financial Statements

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

5. 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 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.
6. 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

7. 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.
8. 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.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Shapoorji Pallonji Finance Private Limited
Report on the Financial Statements

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- 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.
9. 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.
10. 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.

Report on other legal and regulatory requirements

11. 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.
12. As required by Section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. 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".



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Shapoorji Pallonji Finance Private Limited
Report on the Financial Statements

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- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 22 to the financial statements.
- ii. The Company has long-term contracts as at March 31, 2019, for which there are no foreseeable losses. The Company did not have any derivative contracts as at March 31, 2019.
- 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, 2019.
- iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/500016



Mehul Desai
Partner
Membership Number: 103211

Mumbai
June 18, 2019

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) 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, 2019

Page 1 of 2

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, 2019 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 that include the design, implementation and maintenance of adequate internal financial controls 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 audit opinion on the Company's internal financial controls system with reference to financial statements.



Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) 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, 2019

Page 2 of 2

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls 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 controls with reference to financial 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 controls 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.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, 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.

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



Mehul Desai
Partner
Membership No: 103211

Mumbai
June 18, 2019

Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Shapoorji Pallonji Finance Private Limited on the financial statements as of and for the year ended March 31, 2019

- 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 been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
(c) The Company does not own any immovable properties as disclosed in Note 9 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 has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order 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 the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 28 to the financial statements regarding management's assessment on certain matters relating to provident fund.
(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 or Government or dues to debenture holders as at the balance sheet date.



Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Shapoorji Pallonji Finance Private Limited on the financial statements as of and for the year ended March 31, 2019

Page 2 of 2

- 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.
- 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 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Further, the Company is not required to constitute an Audit committee under Section 177 of the Act, and accordingly to this extent the provisions of clause 3(xiii) of the order are not applicable to the Company.
- 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.
- 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



Mehul Desai
Partner
Membership Number: 103211
Mumbai
June 18, 2019

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

Balance Sheet as at 31 March, 2019

(All amounts in Rs., unless otherwise stated)

Particulars	Note No.	As at 31 March, 2019	As at 31 March, 2018
I EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	2,899,762,960	2,899,762,960
Reserves and surplus	3	906,027,753	471,802,287
		3,805,790,713	3,371,565,247
Non-current liabilities			
Long-term borrowings	4	1,266,666,668	250,000,000
Long-term provisions	5	20,729,543	11,235,671
Current liabilities			
Short-term borrowings	6	3,424,794,687	2,106,300,092
Trade payables			
- Total outstanding dues of micro and small enterprises and		10,584	-
- Total outstanding dues of other than micro and small enterprises		8,774,232	4,657,309
Other current liabilities	7	648,312,366	137,804,938
Short-term provisions	8	20,606,519	12,006,262
		4,102,498,388	2,260,768,601
TOTAL		9,195,685,312	5,893,569,519
II ASSETS			
Non-current assets			
Property, Plant and Equipments	9		
Tangible assets	A	21,494,908	13,570,812
Intangible assets	B	-	-
Capital work-in-progress		5,000,000	-
		26,494,908	13,570,812
Deferred tax assets	10	13,441,085	7,241,750
Long-term loans and advances	11	3,436,004,657	2,005,715,653
		3,475,940,650	2,026,528,215
Current assets			
Current Investments	12	80,973,151	536,334,901
Cash and bank balances	13	539,989,223	336,146,473
Short-term loans and advances	14	4,983,388,540	2,850,092,672
Other current assets	15	115,393,748	144,467,258
		5,719,744,662	3,867,041,304
TOTAL		9,195,685,312	5,893,569,519
Significant accounting policies	1 B		

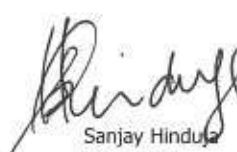
The notes are an integral part of these financial statements
This is the balance sheet referred to in our report of even date

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



Mehul Desai
Partner
Membership No. 103211

For and on behalf of the Board of Directors



Sanjay Hinduja
MD & CEO
DIN. 00388123



Homeyar Tavaria
Director
DIN. 00007567



Pankaj Gupta
Chief Financial Officer



Preeti Chhabria
Company Secretary
ACS No. 18180

Place : Mumbai
Date : 18 June 2019

Place : Mumbai
Date : 18 June 2019

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

Statement of Profit and Loss for the year ended 31 March, 2019

(All amounts in Rs., unless otherwise stated)

Particulars	Note No.	For the year ended 31 March, 2019	For the year ended 31 March, 2018
I Revenue			
Revenue from Operations	16	1,221,787,352	366,286,568
Other income	17	41,421,275	39,412,612
Total Revenue		1,263,208,627	405,699,180
II Expenses			
Employee benefits	18	167,843,841	136,363,431
Finance cost	19	426,843,242	61,226,835
Depreciation/ Amortisation expenses	9	7,041,579	3,309,417
Other expenses	20	55,125,834	66,217,702
Total Expenses		656,854,496	267,117,385
III Profit before tax		606,354,131	138,581,795
IV Tax expense:			
Current tax expenses		178,328,000	38,327,000
Deferred tax		(6,199,335)	(7,241,750)
V Profit for the year carried to Balance Sheet		434,225,466	107,496,545
VI Earnings per equity share (face value of Rs. 10/- each)			
Basic & Diluted	21	1.50	0.68
Significant accounting policies	1 B		

The notes are an integral part of these financial statements

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

For Price Waterhouse Chartered Accountants LLP

Firm Registration No. 012754N/N500016

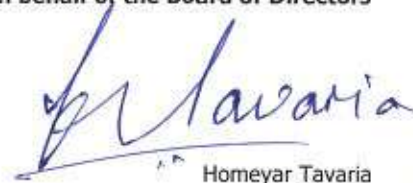


Mehul Desai
Partner
Membership No. 103211

For and on behalf of the Board of Directors



Sanjay Hinduja
MD & CEO
DIN. 00388123



Homeyar Tavaria
Director
DIN. 00007567



Parikaj Gupta
Chief Financial Officer



Preeti Chhabria
Company Secretary
ACS No. 18180

Place : Mumbai
Date : 18 June 2019

Place : Mumbai
Date : 18 June 2019

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

Cash Flow Statement for the year ended 31 March 2019

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
A. Cash flow from operating activities		
Profit before tax	606,354,131	138,581,795
Adjustments for:		
Depreciation and amortisation	7,041,579	3,309,417
Gain on sale of current investments	(12,463,873)	(22,512,770)
Provision for standard assets	14,183,469	17,717,373
Provision for gratuity	3,787,774	960,409
Provision for leave encashment	122,886	1,374,163
Loss on sale of fixed assets	15,198	-
Interest income on fixed deposits	(94,520)	(244,944)
Interest income on fixed debt instruments	(28,417,642)	(16,508,222)
Operating profit before working capital changes	590,529,002	122,677,221
Adjustments for Changes in Working Capital:		
Increase/ (Decrease) in trade payable	4,127,507	(6,458,334)
Increase in other liabilities	127,174,096	110,924,696
(Increase) in loans and advances	(3,571,431,630)	(4,247,733,063)
Decrease in other non-current assets	-	26,925,523
Decrease/ (Increase) in other current assets	25,181,042	(132,106,964)
Cash used in operations	(2,824,419,983)	(4,125,770,921)
Income tax paid (Net of Refund)	(170,481,241)	(45,033,527)
Net cash used in operating activities (A)	(2,994,901,224)	(4,170,804,448)
B. Cash flow from investing activities		
Purchase of fixed assets including capital work in progress	(19,986,874)	(9,686,245)
Sale of fixed assets	6,000	-
Sale of current Investments	8,056,994,731	3,743,498,870
Purchase of current Investments	(7,589,169,108)	(4,234,290,161)
Interest income on fixed deposits	220,547	208,105
Interest income on fixed debt instruments	32,184,083	12,741,781
Net cash from/ (used in) investing activities (B)	480,249,379	(487,527,650)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	2,393,939,098
Proceeds from commercial papers (Note 5 below)	6,000,000,000	3,468,841,199
(Repayment) of commercial papers (Note 5 below)	(7,968,841,199)	(1,500,000,000)
Proceeds from inter corporate deposit	670,000,000	-
Repayment of inter corporate deposit	(470,000,000)	-
Proceeds from bank borrowings (Note 4 below)	4,487,335,794	387,442,044
Net cash flow from financing activities (C)	2,718,494,595	4,750,222,341
Net increase in Cash and cash equivalents (A+B+C)	203,842,750	91,890,243
Cash and cash equivalents at the beginning of the year	336,146,473	244,256,230
Cash and cash equivalents at the end of the year	539,989,223	336,146,473

Notes:

- 1) Cash and cash equivalents include the following

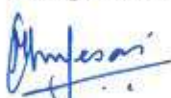
	As at March 31, 2019	As at March 31, 2018
Balance with bank		
- In current account	539,986,760	136,139,087
- In fixed deposit account	-	200,000,000
Cash in hand	2,463	7,386
	539,989,223	336,146,473

- 2) The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard 3 "cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- 3) Figures in bracket indicates cash out go.
- 4) Net figures have been reported on account of volume of transactions.
- 5) Includes unamortised discount on commercial paper.

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

For Price Waterhouse Chartered Accountants LLP

Firm Registration No. 012754N/NS00016



Mehul Desai
Partner
Membership No. 103211

For and on behalf of the Board of Directors


Sanjay Hinduja
MD & CEO
DIN. 00388123


Homay Tavaria
Director
DIN. 00007567


Pankaj Gupta
Chief Financial Officer


Preeti Chhabria
Company Secretary
ACS No. 18180

Place : Mumbai
Date : 18 June 2019

Place : Mumbai
Date : 18 June 2019

1. A Corporate Information

Shapoorji Pallonji Finance Private Limited was incorporated 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 (NBFC) vide Certificate No. B-13.01534. The Company is primarily engaged in Loan Business. The Company is a subsidiary of Shapoorji Pallonji and Company Private Limited.

1. B Significant Accounting Policies**1 Basis of accounting and preparation of financial statements**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), specified under section 133 and other relevant provisions of the Companies Act, 2013 and guidelines and circulars issued by RBI on NBFC and amendments there to (the 'Guidelines').

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III (Division I) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2 Use of estimates

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

3 Cash and cash equivalents

Cash comprises cash on hand and demand and term deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

4 Property, Plant and Equipments

Fixed assets carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets 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, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

5 Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortisation. Computer software is amortised over a period of three years.

6 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful life of the respective fixed assets and are greater than or equal to the corresponding useful life prescribed in Schedule II of the Companies Act, 2013. The estimated useful life used are as follows:

Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act, 2013
Furniture and Fittings	3 Years	10 Years
Office Equipments	5 Years	5 Years
Computers	3 Years	3 Years
Vehicles	4 Years	8 Years
Software	3 Years	3 Years

Useful life of assets different from prescribed in Schedule II of the Companies Act, 2013 has been estimated by management and supported by technical assessment.

Leasehold improvement is amortised on Straight Line Method over the lease term.

All fixed assets individually costing Rs. 5,000/- or less are fully depreciated in the year of acquisition.

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of profit and loss till the date of sale.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.



7 Investments

Investments are classified as current and long term based on management intention at the time of purchase. Investments which are intended to be held for more than one year are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments.

Long term investments are recorded at cost as on the date of transaction. Appropriate provision is made for any diminution, other than temporary, in the value of the investments.

Current investments are valued at lower of cost or market value. The cost of investments for determining the profit or loss on sale is determined on the basis of weighted average cost.

8 Revenue Recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation / collection. The company follows the prudential norms prescribed by Reserve Bank of India for income recognition and provisioning on case by case basis.

- a. Income from financing activities is recognised on accrual basis, except in case of penal interest and income on non-performing assets, which is recognised on receipt basis.
- b. Interest income on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- c. Interest income on fixed income debt instruments such as certificate of deposits and non-convertible debentures are recognised on a time proportion basis taking into account the amount outstanding and the effective rate applicable. Discount, if any, is recognised on a time proportion basis over the tenure of the securities.
- d. Dividend is recognised as income when right to receive payment is established.
- e. Profit/loss on the sale of investments is determined on the basis of the weighted average cost method.
- f. Syndication fee and other fees are recognised as income when the right to receive it is established.
- g. Processing fee is recognised on an accrual basis as the service is provided, unless included in the effective interest calculation.

9 Borrowing costs

Interest and other costs in connection with the borrowing of the funds to the extent related / attributed to the acquisition / construction of qualifying fixed assets are capitalised up to the date when such assets are ready for its intended use and all other borrowing costs are recognised as an expense in the period in which they are incurred.

10 Employee benefits

Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Leave Encashment: The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge in the statement of profit and loss and corresponding liability on of such non-vesting accumulated leave entitlement based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date.

11 Impairment of assets - Property Plant and Equipment and Intangible assets

At each balance sheet date, or more frequently where events or changes in circumstances dictate, tangible and intangible assets are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The carrying value of fixed assets are reduced to an recoverable amount and reduction is recognised as impairment loss in statement of profit and loss.

12 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

13 Provisioning / Write-off of assets

Loan loss provision in respect of non-performing loan is made based on management's assessment of the degree of impairment of the loans and estimates of recoverability/ realisation of the loans, subject to minimum provision level prescribed in accordance with prudential norms of the RBI.



14 Current and Deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities presenting current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

15 Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.



6 Short term borrowing

	As at 31 March, 2019	As at 31 March, 2018
Secured:		
Bank overdraft	2,074,794,687	137,458,893
Working capital demand loans	1,150,000,000	-
Unsecured:		
Commercial papers	-	2,000,000,000
Less: unamortised discount on Commercial papers	-	(31,158,801)
	-	1,968,841,199
Inter corporate deposit	200,000,000	-
Total	3,424,794,687	2,106,300,092

Terms: 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 current investments.

7 Other Current Liabilities

	As at 31 March, 2019	As at 31 March, 2018
Statutory dues including provident fund and tax deducted at source	12,454,317	20,768,710
Current maturities of long term debts	383,333,332	-
Interest received in advance	173,325,778	54,213,521
Employee benefits payable	58,585,941	42,676,259
Others	20,612,998	20,146,448
TOTAL	648,312,366	137,804,938

8 Short-term Provisions

	As at 31 March, 2019	As at 31 March, 2018
Provision for standard assets	20,370,276	11,934,281
Provision for gratuity	68,743	5,959
Provision for leave encashment	167,500	66,022
	20,606,519	12,006,262



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

Notes forming part of the financial statements

9. Property, Plant and Equipment		(All amounts in Rs., unless otherwise stated)					
	As at April 01, 2018	Gross Block		Depreciation / Amortisation		Net Block	
		Additions	As at 31 March, 2019	As at April 01, 2018	Charge for the year	Disposals	As at 31 March, 2019
A. Tangible assets							
Office equipments	1,911,665	1,000,265	2,880,882	997,847	454,498	9,850	1,438,387
Furniture and fittings	1,357,428	1,015,674	2,373,102	604,143	580,877	-	1,188,082
Leasehold improvements	4,394,937	4,274,868	8,669,805	1,969,888	1,955,188	-	4,744,729
Computers	1,954,972	1,340,222	3,295,194	654,353	750,943	-	1,889,898
Vehicles	8,591,888	7,355,845	15,947,733	413,848	3,300,073	-	12,233,812
Total A	18,210,890	14,986,874	33,166,716	4,640,079	7,041,579	9,850	21,494,908
B. Intangible assets							
Software acquired	9,360	-	9,360	9,360	-	-	-
Total B	9,360	-	9,360	9,360	-	-	-
Total (A+B)	18,220,250	14,986,874	33,176,076	4,649,439	7,041,579	9,850	21,494,908

	As at April 01, 2017	Gross Block		Depreciation / Amortisation		Net Block	
		Additions	As at March 31, 2018	As at April 01, 2017	Charge for the year	Disposals	As at March 31, 2018
A. Tangible assets							
Office equipments	1,766,555	145,110	1,911,665	254,333	743,514	-	913,818
Furniture and fittings	1,286,579	70,849	1,357,428	190,345	413,798	-	753,285
Leasehold improvements	4,394,937	-	4,394,937	629,335	1,340,553	-	2,425,049
Computers	1,076,574	878,398	1,954,972	256,648	397,704	-	1,300,620
Vehicles	-	8,591,888	8,591,888	-	413,848	-	8,178,040
Total A	8,524,645	9,686,245	18,210,890	1,330,661	3,309,417	-	13,570,812
B. Intangible assets							
Software acquired	9,360	-	9,360	9,360	-	-	-
Total B	9,360	-	9,360	9,360	-	-	-
Total (A+B)	8,534,005	9,686,245	18,220,250	1,340,021	3,309,417	-	13,570,812



Shapoorji Pallonji Finance Private Limited

Notes forming part of the financial statements

10 Deferred tax assets (net)

(All amounts in Rs., unless otherwise stated)

	As at 31 March, 2019	As at 31 March, 2018
Deferred tax assets		
Fixed asset: Impact of difference between tax depreciation and depreciation as per books	1,404,023	538,776
Provision for standard assets	9,911,277	5,725,464
Provision for gratuity	1,689,843	581,201
Provision for leave encashment	435,942	396,309
Net deferred tax assets	13,441,085	7,241,750



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

Notes forming part of the financial statements

(All amounts in Rs., unless otherwise stated)

2 Share Capital

	As at 31 March, 2019	As at 31 March, 2018
Authorised		
700,000,000 (March 31, 2018: 700,000,000) Equity Shares with face value of Rs. 10/- each	7,000,000,000	7,000,000,000
Total	7,000,000,000	7,000,000,000
Issued, Subscribed and paid up		
289,976,296 (March 31, 2018: 289,976,296) Equity shares of Rs. 10/- each fully paid up	2,899,762,960	2,899,762,960
Total	2,899,762,960	2,899,762,960

a) Reconciliation of number of shares

Equity Shares:

	As at 31 March, 2019		As at 31 March, 2018	
	Number	Rupees	Number	Rupees
Balance at the beginning of the year	289,976,296	2,899,762,960	91,750,000	917,500,000
Add: Shares issued during the year	-	-	198,226,296	1,982,262,960
Balance at the end of the year	289,976,296	2,899,762,960	289,976,296	2,899,762,960

Rights, preference and restrictions attached to shares

- b) Equity shares: The company has only one class of equity shares having a par value of ₹ 10 per share. 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) Shares held by holding company and subsidiaries of holding company

	As at 31 March, 2019		As at 31 March, 2018	
	Rupees		Rupees	
Equity Shares:				
153,925,907 Shares (March 31, 2018: 153,925,907 Shares) held by Shapoorji Pallonji and Company Private Limited, the Holding Company	1,539,259,070		1,539,259,070	
4,000 Shares (March 31, 2018: 4,000 Shares) held by Abhipreet Trading Private Limited, a subsidiary of Shapoorji Pallonji and Company Private Limited	40,000		40,000	

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

Name of shareholder	As at 31 March, 2019		As at 31 March, 2018	
	Number	% of Holding	Number	% of Holding
Equity Shares:				
Shapoorji Pallonji and Company Private Limited, the Holding Company	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

3 Reserves and Surplus

	As at 31 March, 2019	As at 31 March, 2018
Special Reserve under section 45-1C of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	27,339,619	5,840,310
Add: Transfer from the Statement of Profit and Loss	86,845,093	21,499,309
Balance as at the end of the year	114,184,712	27,339,619
Securities Premium		
Balance as at the beginning of the year	445,176,138	33,500,000
Add: Received during the year	-	411,676,138
Balance as at the end of the year	445,176,138	445,176,138
Surplus in Statement of profit and loss		
Balance as at the beginning of the year	(713,470)	(86,710,706)
Add: Profit for the year	434,225,466	107,496,545
Less: Transfer to special reserve under section 45-1C of the Reserve Bank of India Act, 1934	86,845,093	21,499,309
Balance as at the end of the year	346,666,903	(713,470)
Total	906,027,753	471,802,287

4 Long term borrowing

	As at 31 March, 2019	As at 31 March, 2018
Secured:		
Term loan from banks	1,266,666,668	250,000,000
Total	1,266,666,668	250,000,000

Terms of repayment:

- a. Term loan from bank of Rs. 25 crore (31 March 2018 : Rs. 25 crore) repayable in 12 equal quarterly instalments starting from 16 June 2019, interest is payable monthly @9.0% p.a. (linked to 3 months MCLR). Current maturities of term loan of Rs. 8.33 crore disclosed under the head 'Other current liabilities' (Refer note no. 7)
- b. Term loan from bank of Rs. 140 crore (31 March 2018 : Nil) repayable in 20 equal quarterly instalments started from 24 December 2018 (Rs.2.50 crore each), 02 February 2019 (Rs.2.75 crore each) and 22 February 2019 (Rs. 2.25 crore each) for respective tranche, interest is payable monthly @11.20% p.a. (linked to 1 year MCLR + 1.40% spread). Current maturities of term loan of Rs. 30 crore disclosed under the head 'Other current liabilities' (Refer note no. 7)

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 current investments.

5 Long-term Provisions

	As at 31 March, 2019	As at 31 March, 2018
Provision for standard assets	13,665,704	7,918,230
Provision for gratuity (Refer note 18 b) (ii))	5,734,290	2,009,300
Provision for leave encashment (Refer note 18 b) (vi))	1,329,549	1,308,141
Total	20,729,543	11,235,671



11 Long-term Loans and Advances

	As at 31 March, 2019	As at 31 March, 2018
Secured, considered good:		
Loans and advances relating to financing activity	3,376,425,977	1,704,557,574
Unsecured, considered good (unless otherwise stated):		
Loans and advances relating to financing activity	40,000,000	275,000,000
Security deposits	3,913,746	2,646,387
Advance taxes	15,664,934	23,511,692
[Net of provision for tax of Rs.222,043,471 (March 31, 2018: Rs.43,715,471)]		
Total	3,436,004,657	2,005,715,653

Note:

- Loans are secured by hypothecation of book debts, mortgage of immovable properties, receivables, pledge of shares.
- Includes loans in the form of non-convertible debentures aggregating to Nil (31 March 2018: Rs.200,600,000)

12 Current Investments

	As at 31 March, 2019	As at 31 March, 2018
At cost and fair value, whichever is less:		
Quoted		
Debentures:		
11.70% ITNL 2018 NCD	-	250,223,750
250 NCDs of ₹ 1,000,000/- each		
Equity Shares:		
SPS Finquest Ltd	30,973,151	30,973,151
246,400 shares of ₹ 10/- each		
Unquoted:		
Mutual Funds:		
i) Aditya Birla Sun Life Cash Plus - Growth - Direct Plan	-	5,138,000
Nil (March 31, 2018: 20,019.953 units) of ₹ 10/- each		
ii) Aditya Birla Sun Life Cash Plus - Growth - Regular Plan	-	100,000,000
Nil (March 31, 2018: 360,044.170 units) of ₹ 10/- each		
iii) UTI Money Market Fund - Growth Plan	-	50,000,000
Nil (March 31, 2018: 25,816.717 units) of ₹ 10/- each		
iv) Reliance Liquid Fund - Growth Plan	-	100,000,000
Nil (March 31, 2018: 23,725.006 units) of ₹ 10/- each		
v) DSP Liquidity Fund - Regular Plan - Growth	20,000,000	-
7,530,039 units (March 31, 2018: Nil) of ₹ 10/- each		
vi) YES Liquid Fund Regular - Growth	30,000,000	-
29,594.125 units (March 31, 2018: Nil) of ₹ 10/- each		
Total	80,973,151	536,334,901
Aggregate amount of quoted investments		
- At carrying value	30,973,151	281,196,901
- At market value	36,467,200	293,120,000
Aggregate amount of unquoted investments	50,054,136	256,016,357



13 Cash and Bank Balances

	As at 31 March, 2019	As at 31 March, 2018
Cash on Hand	2,463	7,385
Bank balances		
In Current accounts	539,986,760	136,139,087
In Deposits accounts (original maturity less than 3 months)	-	200,000,000
Total	539,989,223	336,146,473

14 Short-term Loans and Advances

	As at 31 March, 2019	As at 31 March, 2018
Secured considered good:		
Loans and advances relating to financing activity	2,204,371,425	1,039,387,879
Unsecured considered good, unless otherwise stated:		
Loans and advances relating to financing activity	2,772,803,747	1,803,314,160
Prepaid expenses	712,809	954,795
GST tax credit receivable	954,512	435,658
Others	4,546,047	6,000,180
Total	4,983,388,540	2,850,092,672

Note

- Loans are secured by hypothecation of book debts, mortgage of immovable properties, guarantees, receivables, pledge of shares.
- Includes loans in the form of non-convertible debentures aggregating to Rs.200,600,000 (31 March 2018: Nil)

15 Other Current Assets

	As at 31 March, 2019	As at 31 March, 2018
Interest accrued on bank deposits	-	126,027
Interest accrued on loans and advances	115,393,748	139,521,962
Interest accrued on investments	-	3,766,441
Others	-	1,052,828
TOTAL	115,393,748	144,467,258



(All amounts in Rs., unless otherwise stated)

16 Revenue From Operations

	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Interest income on:		
- Loan portfolio and related charges	1,107,744,657	283,700,362
Other financial services:		
- Processing fees	104,042,695	71,586,206
- Syndication and other fees	10,000,000	11,000,000
TOTAL	1,221,787,352	366,286,568

17 Other Income

	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Dividend income from current investments	-	5,904
Gain on sale of investments	12,463,873	22,512,770
Interest on Deposits with banks	94,520	244,944
Interest on Fixed income debt instruments	28,417,642	16,508,222
Miscellaneous Income	445,240	140,772
TOTAL	41,421,275	39,412,612



18 Employee Benefits Expense

	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Salaries, Wages and Bonus	160,587,623	132,499,071
Gratuity (Refer note (b) below)	3,787,774	960,409
Leave encashment	122,886	1,374,163
Contribution to Provident fund (Refer note (a) below)	477,902	344,364
Staff Welfare Expenses	2,867,656	1,185,424
TOTAL	167,843,841	136,363,431

a) Defined Contribution Plan

Amount recognised in the Statement of Profit and Loss
Employer's contribution to Provident Fund

477,902 344,364

b) Defined Benefit Plan**Gratuity:**

The Company operates an unfunded gratuity plan. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

(i) Present Value of Defined Benefit Obligation

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	2,015,259	1,054,850
Current Service Cost	1,820,469	930,292
Interest Cost	151,927	76,391
Contribution by plan participants	-	-
Actuarial Gains / Losses	1,815,378	(46,274)
Benefits paid	-	-
Past Service Costs	-	-
Curtailments	-	-
Settlements	-	-
Prior year charge	-	-
Balance at the end of the year	5,803,033	2,015,259

(ii) Assets and Liabilities recognised in the Balance Sheet

	As at 31 March 2019	As at 31 March 2018
Present Value of Defined Benefit Obligation	5,803,033	2,015,259
Less: Fair Value of Plan Assets	-	-
Less: Unrecognised Past Service Costs	-	-
Amounts recognised as liability	5,803,033	2,015,259
Recognised under:		
Long Term Provision (Refer note 5)	5,734,290	2,009,300
Short Term Provision (Refer note 8)	68,743	5,959

(iii) Expense recognised in the Statement of Profit and Loss

	As at 31 March 2019	As at 31 March 2018
Current Service Cost	1,820,469	930,292
Interest Cost	151,927	76,391
Expected return on Plan Assets	-	-
Actuarial Gains / Losses	1,815,378	(46,274)
Past Service Costs	-	-
Settlements	-	-
Curtailments	-	-
Prior year charge	-	-
Total Expense	3,787,774	960,409

(iv) Actuarial Assumptions

	As at 31 March 2019	As at 31 March 2018
Discount Rate	7.45%	7.55%
Expected Return on Plan Assets	Not applicable	Not applicable
Salary Growth Rate	10.00%	10.00%
Attrition Rate	2-10%	2-10%



(v) Amounts recognised in current year and previous four years

	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015
Defined Benefit Obligation	3,787,774	960,409	1,054,850	-	-
Plan Asset	-	-	-	-	-
Surplus / Deficit	3,787,774	960,409	1,054,850	-	-
Experience adjustments in plan liabilities	-	-	-	-	-
Experience adjustments in plan assets	-	-	-	-	-

(vi) Other employee benefits

	As at 31 March 2019	As at 31 March 2018
The Liability for compensated absences recognised under		
Long Term Provision (Refer note 5)	1,329,549	1,308,141
Short Term Provision (Refer note 8)	167,500	66,022

19 Finance Cost

	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Interest expense on		
Loans from banks	238,883,353	27,054,123
Commercial paper	152,019,551	29,734,449
Other	9,398,904	-
Other borrowing costs		
Bank charges and other related costs	26,541,434	4,438,263
TOTAL	426,843,242	61,226,835

20 Other Expenses

	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Retainership Fees	-	4,837,500
Office Rent	7,769,644	6,167,125
Share Allotment and Increase of share capital expenses	-	13,262,940
Legal and Professional fees	8,573,149	12,956,665
Payments to Auditors		
As Auditor:		
Audit Fee	1,400,000	1,000,000
Tax Audit Fee	200,000	175,000
Other Services	1,160,000	209,694
Reimbursement of Expenses	41,019	24,070
Rates and Taxes	1,108,980	361,182
Travelling and Conveyance - Domestic	3,700,984	2,681,589
Travelling and Conveyance - Foreign	4,000,122	1,857,706
Provision against Standard Assets	14,183,469	17,717,373
Printing and Stationery	229,181	172,035
Communication expenses	564,943	346,937
Business Promotion Expenses	2,629,203	758,006
Office Expenses	2,228,101	1,182,989
Insurance Expenses	520,622	283,700
Conference and Seminars	743,304	390,349
Membership & Subscription	985,485	528,714
Premium Expenses	1,052,829	1,291,614
Donations (Refer note (I) below)	4,004,380	-
Miscellaneous expenses	30,419	12,514
TOTAL	55,125,834	66,217,702

Note (I)

A) During the year, the company has contributed Rs. 2,456,380 (31 March 2018: Nil) towards Corporate Social Responsibility ('CSR') expenditure being revenue in nature.

B) Details of CSR spent during the financial year:

a) Gross amount required to be spent by the company during the year is Rs. 784,198.

b) Amount spent during the year on:

Particulars	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	2,456,380	-	2,456,380



21 Earnings per share (EPS) (Face Value of Share of Rs. 10/- Each)

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Basic		
Profit after tax (Rs.)	434,225,466	107,496,545
Weighted average no. of equity shares outstanding	289,976,296	157,585,415
Basic EPS (Rs)	1.50	0.68
Diluted		
Profit after tax (Rs.)	434,225,466	107,496,545
Weighted average number of shares outstanding for diluted EPS	289,976,296	157,585,415
Diluted EPS (Rs)	1.50	0.68
Face value per share (Rs)	10.00	10.00

22 Old Income tax proceedings:

During previous years, Company had received demand of Rs. 12,157,108 for Assessment year 1995-96 to 1998-99 from Income Tax Department towards certain leasing transactions carried out by the Company. Further, the department had also initiated penalty proceeding which was contested by the Company. Subsequently, Company had filed an appeal with the Income Tax Appellate Tribunal (ITAT). The Income Tax Appellate Tribunal had remitted the case back to the Assessing Officer for being reheard in the light of the ITAT decision in the case of Mid East Portfolio Management Ltd V. DCIT 87 ITD 537. Since the case was remitted back to the Assessing Officer by ITAT, the income tax demand with respect to above cases was unquantifiable.

Basis the advice received from tax advisor and various judicial pronouncements, management is expecting a favorable decision from the Income Tax Department.

23 Other Commitments related to capital work in progress

The Company has entered into certain non-cancellable agreements with vendors for loan management system, the cancellation of which will entail substantial monetary compensation Rs. 15,750,000 (31 March 2018 : Nil).



24 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.

25 Related Party Disclosures :

As per Accounting Standard 18, the disclosure of transactions with the related parties as defined in the Accounting Standard are given List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Related parties during the year

Name of Related Parties	Nature of Relationship
Shapoorji Pallonji and Company Private Limited	Holding Company
Shapoorji Pallonji Infrastructure Capital Company Private Limited	Fellow Subsidiary
Shapoorji Pallonji Construction Private Limited	Fellow Subsidiary
Shapoorji Pallonji Rural Solutions Private Limited	Fellow Subsidiary
Abhipreet Trading Private Limited	Fellow Subsidiary
Gokak Textiles Limited	Fellow Subsidiary
Forbes facility Services Private Limited	Fellow Subsidiary
Forvol International Services Limited	Fellow Subsidiary
Eureka Forbes Limited	Fellow Subsidiary
Floreat Investments Private Limited	Fellow Subsidiary
Grand View Real Estate Private Limited	Fellow Subsidiary
Sanjay Hinduja	MD & CEO
Shapoorji Pallonji Mistry	Director
S. Kuppuswamy	Director
H. J. Tavaria	Director
Jai Laxmikant Mavani	Director
Sharad Bajpai	Director
Shyam Maheshwari	Director
Investment Opportunities IV Pte Limited	Enterprises having significant control over Company



SHAPORJI PALLONJI FINANCE PRIVATE LIMITED
Notes forming part of the Financial Statements

25 Related Party Disclosures :

(a) The nature and volume of transactions with the above related parties were as follows:

Transactions / Balances	Fellow Subsidiary										Holding Company	Key Management Personnel		Enterprises having significant transactions with the Company
	Shapoorji Pallonji Infrastructure Capital Company Private Limited	Rivast Investments Private Limited	Grand View Real Estate Private Limited	Forbes Realty Services Private Limited	Shapoorji Pallonji Real Estate Solutions Private Limited	Shapoorji Pallonji Construction Private Limited	Rivast International Services Limited	Gulab Textiles Limited	Eureka Perles Limited	Shapoorji Pallonji and Company Private Limited	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Reimbursement of Insurance Expenses	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018				
Brand and Support fees paid														
Interest paid														
Cost expenses					1,038,200			476,180		204,830				
Office expenses				725,516	807,720				9,700					
Interest paid on loan														
Transfer of expenses							616,678	1,634,001		700,707			4,500,000	
Reimbursement of fees paid														
Remuneration and reimbursement of cost													56,170,784	
Interest received on loan	456,430	5,017,124	9,641,796	42,740		8,087,122					90,441,237			
Consultancy fees received			7,500,000											
Deposit given														
Deposit repaid														
Security deposit paid														
Share Capital issued														
Loan taken										1,261,464				650,407,940
Loan repaid														
Loan given	30,000,000	150,000,000	110,000,000	40,000,000		150,000,000				470,000,000				
Loan repaid	30,000,000	225,000,000	150,000,000							470,000,000				
Balance at the year end														
Expense payable				86,447	85,620		4,651	2,511		401,899				
Loan from														
Amount due to														
Security deposit													7,079,590	
										3,782,454				2,520,000



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

Notes forming part of the financial statements

- 26** 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 March 31, 2019.

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	10,584	-	-
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	-	-	-	-

27 Disclosure as per the Reserve Bank of India (RBI) guidelines and circulars

Additional disclosure for the year ended March 31, 2019 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 2019	As at 31 March 2018
(i) CRAR (%)	40.16%	56.24%
(ii) CRAR – Tier I capital (%)	39.80%	55.91%
(iii) CRAR – Tier II capital (%)	0.36%	0.33%
(iv) Amount of Subordinated debt raised as Tier - II capital	-	-
(v) Amount raised by issue of perpetual debt instruments	-	-



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

Notes forming part of the financial statements

(All amounts in Rs., unless otherwise stated)

ii) Investments

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
1	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	80,973,151	536,334,901
	(b) Outside India	-	-
	(ii) Provision for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	80,973,151	536,334,901
	(b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	Less : Write-off/ write-back of excess provision during the year	-	-
	(iv) Closing balance	-	-

iii) Details of Derivatives

Forward Rate Agreement / Interest Rate Swap

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
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 2019 (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	-	-



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

Notes forming part of the financial statements

(All amounts in Rs., unless otherwise stated)

iv) Disclosure relating to Securitisation

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
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 2019	As at 31 March 2018
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 2019	As at 31 March 2018
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 2019	As at 31 March 2018
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 2019	As at 31 March 2018
1	No. of accounts sold	-	-
2	Aggregate outstanding	-	-
3	Aggregate consideration received	-	-



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

Notes forming part of the financial statements

(All amounts in Rs., unless otherwise stated)

v) Asset liability management

As at 31 March 2019

	Upto 30/31 days (one month)	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	249,763,368	461,180,285	676,893,168	3,255,785,975	333,552,376	3,311,425,977	105,000,000	-	8,393,601,149
Investments	50,000,000	-	-	30,973,151	-	-	-	-	80,973,151
Borrowings	200,000,000	250,000,000	645,833,333	2,520,628,019	191,666,666	766,666,669	500,000,000	-	5,074,794,687
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

As at 31 March 2018

	Upto 30/31 days (one month)	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	39,465,751	245,447,106	154,371,513	1,714,782,880	688,634,789	1,979,557,574	-	-	4,822,259,613
Investments	305,361,750	200,000,000	-	30,973,151	-	-	83,300,000	-	536,334,901
Borrowings	137,458,893	987,457,583	981,383,616	-	-	166,700,000	-	-	2,356,300,092
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

Notes forming part of the financial statements

(All amounts in Rs., unless otherwise stated)

vi) Exposure to real estate sector

Category		As at 31 March 2019	As at 31 March 2018
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.	2,915,200,000	2,274,300,000
	iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
b)	a. Residential	-	-
	b. Commercial Real Estate	-	-
	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 2019	As at 31 March 2018
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;	30,973,151	30,973,151
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;	1,030,000,000	457,700,000
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;	-	-
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		1,060,973,151	488,673,151



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

Notes forming part of the financial statements

(All amounts in Rs., unless otherwise stated)

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

		As at 31 March 2019	As at 31 March 2018
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA	-	-
3	Provision made towards Income tax	-	-
4	Other Provision and Contingencies (with details)	-	-
5	Provision for Standard Assets	34,035,980	19,852,511

ix) Concentration of Advances

		As at 31 March 2019	As at 31 March 2018
1	Total Advances to twenty largest borrowers	6,084,982,478	4,440,354,704
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	72.50%	92.08%

x) Concentration of Exposures

		As at 31 March 2019	As at 31 March 2018
1	Total Exposure to twenty largest borrowers / customers	6,171,123,160	4,586,345,453
2	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	66.37%	86.27%

xi) Concentration of NPAs

		As at 31 March 2019	As at 31 March 2018
1	Total Exposure to top four NPA accounts	-	-

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

		As at 31 March 2019	As at 31 March 2018
1	Agriculture and allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

xiii) Movement of NPAs

		As at 31 March 2019	As at 31 March 2018
	Net NPAs to Net Advances (%)	-	-
	Movement of NPAs (Gross)		
	Opening balance	-	-
	Additions during the year	-	-
	Reductions during the year	-	-
	Closing balance	-	-
	Movement of Net NPAs		
	Opening balance	-	-
	Additions during the year	-	-
	Reductions during the year	-	-
	Closing balance	-	-
	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	-	-
	Provisions made during the year	-	-
	Write-off / write-back of excess provisions	-	-
	Closing balance	-	-

xiv) Customer Complaints

		As at 31 March 2019
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



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

Notes forming part of the financial statements

(All amounts in Rs. unless otherwise stated)

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 2019 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 2019	As at 31 March 2018
1	Commercial Paper	CRISIL	AI+	AI+
2	Bank term loan	CRISIL	AA-	AA-
3	NCD	CRISIL	AA-	AA-

xx - There are no loans and advances which are unsecured as at March 31, 2019 for which intangible securities such as charge over the rights, licenses, authority have taken as intangible collateral.

- 28 On February 28, 2019, the Honorable Supreme Court of India delivered a judgement in the case of "Vivekananda Vidyamandir and Others Vs The Regional Provident Fund Commissioner (II) West Bengal" in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Employees' Provident Fund Organisation also issued a circular (Circular No. C-1/1(33)2019/Vivekananda Vidyamandir/284) dated March 20, 2019 in relation to aforesaid matter.

In Company's assessment, the above judgement is not likely to have a significant impact and therefore presently no provision has been made in the Financial Statements. The Company will continue to monitor the developments in this matter.

29 Previous years comparative

Previous year figures have been regrouped / rearranged, wherever considered necessary, to conform with Current year presentation.

As per our report of even date

For Price Waterhouse Chartered Accountants LLP

Firm Registration No. 012754N/N500016



Mehul Desai
Partner
Membership No. 103211

Place : Mumbai
Date : 18 June 2019



Sanjay Hinduja
MD & CEO
DIN. 00388123



Pankaj Gupta
Chief Financial Officer

Place : Mumbai
Date : 18 June 2019

For and on behalf of the Board of Directors



Homeyar Tavaria
Director
DIN. 00007567



Preeti Chhabria
Company Secretary
ACS No. 18180