

# Piramal Finance Limited (merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (*Continued*)

for the period ended 30 March 2018

(Currency: Rs. in lakhs)

### 2. Significant accounting policies (*Continued*)

#### 2.4 Revenue recognition

Interest income is recognised on an effective interest rate (EIR) basis for financial assets in the statement of profit and loss, except in the case of interest on non-performing assets which is recognised on receipt basis as per income recognition and asset classification norms prescribed by RBI.

Penal interest is recognised as income on the actual basis.

Loan processing fees income is accounted for on effective interest basis. Arranger fees income is accounted for on accrual basis.

Dividend is recognised as income as and when the right to receive the payment is established.

#### 2.5 Borrowing Cost

Interest expense is recognised on an effective interest rate basis for financial liabilities in the statement of profit and loss.

#### 2.6 Discount on commercial paper

The difference between issue price and redemption value of commercial paper is apportioned on time basis and recognized as discount expenses.

#### 2.7 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition or the revalued amount as the case may be, less accumulated depreciation and impairments, if any. Acquisition cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is charged over the estimated useful life of the fixed assets on straight-line basis in the manner prescribed in Schedule II of the Companies Act, 2013 as given below:

Class of asset	Useful life
Office equipment	5 years
Furniture	10 years
Computer servers and network	6 years
Computer – end user device	3 years
Leasehold improvements	Amortised on straight line method over lease term

Individual fixed assets costing less than Rupees five thousand are depreciated fully in the year of purchase or acquisition.

The Company provides pro-rata depreciation from the day the asset is ready to use / put to use, whichever is earlier and for any asset sold, till the date of sale.



# Piramal Finance Limited (merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (*Continued*)

for the period ended 30 March 2018

(Currency: Rs. in lakhs)

### 2. Significant accounting policies (*Continued*)

#### 2.8 Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Statement of Profit and Loss.

Intangible Assets are amortized on a straight line basis over their finite useful lives over the following period:

Computer Software	6 years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### 2.9 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or of the cash generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying value, the carrying value is reduced to the recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss for the period.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

#### 2.10 Investments

Investments are classified into non-current and current based on management's intention at the time of purchase. Purchase and sale of investments are recorded at trade date. Profit / loss on sale of investment are recognised in the statement of profit or loss on the trade date. Profit or loss on the sale of investment is determined on first in first out ('FIFO') basis.

Non-current investments are carried at amortised cost less diminution in value, if any, which is other than temporary, determined separately for each individual investment.

Quoted current investments are valued at amortised cost or market value / net realisable value whichever is lower. Current investments are valued scrip-wise. Net depreciation, if any, is provided for and net appreciation, if any, is ignored.

Unquoted investments in the units of mutual funds in the nature of current investments are valued at the net asset value declared by the mutual fund in respect of each particular scheme.



# Piramal Finance Limited (merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (*Continued*)

for the period ended 30 March 2018

(Currency: Rs. in lakhs)

### 2. Significant accounting policies (*Continued*)

#### 2.11 Loans

Loans are classified into 'performing' and 'non-performing' and are stated after deduction of specific provisions and interest in suspense, if any, in accordance with the prescribed RBI guidelines.

Non-performing loans are identified by periodic appraisals of the portfolio by management and appropriate provisions are made based on management's assessment of the degree of impairment of the loans, subject to minimum provisioning level prescribed by the Master Direction – "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016".

#### 2.12 Employee benefits

##### Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair value of the plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuations using the Project Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement, and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, is based on the market yields on government securities as at the balance sheet date for the estimated term of the obligations.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

##### Compensated absence

The employees of the Company are entitled to compensate absence. The employee can carry forward a portion of the unutilised accrued leave balance and utilise it in the future periods. The Company records an obligation for compensated absences in the period in which the employee renders the service that increases the entitlement. The Company measures the expected cost of compensated absence as the amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

#### 2.13 Provision for standard assets

Provision on standard assets is made in line with the prudential norms prescribed by the Master Direction – "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016".



# Piramal Finance Limited (merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (*Continued*)

for the period ended 30 March 2018

(Currency: Rs. in lakhs)

### 2. Significant accounting policies (*Continued*)

#### 2.14 Taxation

Income tax expense comprises of current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

##### Current tax

Current tax expense is recognised on an annual basis under the taxes payable method, based on the estimated tax liability computed after taking credit for allowances and exemption in accordance with the Income Tax Act, 1961 and Income Computation and Disclosure Standards. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

##### Deferred tax

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

#### 2.15 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting period.

Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

#### 2.16 Provisions, contingent liabilities and contingent assets

The Company recognises a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



# Piramal Finance Limited (merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (*Continued*)

for the period ended 30 March 2018

(Currency: Rs. in lakhs)

### 2. Significant accounting policies (*Continued*)

#### 2.16 Provisions, contingent liabilities and contingent assets (*Continued*)

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the special purpose financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

#### 2.17 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The Institute of Chartered Accountants of India (ICAI) has issued a guidance note on Accounting for Derivative Contracts which is effective from April 1, 2016. The guidance note requires all derivative contracts and their underlying to be marked to market and tested for hedge effectiveness and the ineffective portion if any would be charged to the Statement of Profit and Loss. The charge/credit to the Statement of Profit and Loss will depend upon the changes in the mark to market based on the actual exchange rates prevalent at each quarter end. The exchange difference on the long-term foreign currency monetary assets and liabilities which are not covered by derivative contracts (such as dollar denominated loans) would continue to be amortised over the life of the contracts.

#### 2.18 Foreign Currency transaction

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transaction. Exchange differences, if any arising out of transaction settled during the period are recognized in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies at the period end are restated at period end rates. The resultant exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet.

#### 2.19 Operating leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are, classified as operating leases. Operating lease rentals are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.



# Piramal Finance Limited

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## Notes to the special purpose financial statements (Continued)

as at 30 March 2018

(Currency : Rs. in lakhs)

	30 March 2018	31 March 2017
<b>3 Share capital</b>		
<b>Authorised</b>		
5000,000,000 (5000,000,000) equity shares of INR 10 each	500,000	500,000
<b>Issued, subscribed and fully paid</b>		
3,735,510,832 (2,994,401,152) equity shares of INR 10 each	373,551	299,440
	<u>373,551</u>	<u>299,440</u>

### Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	30 March 2018		31 March 2017	
	Number	Amount	Number	Amount
At the beginning of the year	2,994,401,152	299,440	425,420,000	42,542
Add: Issued during the year				
- Issued for cash	380,175,497	38,018	1,465,000,000	146,500
- Issued for consideration other than cash (Refer note 26)	360,934,183	36,093	1,103,981,152	110,398
At the end of the year	<u>3,735,510,832</u>	<u>373,551</u>	<u>2,994,401,152</u>	<u>299,440</u>

### Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. There are no restrictions on payments of dividends to equity shareholders.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

### Shares held by holding company

	30 March 2018		31 March 2017	
	Number	Amount	Number	Amount
Equity shares of INR 10 each fully paid up held by Piramal Enterprise Limited (holding company)	3,735,510,832	373,551	2,994,401,152	299,440
	<u>3,735,510,832</u>	<u>373,551</u>	<u>2,994,401,152</u>	<u>299,440</u>

### Particulars of shareholders holding more than 5% shares of a class of shares

	30 March 2018		31 March 2017	
	Number	Amount	Number	Amount
Equity shares of INR 10 each fully paid up held by Piramal Enterprise Limited (holding company)	3,735,510,832	373,551	2,994,401,152	299,440
	<u>3,735,510,832</u>	<u>373,551</u>	<u>2,994,401,152</u>	<u>299,440</u>



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued)

as at 30 March 2018

(Currency : Rs. in lakhs)

	30 March 2018	31 March 2017
<b>4 Reserves and surplus</b>		
<b>Statutory reserve fund u/s 45-IC of the RBI Act, 1934</b>		
Opening balance	7,790	3,924
Add: Addition during the period / year	-	3,866
Closing balance	<u>7,790</u>	<u>7,790</u>
<b>General reserves</b>		
Opening balance	1,616	1,616
Add: Addition during the period / year	-	-
Closing balance	<u>1,616</u>	<u>1,616</u>
<b>Cashflow hedging reserve</b>		
Opening balance	487	-
Add: Addition during the period / year (Refer note 29)	962	487
Closing balance	<u>1,449</u>	<u>487</u>
<b>Surplus in the statement of profit and loss</b>		
Opening balance	28,908	13,446
Add: Profit for the period / year	98,324	19,328
Appropriations:		
Less: Transfer to statutory reserve fund u/s 45-IC of the RBI Act, 1934	-	3,866
Closing balance	<u>127,232</u>	<u>28,908</u>
<b>Securities premium</b>		
Opening balance	-	-
Add: Addition during the period / year	275,889	-
Closing balance	<u>275,889</u>	<u>-</u>
<b>Total</b>	<u>413,975</u>	<u>38,801</u>
<b>5 Long term borrowings</b>		
<b>Term loans</b>		
<i>Secured</i>		
From banks		
Rupee loan	1,150,185	485,076
Less: current maturity of long term debt (included in note 10)	(91,839)	(3,750)
	<u>1,058,346</u>	<u>481,326</u>
Foreign currency loans	48,836	48,383
From others	24,989	174,333
Intercompany deposit from related party (Unsecured)	75,000	-
<b>Redeemable Non Convertible Debentures</b>		
<i>Secured</i>	595,526	307,598
	<u>744,351</u>	<u>530,314</u>
Less: current maturity of long term debt (included in note 10)	(138,428)	(109,006)
	<u>605,923</u>	<u>421,308</u>
<b>Redeemable Non Convertible Debentures</b>		
<i>Unsecured</i>	49,236	49,177
	<u>49,236</u>	<u>49,177</u>
	<u>1,713,505</u>	<u>951,811</u>



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued)

as at 30 March 2018

(Currency : Rs. in lakhs)

### 5 Long term borrowings (Continued)

Security clause and Maturity profile of the term loans/ NCDs (including current maturities of long term borrowing)

#### A. Rupee Term Loan from Banks (Secured)

##### Nature of Security

First pari-passu charge by way of hypothecation on the standard movable assets including receivables and book debts, present and future

As at 31 March 2018

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
8.00-9.00%	91,839	876,289	182,057	1,150,185
<b>Total</b>	<b>91,839</b>	<b>876,289</b>	<b>182,057</b>	<b>1,150,185</b>

As at 31 March 2017

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
8.75-9.75%	3,750	473,011	8,314	485,076
<b>Total</b>	<b>3,750</b>	<b>473,011</b>	<b>8,314</b>	<b>485,076</b>

#### B. Foreign Currency Non Repatriable Loans (Secured)

##### Nature of Security

First pari-passu charge on the movable assets including receivables present and future

As at 31 March 2018

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
9.60-9.75%	48,836	-	-	48,836
<b>Total</b>	<b>48,836</b>	<b>-</b>	<b>-</b>	<b>48,836</b>

As at 31 March 2017

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
9.60-9.75%	-	48,383	-	48,383
<b>Total</b>	<b>-</b>	<b>48,383</b>	<b>-</b>	<b>48,383</b>

#### C. Term Loan from others (Secured)

##### Nature of Security

First pari-passu charge by way of hypothecation created over secured assets

As at 31 March 2018

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
8.50-9%	15,000	9,989	-	24,989
<b>Total</b>	<b>15,000</b>	<b>9,989</b>	<b>-</b>	<b>24,989</b>

As at 31 March 2017

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
9.65-10%	-	174,333	-	174,333
<b>Total</b>	<b>-</b>	<b>174,333</b>	<b>-</b>	<b>174,333</b>



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued)

as at 30 March 2018

(Currency : Rs. in lakhs)

### 5 Long term borrowings (Continued)

Security clause and Maturity profile of the term loans/ NCDs (including current maturities of long term borrowing)

#### D. Intercorporate deposit from related party (Unsecured)

As at 31 March 2018

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
8.35%	-	75,000	-	75,000
Total	-	75,000	-	75,000

As at 31 March 2017

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
8.35%	-	-	-	-
Total	-	-	-	-

#### E. Redeemable Non Convertible Debentures (Secured):

Nature of Security

First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property

As at 31 March 2018

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
7.50-8.50%	5,337	122,989	50,131	178,456
8.51-9.60%	69,255	344,634	3,181	417,070
Total	74,592	467,622	53,312	595,526

As at 31 March 2017

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
7.75-8.55%	109,006	2,548	-	111,553
8.56-9.72%	-	195,542	503	196,045
Total	109,006	198,089	503	307,598

#### F. Redeemable Non Convertible Debentures (Unsecured subordinated (Tier II))

As at 31 March 2018

Maturity	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
9.55%	-	-	49,236	49,236
Total	-	-	49,236	49,236

As at 31 March 2017

Maturity	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
9.55%	-	-	49,177	49,177
Total	-	-	49,177	49,177



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## Notes to the special purpose financial statements (Continued)

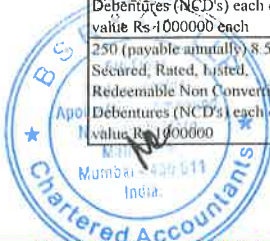
as at 30 March 2018

(Currency : Rs in lakhs)

### I Terms of repayment, nature of security & rate of interest in case of Secured Loans:

#### A. Debentures:

Particulars	Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2018	Principal Outstanding as at March 31, 2017	Maturity Due Date	First Instalment payment date
10,000 (payable on maturity) 9.35% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 10,00,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1093 days from the date of allotment ; with put option	100,000	100,000	19-Jul-19	NA
250 (payable annually) 8.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 10,00,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1093 days from the date of allotment.	2,500	2,500	22-Nov-19	NA
3,000 (payable annually) 9.57% Secured Rated, Unlisted, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 10,00,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1001 days from the date of allotment	30,000	30,000	08-Mar-19	NA
3,500 (payable annually) 9.25% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 10,00,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 728 days from the date of allotment.	35,000	35,000	10-Aug-18	NA
50 (payable annually) 8.95% Secured Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 10,00,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 2555 days from the date of allotment.	500	500	08-Mar-24	NA
2,000 (payable on maturity) 8.85% Secured Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1152 days from the date of allotment	20,000	20,000	25-May-20	NA
1,500 (payable annually) 9.05% Secured Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000 ; with 50% partly paid and issued	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1093 days from the date of allotment ; with a put option	75,000	75,000	09-Aug-19	NA
3,000 Secured Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 549 days from the date of allotment	-	30,000	NA	NA
4400 (payable on maturity) 8.85% Secured, Rated, Listed, redeemable Non Convertible Debentures (NCD's) each having a face value of Rs. 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1154 days from the date of allotment	44,000	-	03-Jun-20	NA
500 (payable annually) 8.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs. 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 729 days from the date of allotment	5,000	-	19-Apr-19	NA
250 (payable annually) 8.75% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having a face value of Rs. 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 2556 days from the date of allotment	2,500	-	03-May-24	NA
500 (payable annually) 8.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs. 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 729 days from the date of allotment	5,000	-	07-Jun-19	NA
500 (payable annually) 8.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs. 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 729 days from the date of allotment	5,000	-	07-Jun-19	NA
250 (payable annually) 8.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of face value Rs. 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 729 days from the date of allotment	2,500	-	07-Jun-19	NA



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## Notes to the special purpose financial statements (Continued)

as at 30 March 2018

(Currency: Rs in lakhs)

150 (payable annually) 8.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of face value Rs 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 729 days from the date of allotment	1,500	-	07-Jun-19	NA
500 (payable annually) 8.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1093 days from the date of allotment	5,000	-	15-Jun-18	NA
950 (payable annually) 8.35% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after three years from the date of allotment	9,500	-	14-Jul-20	NA
500 (payable annually) 9.05% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 729 days from the date of allotment	5,000	-	09-Aug-19	NA
1750 (payable annually) 9.05% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of face value Rs 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 729 days from the date of allotment	17,500	-	09-Aug-19	NA
5250 (payable annually) 9.05% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of face value Rs 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 729 days from the date of allotment	52,500	-	09-Aug-19	NA
500 (payable annually) 8.35% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after three years from the date of allotment	5,000	-	04-Aug-20	NA
500 (payable annually) 8.35% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after three years from the date of allotment	5,000	-	04-Aug-20	NA
250 (payable annually) 8.35% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after three years from the date of allotment	2,500	-	04-Aug-20	NA
5000 (payable annually) 8.07% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having a face value of Rs 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1096 days from the deemed date of allotment	50,000	-	25-Sep-20	NA
1250 (payable annually) 8.10% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of face value Rs 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1096 days from the date of allotment	12,500	-	29-Sep-20	NA
5000 (payable monthly) 7.96% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having a face value of Rs 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are redeemable at par in three installments - 8th year-167 crore, 9th year-167crore, 10th year-166 crore	50,000	-	20-Sep-27	19-Sep-25
150 (payable annually) 7.96% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1094 days from the date of allotment	1,500	-	06-Nov-20	NA
1000 (payable annually) 7.96% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1094 days from the date of allotment	10,000	-	06-Nov-20	NA



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued)

as at 30 March 2018

(Currency : Rs in lakhs)

Terms of repayment & rate of interest in case of Unsecured Loans:

### A. Debentures

Particulars	Terms of Repayment	Principal Outstanding as at March 31, 2018	As at March 31, 2017	Maturity Due Date	First Instalment payment date
5,000 (payable annually) 9.55% Unsecured, Subordinated, Tier II, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 10,00,000	The NCD's are repayable after 10 years from the date of allotment	50,000	50,000	08-Mar-27	NA



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued)

as at 30 March 2018

(Currency : Rs. in lakhs)

	30 March 2018	31 March 2017
<b>6 Other long-term liabilities</b>		
Lease equalisation	36	13
Forward contract payable	-	2,636
	<u>36</u>	<u>2,649</u>

## 7 Provisions

	30 March 2018		31 March 2017	
	Long Term	Short Term	Long Term	Short Term
Provision for gratuity	454	54	316	48
Provision for compensated absence	233	60	167	54
Provision for tax (net of advance tax of Rs. 66,544 (previous year Rs. 24,986))	-	410	-	266
	<u>687</u>	<u>524</u>	<u>483</u>	<u>368</u>
<b>Others</b>				
Contingent provisions against standard assets	55,253	7,246	33,180	4,286
Contingent provisions against bad and doubtful loans and advances	356	1,635	680	966
	<u>55,609</u>	<u>8,881</u>	<u>33,860</u>	<u>5,252</u>
	<u>56,296</u>	<u>9,405</u>	<u>34,343</u>	<u>5,620</u>



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued)

as at 30 March 2018

(Currency : Rs. in lakhs)

	30 March 2018	31 March 2017
<b>8 Short term borrowings</b>		
Working Capital Demand Loan (secured)		
-From banks		
Rupee loans	65,000	19,496
(Secured by first pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts ,present and future)		
Term loan (Unsecured)		
-From banks		
Foreign currency loans	-	14,629
Others (Unsecured)		
Commercial papers	498,157	556,615
	<b>563,157</b>	<b>590,740</b>
<b>9 Trade payables</b>		
Trade payable		
- Payable to micro & small suppliers (Refer note 30)	-	-
- Payable to related parties	1,178	
- Payables to others	590	4,945
	<b>1,768</b>	<b>4,945</b>
<b>10 Other current liabilities</b>		
Current maturities of long term debt (Refer note 5)	230,267	112,756
Advance processing fees received	732	393
Forward contract payable	1,725	473
Statutory dues payable	382	456
Payable to employees	4,125	40
	<b>237,231</b>	<b>114,118</b>



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued) as at 30 March 2018

(Currency : Rs. in lakhs)

### 11 Tangible fixed assets

Description	Gross Block			Depreciation / amortisation			Net Block		
	As at 1 April 2017	As at Additions during the period	Deductions during the period	As at 30 March 2018	As at 1 April 2017	Charge for the period	Deductions during the period	As at 30 March 2018	As at 30 March 2018
Land & Building	16	-	-	16	-	-	-	-	16
Office equipment	60	16	-	76	14	13	-	27	49
Computer	72	76	-	148	26	26	-	52	96
Computer Server	35	3	-	38	2	6	-	8	30
Furniture	41	30	-	71	2	6	-	8	63
Leasehold Improvements	281	288	-	569	183	91	-	274	295
	505	413	-	918	227	142	-	369	549

Description	Gross Block			Depreciation / amortisation			Net Block		
	As at 1 April 2016	As at Additions during the year	Deductions during the year	As at 31 March 2017	As at 1 April 2016	Charge for the year	Deductions during the year	As at 31 March 2017	As at 31 March 2017
Land & Building	-	16	-	16	-	-	-	-	16
Office equipment	44	16	-	60	4	10	-	14	46
Computer	24	48	-	72	14	12	-	26	46
Computer Server	-	35	-	35	-	2	-	2	33
Furniture	11	30	-	41	-	2	-	1	40
Leasehold Improvements	201	80	-	281	130	53	-	183	98
	280	225	-	505	148	79	-	226	279

### 12 Intangible fixed assets and Capital WIP

Description	Gross Block			Depreciation / amortisation			Net Block		
	As at 1 April 2017	As at Additions during the period	Deductions during the period	As at 30 March 2018	As at 1 April 2017	Charge for the period	Deductions during the period	As at 30 March 2018	As at 30 March 2018
Computer software	17	17	-	34	1	4	-	5	29
Total - I	17	17	-	34	1	4	-	5	29
Intangible under development- II	610	968	-	1,578	-	-	-	-	1,578
Total - I + II	627	985	-	1,612	1	4	-	5	1,607

Description	Gross Block			Depreciation / amortisation			Net Block		
	As at 1 April 2016	As at Additions during the year	Deductions during the year	As at 31 March 2017	As at 1 April 2016	Charge for the year	Deductions during the year	As at 31 March 2017	As at 31 March 2017
Computer software	-	17	-	17	-	1	-	1	16
Total - I	-	17	-	17	-	1	-	1	16
Intangible under development- II	-	610	-	610	-	-	-	-	610
Total - I + II	-	627	-	627	-	1	-	1	626



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued)

as at 30 March 2018

(Currency : Rs. in lakhs)

### 13 Investments

	30 March 2018		31 March 2017	
	Non current	Current	Non current	Current
Investments in subsidiaries (Unquoted) (fully paid up)	31,500	-	1,500	-
<u>Investments in Debentures (Quoted) (fully paid up)</u>				
Secured Redeemable Non-Convertible Debentures	115,357	12,377	75,615	21,256
<u>Investments in Debentures (Unquoted) (fully paid up)</u>				
Secured Redeemable Optionally Convertible Debentures	-	-	16,557	43,843
Secured Redeemable Non-Convertible Debentures (fully paid up)	935,360	188,247	974,991	115,216
Investment in Mutual Funds	-	2,504		
<b>Total</b>	<b>1,082,217</b>	<b>203,128</b>	<b>1,068,663</b>	<b>180,315</b>



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued) as at 30 March 2018

(Currency : Rs. in lakhs)

	30 March 2018	31 March 2017
<b>14 Deferred tax asset (net)</b>		
<b>Deferred tax asset:</b>		
Depreciation on fixed assets	44	26
Provision for compensated absence	102	76
Provision for gratuity	178	126
Contingent provision against standard assets	21,698	12,967
Deferment of interest income due to EIR	2,159	297
Deferment of interest expense due to EIR	609	434
Lease straightlining	13	5
Net fair value changes on foreign currency loan	767	517
	<u>25,570</u>	<u>14,448</u>
<b>Deferred tax asset</b>	<u>25,570</u>	<u>14,448</u>
<b>Deferred tax liabilities</b>	-	-
	<u>25,570</u>	<u>14,448</u>
<b>Net deferred tax asset</b>	<u>25,570</u>	<u>14,448</u>



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued)

as at 30 March 2018

(Currency : Rs. in lakhs)

### 15 Loans and advances

	30 March 2018		31 March 2017	
	Long term	Short term	Long term	Short term
<b>To parties other than related parties</b>				
<i>Unsecured, considered good</i>				
Security deposits	233	17	119	68
	<u>233</u>	<u>17</u>	<u>119</u>	<u>68</u>
<b>Loans</b>				
<i>Secured, considered good</i>	1,731,193	171,757	586,655	57,549
	<u>1,731,193</u>	<u>171,757</u>	<u>586,655</u>	<u>57,549</u>
<i>Secured, considered doubtful</i>	2,521	5,298	4,199	4,019
	<u>2,521</u>	<u>5,298</u>	<u>4,199</u>	<u>4,019</u>
<b>Other loans and advances</b>				
<i>Unsecured, considered good</i>				
Advance Tax (net of Provision)	1,499	-	562	-
Convat credit receivable	-	-	-	144
Loan to employee	-	-	-	9
Prepaid expenses	-	324	5	107
Advance for expenses	-	23	-	-
	<u>1,499</u>	<u>347</u>	<u>567</u>	<u>260</u>
<b>To related parties</b>				
<b>Loan and advances</b>				
<i>Unsecured, considered good</i>				
Piramal Capital & Housing Finance Limited	-	-	100	-
	-	-	<u>100</u>	-
	<u>1,735,446</u>	<u>177,419</u>	<u>591,640</u>	<u>61,896</u>



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued)

as at 30 March 2018

(Currency : Rs. in lakhs)

	30 March 2018	31 March 2017
<b>16 Cash and bank balances</b>		
<b>Cash &amp; cash equivalent</b>		
Balances with banks		
-In current accounts	31,715	2,285
-In fixed deposit with original maturity less than 3 months	106,900	116,500
	<u>138,615</u>	<u>118,785</u>
<b>17 Other current assets</b>		
<i>Secured, considered good</i>		
Other receivable	1,395	4
<i>Unsecured, considered good</i>		
Advance processing charges	642	650
Other Asset	1,591	1,591
To related parties		
<i>Unsecured, considered good</i>		
Piramal Enterprise Limited	745	3,076
Piramal Fund Management Private Limited	-	210
Piramal Capital & Housing Finance Limited	-	285
	<u>4,373</u>	<u>5,816</u>



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued) for the period ended 30 March 2018

(Currency : Rs. in lakhs)

	For the period from 1 April 2017 to 30 March 2018	For the year ended 31 March 2017
<b>18 Revenue from operations</b>		
Interest income:		
- On investments	179,690	96,718
- On loans and advances	184,301	47,300
Other financial services:		
- Processing / arranger fees	2,456	2,339
	<u>366,447</u>	<u>146,357</u>
<b>19 Other income</b>		
Dividend income on mutual fund units	-	5
Profit on sale of Mutual Fund	2,216	2,352
Other non-operating income	5,224	527
Gain on fair valuation	4	-
	<u>7,444</u>	<u>2,884</u>
<b>20 Employee benefits expense</b>		
Salaries and wages	8,519	7,340
Contribution to provident and other fund	212	78
Staff welfare expenses	391	312
Other employee benefit expenses	160	155
	<u>9,282</u>	<u>7,885</u>
<b>21 Finance costs</b>		
Interest expense	140,176	44,073
Discount on commercial paper	39,037	23,599
Other borrowing cost	1,472	1,335
	<u>180,685</u>	<u>69,007</u>



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued) for the period ended 30 March 2018

(Currency : Rs. in lakhs)

	For the period from 1 April 2017 to 30 March 2018	For the year ended 31 March 2017
<b>22 Other expenses</b>		
Corporate Social Responsibility Expenses	1,283	854
Contribution to Electoral Trust	-	350
Rent	709	304
Amenities Fees	66	62
Travelling and Conveyance	302	270
Legal and professional fees	3,049	1,159
Royalty fees	1,485	455
Electricity expense	51	37
Repairs and maintenance - others	93	50
Postage and communication	24	31
Business Promotion and Advertisement Expenses	30	-
Printing and stationery	21	6
Net fair value changes on foreign currency loan	-	1,495
Other expenses	409	1,001
<b>Auditor's Remuneration</b>	-	-
- as auditor	39	27
- for other services	-	6
Contingent provision against standard assets	25,033	36,124
Contingent provisions against bad and doubtful loans and advances	346	805
	<b>32,940</b>	<b>43,036</b>



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued)

for the period ended 30 March 2018

(Currency : Rs. in lakhs)

### 23 Earnings per share ('EPS')

Basic and diluted EPS is computed in accordance with Accounting Standard 20 'Earnings Per Share' specified under section 133 of the Companies Act 2013.

The computation of earnings per share is set out below:

Description	30 March 2018	31 March 2017
Net profit/ loss attributable to equity shareholders	98,324	19,328
Weighted average number of equity shares outstanding during the period/ year for calculation of EPS	3,134,084,313	1,615,062,724
Basic and Diluted EPS of face value of INR 10	3.14	1.20

The basic and diluted EPS is same as there are no potential dilutive equity shares.

### 24 Capital commitment

Particulars	30 March 2018	31 March 2017
Undisbursed loan commitments	37,528	23,040
<b>Total</b>	<b>37,528</b>	<b>23,040</b>

### 25 Segment reporting

Since the Company's business activity falls under one business segment (i.e. investing and lending) and business operations are concentrated in India, no further disclosures as required by Accounting Standard 17 'Segment Reporting' specified under section 133 of the Companies Act 2013 have been made.

### 26 Significant Transaction during the period

During the period, the Company has acquired a portion of lending portfolio comprising of loan book assets of Rs. 300,167 lakhs and borrowing of Rs. 127,219 lakhs (Previous year Rs. 1,395,027 lakhs and borrowing of Rs. 1,251,058 lakhs) from its holding company Piramal Enterprises Limited for a net consideration of Rs. 172,948 lakhs paid in cash (Previous year Rs.143,969 lakhs against which Company has allotted equity shares of Rs.110,398 and the remaining amount of Rs.33,571 has been paid in cash).

### 27 Related party disclosure

Related party disclosures as required by Accounting Standard 18 - 'Related Party Disclosures' specified under section 133 of the Companies Act 2013 are given below:-

#### (A) Holding company

- (i) Piramal Enterprises Limited

#### (B) Subsidiary company

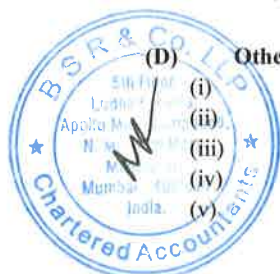
- (i) Piramal Capital & Housing Finance Limited (formerly known as Piramal Housing Finance Limited)

#### (C) Fellow subsidiaries

- (i) Piramal Fund Management Private Limited  
(ii) India Resurgence ARC Private Limited (formerly known as Piramal Asset Reconstruction Private Limited)  
(iii) India Resurgence Asset Management Business Private Limited (formerly known as PEL Asset Resurgence Advisory Private Limited)

#### (D) Other related parties where common control exists

- (i) Piramal Trusteeship Services Private Limited  
(ii) Piramal Corporate Services Limited  
(iii) Piramal Foundation for Educational Leadership (till 20th March, 2018)  
(iv) Piramal Swasthya Management & Research Institute (till 20th March, 2018)  
(v) Aasan Corporate Solutions Private Limited (formerly known as Aasan Developers and Constructions Private Limited).



## Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

### Notes to the special purpose financial statements (Continued)

for the period ended 30 March 2018

(Currency : Rs. in lakhs)

#### 27 Related party disclosure (Continued)

##### (E) Key Management Personnel

- (i) Mr. Khushru Jijina (appointed as Managing Director w.e.f. 1 March 2017)

##### (F) Transactions with related parties

Details of Transactions	30 March 2018	31 March 2017
<b>Amenities charges paid</b>		
Aasan Corporate Solutions Private Limited	53	58
<b>Rent Paid</b>		
Aasan Corporate Solutions Private Limited	552	243
<b>Guarantee commission</b>		
Piramal Enterprises Limited	850	944
<b>Professional fees</b>		
Piramal Corporate Services Limited	1,100	375
Piramal Trusteeship Services Private Limited	1	-
Piramal Enterprises Limited	183	200
<b>Donations paid</b>		
Piramal Foundation for Education & Leadership	688	150
Piramal Swasthya Management & Research Institute	595	704
<b>Investment in Equity Share</b>		
Piramal Capital & Housing Finance Limited	30,000	1,500
<b>Reimbursement of expenses</b>		
Aasan Corporate Solutions Private Limited	31	27
Piramal Fund Management Private Limited	4	-
Piramal Enterprises Limited	27	-
<b>Recovery of expenses incurred</b>		
Piramal Capital & Housing Finance Limited	-	276
<b>Remuneration to KMP</b>		
Mr. Khushru Jijina	1,476	40
<b>Transfer of fixed assets</b>		
Piramal Capital & Housing Finance Limited	-	8
<b>Receipt of interest</b>		
Piramal Enterprises Limited	-	156
Piramal Capital & Housing Finance Limited	14	1
<b>Payment of interest</b>		
Piramal Enterprises Limited	4,121	33
India Resurgence ARC Private Limited	-	7
India Resurgence Asset Management Business Private Limited	-	31
<b>ICD received</b>		
Piramal Enterprises Limited	245,000	4,700
India Resurgence ARC Private Limited	-	190
India Resurgence Asset Management Business Private Limited	-	490



## Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

### Notes to the special purpose financial statements (Continued)

for the period ended 30 March 2018

(Currency : Rs. in lakhs)

#### 27 Related party disclosure (Continued)

##### (F) Transactions with related parties (Continued)

Details of Transactions	30 March 2018	31 March 2017
<b>Loan given</b>		
Piramal Enterprises Limited	-	10,680
Piramal Capital & Housing Finance Limited	800	100
<b>Security deposit placed</b>		
Aasan Corporate Solutions Private Limited	-	73
<b>Repayment of loan</b>		
Piramal Enterprises Limited	-	4,700
Piramal Capital & Housing Finance Limited	900	-
India Resurgence ARC Private Limited	-	190
India Resurgence Asset Management Business Private Limited	-	490
<b>Repayment of advance given</b>		
Piramal Enterprises Limited	-	12,780
<b>Employee related benefits transfer</b>		
Piramal Fund Management Private Limited	-	210
<b>Share Capital issued</b>		
Piramal Enterprises Limited – against cash	180,000	146,500
Piramal Enterprises Limited – against conversion of advances received (Previous year -against transfer of net assets and liabilities (Refer note 26))	170,000	110,398
<b>Payables</b>		
Piramal Enterprises Limited	75,898	-
Piramal Corporate Services Limited	281	-
Aasan Corporate Solutions Private Limited	-	30
<b>Receivables</b>		
Piramal Enterprises Limited	745	3,076
India Resurgence Asset Management Business Private Limited	-	1
Aasan Corporate Solutions Private Limited	-	130
Piramal Capital & Housing Finance Limited	-	385
Piramal Fund Management Private Limited	-	210

#### 28 Operating lease

The company has entered into lease arrangements for certain office premises.

Details of Transactions	30 March 2018	31 March 2017
Lease payments recognised in the statement of profit and loss	709	204
<b>Future minimum lease payments for non-cancellable operating leases</b>		
Not later than one year	814	323
Later than one year but not later than five years	824	1030
Later than five years	-	77



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued)

for the period ended 30 March 2018

(Currency : Rs. in lakhs)

### 29 Cash flow hedge disclosure

#### a. Risk Management

The Company's activities are exposed to market risk, liquidity risk and credit risk.

The Company has an independent and dedicated Enterprise Risk Management (ERM) system to identify, manage and mitigate business risks. The Board has approved the Asset Liability Management Policy and the formation of Asset Liability Management Committee (ALCO). The ALCO includes the Company's senior management and an external industry expert. It defines the strategy for managing liquidity and interest rate risks in the business.

This note explains the sources of risk which the Company is exposed to and how the Company manages the risk:

Risk	Management
Liquidity risk	ALCO deliberates on the static liquidity gap statement, future asset growth plans, tenor of assets, market liquidity and pricing of various sources of funds. It decides on the optimal funding mix taking into consideration the asset strategy and a focus on diversifying sources of funds.
Market risk - Interest rate	ALCO reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. The Risk Management Group has also initiated a scenario analysis to assess the short-term impact of interest rates on net interest income (NII).
Market risk - Foreign exchange	The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macroeconomic conditions.
Credit risk	Each investment is assessed by the investment team as well as independent risk team on the risk-return framework. The combined analysis of these teams is presented to the Investment Committee for investment decision. The risk is being partly mitigated by diversifying the lending portfolio across sectors and geographies.

#### b. Accounting for cash flow hedge

The Company has taken foreign currency floating rate borrowings which are linked to LIBOR. For managing the foreign currency risk and interest rate risk arising from changes in LIBOR on such borrowings, the Company has entered into cross-currency interest rate swap (CCIRS) for the entire loan liability. The Company has designated the CCIRS (hedging instrument) and the borrowing (hedged item) into a hedging relationship and applied hedge accounting.

Under the terms of the CCIRS, the Company pays interest at the fixed rate to the swap counterparty in INR and receives the floating interest payments based on LIBOR in foreign currency. As the critical terms of the hedged item and the hedging instrument (notional, interest periods, underlying and fixed rates) are matching and the interest cash flows are off-setting, an economic relationship exists between the two. This ensures that the hedging instrument and hedged item have values that generally move in the opposite direction.

The CCIRS and the borrowings for one borrowing was designated into hedging relationship on 1 October 2016 and for others on 27 October 2016 which is later than the date on which the respective contracts were entered into. The gain / loss on fair valuation of CCIRS as on the date on designation has been recognised in profit or loss under the head Other Expenses (refer schedule 22).



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued)

for the period ended 30 March 2018

(Currency : Rs. in lakhs)

### 29 Cash flow hedge disclosure (Continued)

#### b. Accounting for cash flow hedge (Continued)

Following table provides quantitative information regarding the hedging instrument as on March 30, 2018:

Type of hedge and risks	Nominal value (Liabilities)	Carrying amount of hedging instruments (included under "other current and long term liabilities") (Liabilities)	Maturity date	Average contracted fixed interest rate	Changes in fair value of hedging instrument	Changes in the value of hedged item
<b>Cash Flow Hedge</b>						
Foreign currency and Interest rate risk	50,000	1,725	June 2018	9.67%	(381)	1,250

Following table provides quantitative information regarding the hedging instrument as on March 31, 2017:

Type of hedge and risks	Nominal value (Liabilities)	Carrying amount of hedging instruments (included under "other current and long term liabilities") (Liabilities)	Maturity date	Average contracted fixed interest rate	Changes in fair value of hedging instrument	Changes in the value of hedged item
<b>Cash Flow Hedge</b>						
Foreign currency and Interest rate risk	65,000	3,109	Aug 2017 to June 2018	9.67%	(3,606)	3,606

Following table provides the effects of hedge accounting on financial performance for the period ended March 30, 2018:

Type of hedge	Changes in the value of hedging instruments recognised in Cash flow Hedge Reserve	Amount reclassified from cash flow hedge reserve to profit or loss	Line-item affected in statement of profit or loss because of reclassification
<b>Cash flow hedge</b>			
Interest Rate risk and Foreign Exchange Risk	2,403	3,607 242	Finance Cost Foreign Exchange (gain)/loss

Following table provides the effects of hedge accounting on financial performance for the year ended March 31, 2017:

Type of hedge	Changes in the value of hedging instruments recognised in Cash flow Hedge Reserve	Amount reclassified from cash flow hedge reserve to profit or loss	Line-item affected in statement of profit or loss because of reclassification
<b>Cash flow hedge</b>			
Interest Rate risk and Foreign Exchange Risk	3,606	1,992 (2,101)	Finance Cost Foreign Exchange (gain)/loss

Following table provides movements in cash flow hedge reserve:

Particulars	Amount
As on March 31, 2016	-
Changes in fair value of CCIRS	(3,606)
Amounts reclassified to profit or loss	4,093
<b>As on March 31, 2017</b> (Refer Schedule 4)	<b>487</b>
Changes in fair value of CCIRS	(2,403)
Amounts reclassified to profit or loss	3,365
<b>As on March 30, 2018</b> (Refer Schedule 4)	<b>1,449</b>



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued)

for the period ended 30 March 2018

(Currency : Rs. in lakhs)

### 30 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under the Micro, Small and Medium Enterprises Development Act, 2006, ('MSMED') which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records including confirmations sought from suppliers on registration with specified authority under MSMED; no amounts relating to principal and interest were due or remained outstanding as at 30 March 2018. There have been no reported cases of delay in payments in excess of 45 days to micro, small and medium enterprises or of interest payments due to delay in such payments.

### 31 Contingent liabilities

	30 March 2018	31 March 2017
Claim against the Company not acknowledged as debt		
Dues towards Income Tax for AY 2012-2013	13	6
Dues towards Income Tax for AY 2014-2015	45	176
Dues towards Income Tax for AY 2015-2016	61	-
Letter of Comfort issued by the Company	101,946	1,400

The Company is of the view that the above demands may not devolve on the Company and hence no provision has been made.

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At year / period end the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of accounts.

The Company has also reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

The Company has given letter of comfort to unrelated parties in relation to borrowing from bank. The term of the contract contains a minimum compensation payment to unrelated parties in the event of default.

### 32 Provision for standard assets

A general provision at 0.40% (Previous year 0.35%) of the outstanding standard assets, has been made as prescribed by RBI vide its Master Direction – “Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”. The Company has also made additional provision at 1.60% (Previous year 1.65%) on standard assets. The rate of additional provision is based on the management estimate of future expected losses in loan portfolio. This provision has been disclosed as “Contingent provision against standard assets” in the balance sheet.



# Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

## Notes to the special purpose financial statements (Continued)

for the period ended 30 March 2018

(Currency : Rs. in lakhs)

### 33 Employee benefits

i.	<b>Principal actuarial assumptions</b>	<b>30 March 2018</b>	<b>31 March 2017</b>			
	Discount rate	7.80%	7.22%			
	Salary escalation rate	9.00%	9.00%			
	Attrition rate	10.00%	10.00%			
ii.	<b>Change in defined benefit obligation and assets over the year/ period ended</b>	<b>30 March 2018</b>	<b>31 March 2017</b>			
	Present value of defined benefit obligation as at the beginning of the year/ period	363	42			
	Interest cost	26	3			
	Current service cost	61	12			
	Liability transferred in	-	169			
	Past service cost incurred during the year/ period	-	8			
	Benefit paid	(16)	(3)			
	Actuarial (gains) / losses on obligation	73	132			
	Present value of the benefit obligation as at the end of the current period	507	363			
iii.	<b>Amount recognised in the balance sheet</b>	<b>30 March 2018</b>	<b>31 March 2017</b>			
	Fair value of plan assets at the end of the period	-	-			
	(Present value of the defined benefit obligation as at the end of the year)	(507)	(363)			
	Funded status	(507)	(363)			
	Unrecognised past service cost at the end of the year	-	-			
	Net (liability)/ asset recognised in the balance sheet	(507)	(363)			
iv.	<b>Expense recognised in the statement of profit and loss</b>	<b>30 March 2018</b>	<b>31 March 2017</b>			
	Current service cost	61	12			
	Interest cost	26	3			
	Actuarial (gains) / losses	73	132			
	Past service cost recognised during the year	-	8			
	Expense recognised in statement of profit and loss	160	155			
v.	<b>Movement in net (liability) recognised in the balance sheet</b>	<b>30 March 2018</b>	<b>31 March 2017</b>			
	Opening net liability	363	42			
	Expense as above	160	155			
	Net transfer in	-	169			
	(Net transfer out)	-	-			
	(Benefit paid)	(16)	(3)			
	(Benefit paid on account of settlement)	-	-			
	Net liability/ (asset) recognised in the balance sheet	507	363			
vi.	<b>Experience adjustment</b>	<b>30 March 2018</b>	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
	On plan liability (gains)/ losses	91	105	21	6	1
	On plan assets (losses)/ gains	-	-	-	-	-



## Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

### Notes to the special purpose financial statements (Continued)

for the period ended 30 March 2018

(Currency : Rs. in lakhs)

#### 34 Expenditure in Foreign currency

Particulars	30 March 2018	31 March 2017
(i) Subscription and Membership	44	22
(ii) Professional Fess	55	2
(iii) Annual License Fees	353	299

#### 35 Remuneration of Key Managerial Personnel

Particulars	Name of Director	30 March 2018	31 March 2017
<b>Gross Salary</b>	Khushru Jijina		
(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		1,476	40
(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		-	-
<b>Total</b>		1,476	40

#### 36 Corporate social responsibility expenditure

Particulars	30 March 2018	31 March 2017
Contribution to Piramal Swasthya Management and Research Institute	595	704
Contribution to Piramal Foundation for Education Leadership	688	150
<b>Total</b>	<b>1,283</b>	<b>854</b>
Amount required to be spent as per Section 135 of the Act	289	144
<i>Amount spent during the period / year</i>		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	289	854

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai

Date: June 27, 2018

For and on behalf of the Board of Directors of  
Piramal Capital & Housing Finance Limited



Khushru Jijina

Managing Director

DIN: 00209953



Ankit Singh

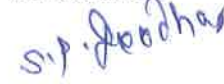
Company Secretary



Ajay Piramal

Director

DIN: 00028116



Sachin Deodhar

Chief Financial Officer

**Piramal Finance Limited**  
*(Formerly known as Piramal Finance Private Limited)*  
**Consolidated Financial Statements**  
together with the  
**Independent Auditor's Report**  
for the year ended 31 March 2017

# **Piramal Finance Limited**

*(Formerly known as Piramal Finance Private Limited)*

## **Consolidated Financial statements together with the Independent Auditor's Report**

*for the year ended 31 March 2017*

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Balance sheet

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Cash flow statement

Notes to the financial statements

# B S R & Co. LLP

Chartered Accountants

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Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi  
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## Independent Auditor's Report

### To the Members of Piramal Finance Limited

*(Formerly known as Piramal Finance Private Limited)*

#### Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of Piramal Finance Limited ( hereinafter referred to as "the Holding Company") *(formerly known as Piramal Finance Private Limited)* and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated balance sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated financial statements").

#### Management's responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated financial statements in terms of requirements of the Companies Act, 2013 ('hereinafter referred to as the Act') that give true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the company included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of Consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's responsibility

Our responsibility is to express an opinion on these Consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

## **Independent Auditor's Report (*Continued*)**

### **Piramal Finance Limited**

*(Formerly known as Piramal Finance Private Limited)*

#### **Auditor's responsibility (*Continued*)**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated financial statements.

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2017, and its consolidated profit and its consolidated cash flows for the year ended on that date.

#### **Report on other legal and regulatory requirements**

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 purpose of our audit of the aforesaid Consolidated financial statements;
- b) in our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books;
- c) the Consolidated balance sheet, the Consolidated statement of profit and loss, and the Consolidated cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of Consolidated financial statements;
- d) in our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

**Independent Auditor's Report (Continued)**  
**Piramal Finance Limited**

*(Formerly known as Piramal Finance Private Limited)*

**Report on other legal and regulatory requirements (Continued)**

- e) on the basis of written representations received from the directors of the Group as on 31 March 2017 and taken on record by the Board of Directors of each Company, none of the directors of the Group companies is disqualified as on 31 March 2017 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 over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Group has disclosed the impact of pending litigation on its financial position in its financial statement-refer note 32 to the consolidated financial statement;
  - ii. the Group did not have any material foreseeable losses on long term contracts including derivative contracts as at 31 March 2017;
  - iii. there were no amounts required to be transferred to the Investor Education and Protection Fund by the Group during the year ended 31 March 2017; and
  - iv. the Group has provided requisite disclosure in the financial statement on holdings as well as dealings in Specified Bank Notes during the period from 8 November 2017 to 30 December 2017. Based on audit procedure we report that the disclosures are in accordance with books of accounts maintained by the Group and as produced to us by the Management. Refer note 36 to the consolidated financial statements.

For **B S R & Co. LLP**  
*Chartered Accountants*

ICAI Firm's Registration No: 101248W/W-100022



**Manoj Kumar Vijai**  
*Partner*

Membership No: 046882

Mumbai  
10 May 2017

## **Annexure to the Independent Auditor's Report of even date on the consolidated financial statements of Piramal Finance Limited**

*(Formerly known as Piramal Finance Private Limited)*

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

We have audited the internal financial controls over consolidated financial statement as of 31 March 2017, in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

#### **Management's responsibility for internal financial controls**

The respective Board of Directors of the Holding Company and its subsidiary company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Group's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

## **Annexure to the Independent Auditor's Report of even date on the consolidated financial statements of Piramal Finance Limited**

*(Formerly known as Piramal Finance Private Limited) (Continued)*

### **Meaning of internal financial controls over financial reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent limitations of internal financial controls over financial reporting**

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

### **Opinion**

In our opinion, the Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022



**Manoj Kumar Vijai**

*Partner*

Membership No: 046882

Mumbai

10 May 2017

# Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

## Consolidated Balance sheet

as at 31 March 2017

(Currency : Rs in lakhs)

	Note	31 March 2017	31 March 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	299,440	42,542
Reserves and surplus	4	38,801	18,986
		<u>338,241</u>	<u>61,528</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	951,811	5,125
Other long-term liabilities	6	2,649	2
Long-term provisions	7	33,661	1,060
		<u>988,121</u>	<u>6,186</u>
<b>Current liabilities</b>			
Short-term borrowings	8	590,740	7,500
Trade payables	9	563	896
Other current liabilities	10	114,119	1,630
Short-term provisions	7	9,042	1,088
		<u>714,464</u>	<u>11,114</u>
<b>Total</b>		<u><u>2,040,826</u></u>	<u><u>78,829</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	286	132
Intangible assets	12	16	-
Capital work-in-progress	12	610	-
Non-current investments	13	1,067,163	-
Deferred tax assets (net)	14	14,447	816
Long-term loans and advances	15	590,860	52,151
		<u>1,673,382</u>	<u>53,099</u>
<b>Current assets</b>			
Current investments	13	180,315	-
Cash and bank balances	16	120,385	1,401
Short-term loans and advances	15	60,930	23,752
Other current assets	17	5,814	577
		<u>367,444</u>	<u>25,730</u>
<b>Total</b>		<u><u>2,040,826</u></u>	<u><u>78,829</u></u>

Significant accounting policies 2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

  
Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai


Date: May 10, 2017

For and on behalf of the Board of Directors of  
Piramal Finance Limited

  
Khushru Jijina  
Managing Director

  
Ankit Singh  
Company Secretary

  
Ajay Piramal  
Director

  
Ujas Popat  
CFO

# Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

## Consolidated statement of profit and loss

for the year ended 31 March 2017

(Currency : Rs in lakhs)

	Note	31 March 2017	31 March 2016
Revenue from operations	17	146,357	13,611
Other income	18	2,892	635
<b>Total revenue</b>		<b>149,249</b>	<b>14,246</b>
<b>Expenses</b>			
Employee benefits expense	19	7,885	2,349
Finance costs	20	69,007	2,873
Depreciation and amortisation	11	80	50
Other expenses	21	43,042	3,248
<b>Total expenses</b>		<b>120,014</b>	<b>8,520</b>
<b>Profit before tax</b>		<b>29,235</b>	<b>5,726</b>
Tax expense:			
- Current tax		23,375	2,054
- Prior year tax		161	-
- Deferred tax (credit)		(13,632)	(50)
<b>Profit for the year</b>		<b>19,331</b>	<b>3,722</b>
Earning per equity share (basis and diluted) (face value INR10)	23	1.20	0.87
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



**Manoj Kumar Vijai**

Partner

Membership No: 046882

Mumbai

Date: May 10, 2017

For and on behalf of the Board of Directors of  
Piramal Finance Limited



**Khushru Jijina**  
Managing Director



**Ankit Singh**  
Company Secretary



**Ajay Piramal**  
Director



**Ujas Popat**  
CFO

# Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

## Consolidated Cash flow statement

for the year ended 31 March 2017

(Currency : Rs in lakhs)

	31 March 2017	31 March 2016
<b>A. Cash flows from operating activities</b>		
Profit before tax	29,235	5,726
Adjustments:		
Dividend on mutual fund units	(5)	(172)
Profit on sale of investments in mutual fund units	(2,352)	-
Depreciation and amortisation	81	50
Contingent provision against standard assets	36,124	240
Provision on doubtful assets	805	(55)
Net fair value changes on foreign currency loan	1,495	-
Fixed assets written off	-	1
<b>Operating cash flow before working capital changes</b>	<b>65,383</b>	<b>5,790</b>
(Increase) in other current assets	(5,238)	(255)
(Increase) / Decrease in investments	(1,247,478)	2,279
Decrease / (Increase) in long term loans and advances	822,290	(20,026)
(Increase) / Decrease in short term loans and advances	(37,512)	5,749
(Decrease) / Increase in trade payables	(333)	42
Increase / (Decrease) in other long term liabilities	12	(72)
Increase in other current liabilities	510	11
Increase in short term provisions	3,759	691
Increase in fixed deposit	(1,500)	-
Increase in long term provisions	415	28
<b>Cash used in operations</b>	<b>(399,692)</b>	<b>(5,763)</b>
Less: income taxes paid	(23,294)	(2,167)
<b>Net cash flow (used in) operating activities (a)</b>	<b>(422,987)</b>	<b>(7,930)</b>
<b>B. Cash flows from investing activities</b>		
Fixed assets purchased	(859)	(62)
Investments in mutual funds	(2,022,113)	(77,530)
Proceeds from redemptions from mutual funds	2,024,464	77,530
Dividends on mutual funds	5	172
<b>Net cash flow from investing activities (b)</b>	<b>1,497</b>	<b>110</b>
<b>C. Cash flows from financing activities</b>		
Borrowings during the year	2,476,483	33,800
Borrowings repaid during the year	(2,084,009)	(42,725)
Proceeds from issue of equity share	146,500	-
<b>Net cash flow from/ (used in) financing activities (c)</b>	<b>538,974</b>	<b>(8,925)</b>
<b>Net increase/(decrease) in cash and cash equivalents (a + b+c)</b>	<b>117,484</b>	<b>(16,745)</b>
Cash and cash equivalents as at beginning of the year	1,401	18,146
Cash and cash equivalents as at end of the year	118,885	1,401
<b>Cash and cash equivalents comprise of:</b>		
Balances with banks (current account)	2,385	1,096
Balances with banks (deposits maturing within 3 months)	116,500	305

Significant accounting policies

2

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Manoj Kumar Vijai**  
Partner

Membership No: 046882

Mumbai

Date: May 10, 2017

For and on behalf of the Board of Directors of  
Piramal Finance Limited

**Khushru Jijina**  
Managing Director

**Ankit Singh**  
Company Secretary

**Ajay Piramal**  
Director

**Ujas Popat**  
CFO

**Piramal Finance Limited**  
(formerly known as Piramal Finance Private Limited)

**Notes to the consolidated financial statements (Continued)**  
as at 31 March 2017

(Currency : Rs in lakhs)

	31 March 2017	31 March 2016
<b>3 Share capital</b>		
<b>Authorised</b>		
5000,000,000 (750,000,000) equity shares of INR 10 each	500,000	75,000
<b>Issued, subscribed and fully paid</b>		
2,994,401,152 (425,420,000) equity shares of INR 10 each	299,440	42,542
	<u>299,440</u>	<u>42,542</u>

**Reconciliation of the equity shares outstanding at the beginning and at the end of the year**

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
At the beginning of the year	425,420,000	42,542	425,420,000	42,542
Add: Issued during the year				
- Issued for cash	1,465,000,000	146,500	-	-
- Issued for consideration other than cash (Refer note 26)	1,103,981,152	110,398	-	-
At the end of the year	<u>2,994,401,152</u>	<u>299,440</u>	<u>425,420,000</u>	<u>42,542</u>

**Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. There are no restrictions on payments of dividends to equity shareholders.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

**Shares held by holding company**

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
Equity shares of INR 10 each fully paid up held by Piramal Enterprise Limited (holding company)	2,994,401,152	299,440	425,420,000	42,542
	<u>2,994,401,152</u>	<u>299,440</u>	<u>425,420,000</u>	<u>42,542</u>

**Particulars of shareholders holding more than 5% shares of a class of shares**

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
Equity shares of INR 10 each fully paid up held by Piramal Enterprise Limited (holding company)	2,994,401,152	299,440	425,420,000	42,542
	<u>2,994,401,152</u>	<u>299,440</u>	<u>425,420,000</u>	<u>42,542</u>



**Piramal Finance Limited**  
(formerly known as Piramal Finance Private Limited)

**Notes to the consolidated financial statements (Continued)**  
as at 31 March 2017

(Currency : Rs in lakhs)

	31 March 2017	31 March 2016
<b>4 Reserves and surplus</b>		
<b>Statutory reserve fund u/s 45-IC of the RBI Act, 1934</b>		
Opening balance	3,924	3,180
Add: Additions during the year	3,866	744
Closing balance	<u>7,790</u>	<u>3,924</u>
<b>General reserves</b>		
Opening balance	1,616	1,616
Add: Additions during the year	-	-
Closing balance	<u>1,616</u>	<u>1,616</u>
<b>Cash Flow Hedging Reserve</b>		
Opening balance	-	-
Add: Additon during the year (Refer note 30)	484	-
Closing balance	<u>484</u>	<u>-</u>
<b>Surplus in the statement of profit and loss</b>		
Opening balance	13,446	10,468
Add: Profit for the year	19,331	3,722
Appropriations:	-	-
Less: Transfer to statutory reserve fund u/s 45-IC of the RBI Act, 1934	3,866	744
Closing balance	<u>28,911</u>	<u>13,446</u>
	<u>38,801</u>	<u>18,986</u>
<b>5 Long term borrowings</b>		
<b>Term loans</b>		
<i>Secured</i>		
From banks		
Rupee Loan	481,326	5,125
Foreign currency loans	48,383	-
From others	174,333	-
<b>Redeemable Non Convertible Debentures</b>		
<i>Secured</i>	198,592	-
<i>Unsecured</i>	49,177	-
	<u>951,811</u>	<u>5,125</u>



# Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

## Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Rs. in lakhs)

### 5 Long term borrowings (Continued)

Security clause and Maturity profile of the term loans/ NCDs (including current maturities of long term borrowing)

#### A. Rupee Term Loan from Banks (Secured)

Nature of Security

First pari-passu charge by way of hypothecation on the standard movable assets including receivables and book debts, present and future

As at 31 March 2017

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
8.75-9.75%	3,750	473,011	8,314	485,076
<b>Total</b>	<b>3,750</b>	<b>473,011</b>	<b>8,314</b>	<b>485,076</b>

As at 31 March 2016

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
11-11.5%	1,250	2,750	2,375	6,375
<b>Total</b>	<b>1,250</b>	<b>2,750</b>	<b>2,375</b>	<b>6,375</b>

#### B. Foreign Currency Non Repatriable Loans (Secured)

Nature of Security

First pari-passu charge on the movable assets including receivables present and future

As at 31 March 2017

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
9.60-9.75%	-	48,383	-	48,383
<b>Total</b>	<b>-</b>	<b>48,383</b>	<b>-</b>	<b>48,383</b>

#### C. Term Loan from others (Secured)

Nature of Security

First pari-passu charge by way of hypothecation created over secured assets

As at 31 March 2017

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
9.65-10%	-	174,333	-	174,333
<b>Total</b>	<b>-</b>	<b>174,333</b>	<b>-</b>	<b>174,333</b>



# Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

## Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Rs. in lakhs)

### 5 Long term borrowings (Continued)

Security clause and Maturity profile of the term loans/ NCDs (including current maturities of long term borrowing) (Continued)

#### D. Redeemable Non Convertible Debentures (Secured):

##### Nature of Security

First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property

As at 31 March 2017

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
7.75-8.55%	109,006	2,548	-	111,553
8.56-9.72%	-	195,542	503	196,045
<b>Total</b>	<b>109,006</b>	<b>198,089</b>	<b>503</b>	<b>307,598</b>

#### E. Redeemable Non Convertible Debentures (Unsecured subordinated (Tier II))

As at 31 March 2017

Maturity	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
9.55%	-	-	49,177	49,177
<b>Total</b>	<b>-</b>	<b>-</b>	<b>49,177</b>	<b>49,177</b>



# Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

## Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Rs in lakhs)

	31 March 2017	31 March 2016
<b>6 Other long-term liabilities</b>		
Lease equalisation	13	2
Forward Contract Payable	2,636	-
	<u>2,649</u>	<u>2</u>

## 7 Provisions

	31 March 2017		31 March 2016	
	Long Term	Short Term	Long Term	Short Term
Provision for gratuity	315	48	30	13
Provision for employee bonus	-	4,388	-	692
Provision for compensated absence	167	54	37	27
Provision for tax (net of advance tax of Rs. 24,986 (previous year Rs. 404))	-	266	-	8
	<u>482</u>	<u>4,756</u>	<u>67</u>	<u>739</u>
<b>Others</b>				
Contingent provisions against standard assets	33,180	4,286	993	349
	<u>33,180</u>	<u>4,286</u>	<u>993</u>	<u>349</u>
	<u>33,661</u>	<u>9,042</u>	<u>1,060</u>	<u>1,088</u>



**Piramal Finance Limited**  
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**Notes to the consolidated financial statements (Continued)**  
as at 31 March 2017

(Currency : Rs in lakhs)

	31 March 2017	31 March 2016
<b>8 Short term borrowings</b>		
Working Capital Demand Loan (secured)		
-From banks		
Ruppee Loans	19,496	7,500
(Secured by first pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts ,present and future)		
Term Loan (Unsecured)		
-From banks		
Foreign Currency Loans	14,629	-
Others (Unsecured)		
Commercial Papers (net of unamortised discount of Rs.5,885 (previous year- Rs.Nil))	556,615	-
	<u>590,740</u>	<u>7,500</u>
<b>9 Trade payables</b>		
Trade payable		
- Payable to Micro & Small suppliers (Refer Note 31)	-	-
- Payables to others	563	896
	<u>563</u>	<u>896</u>
<b>10 Other current liabilities</b>		
Current maturities of long term debt (Refer Note 5)	112,756	1,250
Advance received	394	22
Dues to holding company	-	53
Interest accrued but not due	-	110
Forward Contract Payable	473	-
Taxes payable	456	83
Payable to employees	40	112
	<u>114,119</u>	<u>1,630</u>



**Piramal Finance Limited**  
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**Notes to the consolidated financial statements (Continued)**  
as at 31 March 2017

(Currency : Rs in lakhs)

**11 Tangible fixed assets**

Description	Gross Block			Depreciation / amortisation			Net Block		
	As at 1 April 2016	Additions during the year	Deductions during the year	As at 31 Mar 2017	As at 1 April 2016	Charge for the year	Deductions during the year	As at 31 Mar 2017	As at 31 Mar 2017
Land & Building	-	16	-	16	-	-	-	-	16
Office equipment	44	17	-	61	4	10	-	14	47
Computer	24	55	-	79	14	11	-	25	54
Computer Server	-	35	-	35	-	3	-	3	33
Furniture	11	30	-	41	0	2	-	2	39
Leasehold Improvements	201	80	-	281	130	53	-	183	98
<b>Total</b>	<b>280</b>	<b>233</b>	<b>-</b>	<b>513</b>	<b>148</b>	<b>79</b>	<b>-</b>	<b>227</b>	<b>286</b>

Description	Gross Block			Depreciation / amortisation			Net Block		
	As at 1 April 2015	Additions during the year	Deductions during the year	As at 31 Mar 2016	As at 1 April 2015	Charge for the year	Deductions during the year	As at 31 Mar 2016	As at 31 Mar 2016
Office equipment	7	37	-	44	1	3	-	4	40
Computer	23	5	4	24	11	6	3	14	10
Furniture	3	8	-	11	0	0	-	0	11
Leasehold Improvements	189	12	-	201	89	41	-	130	71
<b>Total</b>	<b>222</b>	<b>63</b>	<b>4</b>	<b>280</b>	<b>101</b>	<b>50</b>	<b>3</b>	<b>148</b>	<b>132</b>

**12 Intangible fixed assets and Capital WIP**

Description	Gross Block			Depreciation / amortisation			Net Block		
	As at 1 April 2016	Additions during the year	Deductions during the year	As at 31 Mar 2017	As at 1 April 2016	Charge for the year	Deductions during the year	As at 31 Mar 2017	As at 31 Mar 2017
Computer software	0	17	-	17	0	1	-	1	16
<b>Total-I</b>	<b>0</b>	<b>17</b>	<b>-</b>	<b>17</b>	<b>0</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>16</b>
Capital WIP-II	-	610	-	610	-	-	-	-	610
<b>Total-I + II</b>	<b>0</b>	<b>627</b>	<b>-</b>	<b>627</b>	<b>0</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>626</b>

Description	Gross Block			Depreciation / amortisation			Net Block		
	As at 1 April 2015	Additions during the year	Deductions during the year	As at 31 Mar 2016	As at 1 April 2015	Charge for the year	Deductions during the year	As at 31 Mar 2016	As at 31 Mar 2016
Computer software	0	-	-	0	0	0	-	0	0
<b>Total</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>



# Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

## Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Rs in lakhs)

### 13 Investments

	31 March 2017		31 March 2016	
	Non current *	Current	Non current *	Current
<b>Investments in Debentures (Quoted) (at cost) (fully paid up)</b>				
<b>Redeemable Non-Convertible Debentures</b>				
Secured				
19,000 (Previous Year Nil) of INR 100,000 each in Century Joint Developers Private Limited	17,227	1,500	-	-
6,168 (Previous Year Nil) of INR 100,000 each in Three C Green Developers Private Limited	2,060	4,406	-	-
21,011 (Previous Year Nil) of INR 100,000 each in VGN Developers Private Limited	13,854	8,100	-	-
15,000 (Previous Year Nil) of INR 100,000 each in Essel Green Energy Private Limited	16,122	-	-	-
216 (Previous Year Nil) of INR 10,000,000 each in ACME Cleantech Solutions Private Limited	22,002	-	-	-
11,600 (Previous Year Nil) of INR 100,000 each in SPR Constructions Private Limited	4,350	7,250	-	-
	<b>75,615</b>	<b>21,256</b>	-	-
<b>Investments in Debentures (Unquoted) (at cost) (fully paid up)</b>				
<b>Redeemable Optionally Convertible Debentures</b>				
Secured				
2,125 (Previous Year Nil) of INR 1,000,000 each in Navayuga Road Projects Private Limited SR - I	-	41,171	-	-
1,905 (Previous Year Nil) of INR 1,000,000 each in Regen Infrastructure Private Limited	16,557	2,672	-	-
	<b>16,557</b>	<b>43,843</b>	-	-
<b>Redeemable Non-Convertible Debentures (fully paid up)</b>				
Secured				
1,240 (Previous Year Nil) of INR 1,000,000 each in Adarsh Haven Private Limited	12,400	-	-	-
15,000 (Previous Year Nil) of INR 100,000 each in Akarshak Realty Private Limited	14,711	-	-	-
78 (Previous Year Nil) of INR 10,000,000 each in Akarsh Residency Private Limited	7,727	-	-	-
760 (Previous Year Nil) of INR 1,000,000 each in Akshar Space Private Limited	6,735	760	-	-
9,220 (Previous Year Nil) of INR 100,000 each in Akshaya Private Limited	7,474	1,620	-	-
108 (Previous Year Nil) of INR 10,000,000 each in Alekhya Property Developments Private Limited	10,702	-	-	-
3,358 (Previous Year Nil) of INR 100,000 each in Arihant Unitech Realty Projects Limited	2,800	558	-	-
2,394 (Previous Year Nil) of INR 1,000,000 each in Arun Excello Homes Private Limited	21,299	2,639	-	-
1,700 (Previous Year Nil) of INR 1,000,000 each in Arun Excello Realty Private Limited	15,914	1,097	-	-
15,250 (Previous Year Nil) of INR 100,000 each in Atria Brindavan Power Private Limited	15,250	-	-	-
20,985 (Previous Year Nil) of INR 100,000 each in ATS Heights Private Limited	21,405	-	-	-
19,175 (Previous Year Nil) of INR 100,000 each in ATS Homes Private Limited	19,761	-	-	-
15,000 (Previous Year Nil) of INR 100,000 each in ATS Homes Private Limited	11,361	4,175	-	-
18,500 (Previous Year Nil) of INR 100,000 each in ATS Real Estate Builders Private Limited	18,500	-	-	-
3,000 (Previous Year Nil) of INR 100,000 each in Baashyaam Constructions Private Limited	2,999	-	-	-
3,300 (Previous Year Nil) of INR 100,000 each in Baashyaam Constructions Private Limited	2,905	367	-	-



# Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

## Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Rs in lakhs)

### 13 Investments (Continued)

	31 March 2017		31 March 2016	
	Non current *	Current	Non current *	Current
300 (Previous Year Nil) of INR 100,000 each in Baashyaam Constructions Private Limited	300	-	-	-
2,000 (Previous Year Nil) of INR 100,000 each in Baashyaam Constructions Private Limited	1,999	-	-	-
18,700 (Previous Year Nil) of INR 100,000 each in Bestech India Private Limited	18,260	283	-	-
2,460 (Previous Year Nil) of INR 88,000 each in Bhaveshwar Properties Private Limited	1,380	1,080	-	-
16,000 (Previous Year Nil) of INR 100,000 each in Century Real Estate Holdings Private Limited	15,918	-	-	-
17,900 (Previous Year Nil) of INR 100,000 each in Century Real Estate Holdings Private Limited	19,803	-	-	-
9,650 (Previous Year Nil) of INR 100,000 each in Dosti Realty Limited	9,566	-	-	-
709 (Previous Year Nil) of INR 1,000,000 each in Ekta Housing Private Limited	4,588	2,356	-	-
1,171 (Previous Year Nil) of INR 1,000,000 each in Ekta Parkville Homes Private Limited	7,627	3,844	-	-
100 (Previous Year Nil) of INR 10,000,000 each in Emami Realty Private Limited	7,966	2,000	-	-
19,230,000 (Previous Year Nil) of INR 100 each in Essem Infra Private Limited	13,106	6,023	-	-
12,530 (Previous Year Nil) of INR 100,000 each in Evie Real Estate Private Limited	12,002	803	-	-
8,727 (Previous Year Nil) of INR 100,000 each in Flagship Infrastructure Private Limited	8,167	503	-	-
106 (Previous Year Nil) of INR 10,000,000 each in Forum Homes Private Limited	6,044	4,494	-	-
6,750 (Previous Year Nil) of INR 100,000 each in Golden Homes Private Limited	5,619	1,066	-	-
7,000 (Previous Year Nil) of INR 100,000 each in Good Earth Eco Development Private Limited	6,614	400	-	-
675 (Previous Year Nil) of INR 1,000,000 each in Haldhar Developers Private Limited	-	6,569	-	-
7,000 (Previous Year Nil) of INR 100,000 each in Ideal Real Estate Private Limited	2,933	4,000	-	-
6,000 (Previous Year Nil) of INR 100,000 each in Jaykali Developers Private Limited	5,844	-	-	-
8,604 (Previous Year Nil) of INR 100,000 each in Kanakia King Style Construction Private Limited	8,602	-	-	-
58 (Previous Year Nil) of INR 10,000,000 each in Kanakia Spaces Realty Private Limited	5,800	-	-	-
70 (Previous Year Nil) of INR 10,000,000 each in Kanakia Spaces Realty Private Limited	1,080	5,800	-	-
173 (Previous Year Nil) of INR 10,000,000 each in Keystone Realtors Private Limited	14,184	2,875	-	-
79 (Previous Year Nil) of INR 10,000,000 each in Keystone Realtors Private Limited	5,985	1,762	-	-
200 (Previous Year Nil) of INR 5,000,000 each in Kothari Auto Parts Manufacturers Private Limited	10,000	-	-	-
212 (Previous Year Nil) of INR 5,000,000 each in Kothari Auto Parts Manufacturers Private Limited	10,600	-	-	-
290 (Previous Year Nil) of INR 5,000,000 each in Kothari Auto Parts Manufacturers Private Limited	14,500	-	-	-
33,983,000 (Previous Year Nil) of INR 100 each in Kumar Agro Products Private Limited	30,557	3,137	-	-
12,500 (Previous Year Nil) of INR 100,000 each in Logix City Developers Private Limited	7,711	4,688	-	-
15,671 (Previous Year Nil) of INR 100,000 each in Manjeera Retail Holdings Private Limited	14,263	1,409	-	-
17,551 (Previous Year Nil) of INR 100,000 each in Mantri Developers Private Limited	17,458	-	-	-
1,244,200 (Previous Year Nil) of INR 1,000 each in Marvel Mega Realtors Private Limited	12,153	140	-	-
22,000 (Previous Year Nil) of INR 100,000 each in NCL Industries Limited	21,994	-	-	-



# Piramal Finance Limited

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## Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Rs in lakhs)

### 13 Investments (Continued)

	31 March 2017		31 March 2016	
	Non current *	Current	Non current *	Current
4,200 (Previous Year Nil) of INR 100,000 each in Neelkanth Vinayak Realtors Private Limited	1,800	2,400	-	-
13,069 (Previous Year Nil) of INR 100,000 each in Nilkanth Tech Park Private Limited	9,830	3,092	-	-
5,876 (Previous Year Nil) of INR 100,000 each in Nilkanth Tech Park Private Limited	4,322	1,556	-	-
6,061 (Previous Year Nil) of INR 100,000 each in Niraj Kumar Associates Private Limited	5,961	-	-	-
165 (Previous Year Nil) of INR 10,000,000 each in Nirmal Lifestyle Limited	10,997	5,364	-	-
4,420 (Previous Year Nil) of INR 100,000 each in North Town Estate Private Limited	4,336	-	-	-
197 (Previous Year Nil) of INR 10,000,000 each in Omkar City Developers Private Limited	19,518	-	-	-
1,465 (Previous Year Nil) of INR 1,000,000 each in Omkar Realtors and Developers Private Limited	14,518	-	-	-
2,269 (Previous Year Nil) of INR 1,000,000 each in Omkar Realtors and Developers Private Limited	22,690	-	-	-
18,910 (Previous Year Nil) of INR 100,000 each in Ornate Spaces Private Limited	19,402	-	-	-
8,500 (Previous Year Nil) of INR 100,000 each in Ozone Infra Developers Private Limited	9,501	-	-	-
21,223 (Previous Year Nil) of INR 100,000 each in Paranjape Schemes Construction Limited	20,734	342	-	-
9,500 (Previous Year Nil) of INR 100,000 each in Pheonix Hodu Developers Private Limited	6,700	2,714	-	-
5,267 (Previous Year Nil) of INR 100,000 each in Phoenix Embassy Tech Zone Private Limited	5,111	-	-	-
10,000 (Previous Year Nil) of INR 100,000 each in Prateek Infraprojects India Private Limited	9,880	-	-	-
175 (Previous Year Nil) of INR 10,000,000 each in Raghuleela Leasing and Construction Private Limited	16,385	1,000	-	-
54 (Previous Year Nil) of INR 5,000,000 each in Rajesh Estate and Nirman Private Limited	-	2,700	-	-
80 (Previous Year Nil) of INR 5,000,000 each in Rajesh Estate and Nirman Private Limited	-	4,000	-	-
110 (Previous Year Nil) of INR 10,000,000 each in RD Buildtech & Developers (Karnataka) Private Limited	10,704	-	-	-
15,899 (Previous Year Nil) of INR 100,000 each in Reliance Big Limited	14,675	2,066	-	-
12,126 (Previous Year Nil) of INR 100,000 each in Runwal Homes Private Limited	10,800	1,326	-	-
2,564,800 (Previous Year Nil) of INR 1,000 each in Sanghi Industries Limited	25,384	-	-	-
9,318 (Previous Year Nil) of INR 100,000 each in Sarvasva Buildtech and Farms Private Limited	9,216	-	-	-
21,270 (Previous Year Nil) of INR 100,000 each in Sarvasva Buildtech and Farms Private Limited	21,085	-	-	-
80 (Previous Year Nil) of INR 10,000,000 each in Security and Intelligence Services (India) Limited	6,464	1,333	-	-
3,250 (Previous Year Nil) of INR 1,000,000 each in Shreeniwas Cotton Mills Private Limited	33,568	-	-	-
200 (Previous Year Nil) of INR 1,000,000 each in Siddhi Raj Housing Projects Private Limited	1,943	-	-	-
1,200,000 (Previous Year Nil) of INR 1,000 each in Smaaash Entertainment Private Limited	12,445	-	-	-
150 (Previous Year Nil) of INR 100,000 each in Tridhaatu Mumbai Structure Private Limited	1,497	-	-	-
301 (Previous Year Nil) of INR 100,000 each in Tridhaatu Mumbai Structure Private Limited	2,956	182	-	-
209,800 (Previous Year Nil) of INR 10,000 each in Wisemore Advisory Private Limited	20,989	-	-	-
28 (Previous Year Nil) of INR 10,000,000 each in Valdel Real Estate Private Limited	2,796	-	-	-
25,862 (Previous Year Nil) of INR 100,000 each in Vatika Infracon Private Limited	26,836	-	-	-



# Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

## Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Rs in lakhs)

### 13 Investments (Continued)

	31 March 2017		31 March 2016	
	Non current *	Current	Non current *	Current
1,950 (Previous Year Nil) of INR 100,000 each in Vatika One On One Private Limited	19,500	-	-	-
13,440 (Previous Year Nil) of INR 100,000 each in Vijay Group Housing Private Limited	9,939	3,360	-	-
2,000 (Previous Year Nil) of INR 1,000,000 each in Wadhwa Constructions & Infrastructure Private Limited	10,659	9,333	-	-
2,500 (Previous Year Nil) of INR 1,000,000 each in Wadhwa Group Holdings Private Limited	14,284	10,000	-	-
23,000 (Previous Year Nil) of INR 100,000 each in Reliable Exports (India) Private Limited	23,000	-	-	-
	<u>974,991</u>	<u>115,216</u>	-	-
	<u>1,067,163</u>	<u>180,315</u>	-	-
Aggregated book value of quoted investments	75,615	21,256	-	-
Aggregated market value of quoted investments	75,615	21,256	-	-
Aggregated value of unquoted investments	991,549	159,059	-	-
Aggregated amount of impairment in value of investments	-	-	-	-

\* The non-current portion of these investments are non-trade investments



# Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

## Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Rs in lakhs)

	31 March 2017	31 March 2016
<b>14 Deferred tax assets (net)</b>		
<b>Deferred tax asset</b>	<b>26</b>	<b>24</b>
Depreciation on fixed assets	76	22
Provision for compensated absence	126	14
Provision for gratuity	12,966	464
Contingent provision against standard assets	-	291
Provision on sub-standard assets	517	-
Net fair value changes on foreign currency loan	297	-
Deferment of interest income due to EIR	434	-
Deferment of interest expense due to EIR	5	1
Lease straightlining		
	<hr/>	<hr/>
<b>Deferred tax asset</b>	<b>14,447</b>	<b>816</b>
<b>Deferred tax liabilities</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
<b>Net deferred tax asset</b>	<b>14,447</b>	<b>816</b>



# Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

## Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Rs in lakhs)

### 15 Loans and advances

	31 March 2017		31 March 2016	
	Long term	Short term	Long term	Short term
<b>To parties other than related parties</b>				
<i>Unsecured, considered good</i>				
Security deposits	119	68	61	11
	<u>119</u>	<u>68</u>	<u>61</u>	<u>11</u>
<b>Loans</b>				
<i>Secured, considered good</i>	586,655	57,549	49,646	17,427
	<u>586,655</u>	<u>57,549</u>	<u>49,646</u>	<u>17,427</u>
<i>Secured, considered doubtful</i>	4,199	4,019	2,077	4,213
Less: Allowance for bad and doubtful loans and advances	(680)	(966)	(208)	(633)
	<u>3,519</u>	<u>3,053</u>	<u>1,869</u>	<u>3,580</u>
<b>Other loans and advances</b>				
<i>Unsecured, considered good</i>				
Advance Tax (net of Provision of Rs.7,763, previous year Rs.10,752)	563	-	549	-
Cenvat credit receivable	-	144	-	619
Loan to employee	(0)	9	22	4
Prepaid expenses	5	107	4	9
Advance for expenses	-	0	-	2
	<u>568</u>	<u>260</u>	<u>575</u>	<u>634</u>
<b>To related parties</b>				
<b>Loan and advances</b>				
<i>Unsecured, considered good</i>				
Piramal Enterprise Limited	-	-	-	2,100
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,100</u>
	<u>590,860</u>	<u>60,930</u>	<u>52,151</u>	<u>23,752</u>



# Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

## Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Rs in lakhs)

	31 March 2017	31 March 2016
<b>16 Cash and bank balances</b>		
<b>Cash &amp; cash equivalent</b>		
Balances with banks		
-In current accounts	2,385	1,096
-In fixed deposit with original maturity less than 3 months	116,500	305
<b>Other Bank balances</b>		
Deposit with banks (maturity within 12 months)	1,500	-
	<b>120,385</b>	<b>1,401</b>
<b>17 Other current assets</b>		
<i>Secured, considered good</i>		
Other receivable	11	577
<i>Unsecured, considered good</i>		
Other Asset	1,591	-
Advance Processing Charges	649	-
Preliminary Expenses	276	-
To related parties		
<i>Unsecured, considered good</i>		
Piramal Enterprise Limited	3,077	-
Piramal Fund Management Private Limited	210	-
	<b>5,814</b>	<b>577</b>



# Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

## Notes to the consolidated financial statements (Continued) for the year ended 31 March 2017

(Currency : Rs in lakhs)

	31 March 2017	31 March 2016
<b>18 Revenue from operations</b>		
Interest income:		
- On investments	96,718	86
- On loans and advances	47,300	12,134
Other financial services:		
- Processing / arranger fees	2,339	1,391
	<u>146,357</u>	<u>13,611</u>
<b>19 Other income</b>		
Dividend income on mutual fund units	5	172
Profit on sale of mutual fund units	2,352	-
Other non-operating income	535	463
	<u>2,892</u>	<u>635</u>
<b>20 Employee benefits expense</b>		
Salaries and wages	7,340	2,165
Contribution to Provident and other fund	78	10
Staff welfare expenses	312	150
Other employee benefit expenses	155	24
	<u>7,885</u>	<u>2,349</u>
<b>21 Finance costs</b>		
Interest expense	44,073	2,567
Discount on commercial paper	23,599	-
Other borrowing cost	1,335	306
	<u>69,007</u>	<u>2,873</u>



# Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

## Notes to the consolidated financial statements (Continued)

for the year ended 31 March 2017

(Currency : Rs in lakhs)

	31 March 2017	31 March 2016
<b>22 Other expenses</b>		
Corporate Social Responsibility Expenses	854	1,151
Contribution to electoral trust	350	-
Rent	304	67
Amenities fees	62	60
Travelling and conveyance	271	109
Legal and professional fees	1,164	1,526
Royalty fees	455	-
Electricity expense	37	16
Repairs and maintenance - others	50	18
Postage and communication	31	15
Printing and stationery	6	5
Net fair value changes on foreign currency loan	1,495	-
Other expenses	1,001	86
<b>Auditor's Remuneration</b>		
- as auditor	27	9
- for other services	6	1
Contingent provision against standard assets	36,124	240
Provision on doubtful assets	805	(55)
	<u>43,042</u>	<u>3,248</u>



# Piramal Finance Limited

## Notes to the consolidated financial statements (*Continued*)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 1. Background

Piramal Finance Limited (formerly known as Piramal Finance Private Limited) ('the Company') was incorporated under the Companies Act, 1956 on 23 February 1974 with its registered and operational office in Mumbai.

The Company was issued a registration certificate no. B-13.01420 dated 18 November 2000, by the Reserve Bank of India ('RBI') under section 45 – IA of the RBI Act, 1934 to commence / carry on the business of non – banking financial institution without accepting public deposits.

The Company was converted into a public limited Company w.e.f. December 23, 2016 and consequently the name of the Company was changed from Piramal Finance Private Limited to Piramal Finance Limited w.e.f. the date of the certificate of ROC, Maharashtra, Mumbai dated January 06, 2017. The primary activities of the Company involve lending / investing.

The Company has incorporated a wholly owned subsidiary Piramal Housing Finance Private Limited on 10 February 2017 which has applied for registration to commence Housing Finance business with National Housing Bank on 28 February 2017. The Company along with its subsidiaries is hereinafter collectively referred to as "the Group".

### 2. Significant accounting policies

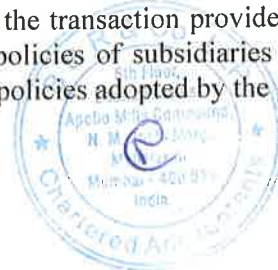
#### 2.1 Basis of preparation of consolidated financial statements

The accompanying consolidated financial statements have been prepared and presented on the accrual basis of accounting, and comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, the relevant provisions of the Companies Act, 2013 and other accounting principles generally accepted in India and the Reserve Bank of India ('RBI') guidelines, as adopted consistently by the Group to the extent applicable. The consolidated financial statements are presented in Indian rupees rounded off to the nearest lakhs, unless otherwise stated.

#### 2.2 Investment in subsidiaries

Subsidiaries are all entities over which the group has control. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.



# Piramal Finance Limited

## Notes to the consolidated financial statements (*Continued*) for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 2. Significant accounting policies (*Continued*)

#### 2.3 Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities on the date of financial statement. Actual results could differ from those estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

#### 2.4 Current and non-current classification

All assets and liabilities are classified into current and non-current.

##### Assets

An asset is classified as current when it satisfies any of the following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is expected to be realised within 12 months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current assets.

All other assets are classified as non-current.

##### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- i. it is expected to be settled in the Group's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is due to be settled within 12 months after the reporting date; or
- iv. the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current liabilities.

All other liabilities are classified as non-current.



# Piramal Finance Limited

## Notes to the consolidated financial statements (*Continued*)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 2. Significant accounting policies (*Continued*)

#### 2.5 Revenue recognition

Income is recognised on an effective interest rate (EIR) basis for financial assets in the statement of profit and loss, except in the case of interest on non-performing assets which is recognised on receipt basis as per income recognition and asset classification norms prescribed by RBI.

Penal interest is recognised as income on the actual basis.

Loan processing fees income is accounted for on effective interest basis. Arranger fees income is accounted for on accrual basis.

Dividend is recognised as income as and when the right to receive the payment is established.

#### 2.6 Borrowing cost

Interest expense is recognised on an effective interest rate basis for financial liabilities in the statement of profit and loss.

#### 2.7 Discount on commercial paper

The difference between issue price and redemption value of commercial paper is apportioned on time basis and recognized as discount expenses.

#### 2.8 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition or the revalued amount as the case may be, less accumulated depreciation and impairments, if any. Acquisition cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is charged over the estimated useful life of the fixed assets on straight-line basis in the manner prescribed in Schedule II of the Companies Act, 2013 as given below:

Class of asset	Useful life
Office equipment	5 years
Furniture	10 years
Computer servers and network	6 years
Computer – end user device	3 years
Leasehold improvements	Amortised on straight line method over lease term

Individual fixed assets costing less than Rupees five thousand are depreciated fully in the year of purchase or acquisition.

The Group provides pro-rata depreciation from the day the asset is ready to use / put-to use, whichever is earlier and for any asset sold, till the date of sale.



# Piramal Finance Limited

## Notes to the consolidated financial statements (*Continued*)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 2. Significant accounting policies (*Continued*)

#### 2.9 Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Statement of Profit and Loss.

Intangible Assets are amortized on a straight line basis over their finite useful lives over the following period:

Computer Software	6 years
-------------------	---------

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### 2.10 Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset or of the cash generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying value, the carrying value is reduced to the recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss for the year.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

#### 2.11 Investments

Investments are classified into non-current and current based on management's intention at the time of purchase. Purchase and sale of investments are recorded at trade date. Profit / loss on sale of investment are recognised in the statement of profit or loss on the trade date. Profit or loss on the sale of investment is determined on first in first out ('FIFO') basis.

Non-current investments are carried at amortised cost less diminution in value, if any, which is other than temporary, determined separately for each individual investment.

Quoted current investments are valued at amortised cost or market value / net realisable value whichever is lower. Current investments are valued scrip-wise. Net depreciation, if any, is provided for and net appreciation, if any, is ignored.

Unquoted investments in the units of mutual funds in the nature of current investments are valued at the net asset value declared by the mutual fund in respect of each particular scheme.



# Piramal Finance Limited

## Notes to the consolidated financial statements (*Continued*)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 2. Significant accounting policies (*Continued*)

#### 2.12 Loans

Loans are classified into 'performing' and 'non-performing' and are stated after deduction of specific provisions and interest in suspense, if any, in accordance with the prescribed RBI guidelines.

Non-performing loans are identified by periodic appraisals of the portfolio by management and appropriate provisions are made based on management's assessment of the degree of impairment of the loans, subject to minimum provisioning level prescribed by the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, issued by RBI on 1 July 2014 as amended upto 30<sup>th</sup> October 2014

#### 2.13 Employee benefits

##### Gratuity

The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair value of the plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuations using the Project Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement, and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, is based on the market yields on government securities as at the balance sheet date for the estimated term of the obligations.

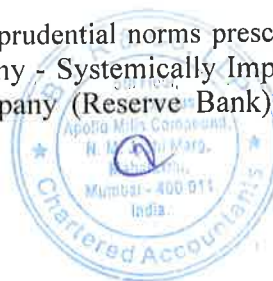
Actuarial gains and losses are recognised immediately in the statement of profit and loss.

##### Compensated absence

The employees of the Group are entitled to compensate absence. The employee can carry forward a portion of the unutilised accrued leave balance and utilise it in the future periods. The Group records an obligation for compensated absences in the period in which the employee renders the service that increases the entitlement. The Group measures the expected cost of compensated absence as the amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

#### 2.14 Provision for standard assets

Provision on standard assets is made in line with the prudential norms prescribed by the Master Direction – "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016".



# Piramal Finance Limited

## Notes to the consolidated financial statements (*Continued*)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 2. Significant accounting policies (*Continued*)

#### 2.15 Taxation

Income tax expense comprises of current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

##### **Current tax**

Current tax expense is recognised on an annual basis under the taxes payable method, based on the estimated tax liability computed after taking credit for allowances and exemption in accordance with the Income Tax Act, 1961 and Income Computation and Disclosure Standards. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Group.

##### **Deferred tax**

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

#### 2.16 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

#### 2.17 Provisions, contingent liabilities and contingent assets

The Group recognises a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.



# Piramal Finance Limited

## Notes to the consolidated financial statements (*Continued*)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 2. Significant accounting policies (*Continued*)

#### 2.17 Provisions, contingent liabilities and contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

#### 2.18 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The Institute of Chartered Accountants of India (ICAI) has issued a guidance note on Accounting for Derivative Contracts which is effective from April 1, 2016. The guidance note requires all derivative contracts and their underlying to be marked to market and tested for hedge effectiveness and the ineffective portion if any would be charged to the Statement of Profit and Loss. The charge/credit to the Statement of Profit and Loss will depend upon the changes in the mark to market based on the actual exchange rates prevalent at each quarter end. The exchange difference on the long-term foreign currency monetary assets and liabilities which are not covered by derivative contracts (such as dollar denominated loans) would continue to be amortised over the life of the contracts

#### 2.19 Foreign Currency transaction

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transaction. Exchange differences, if any arising out of transaction settled during the year are recognized in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies at the year end are restated at year end rates. The resultant exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet



# Piramal Finance Limited

## Notes to the consolidated financial statements (*Continued*) for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 2. Significant accounting policies (*Continued*)

#### 2.20 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease rentals are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 23 Earnings per share ('EPS')

Basic and diluted EPS is computed in accordance with Accounting Standard 20 'Earnings Per Share' specified under section 133 of the Companies Act 2013.

The computation of earnings per share is set out below:

Description	For the year ended 31 March 2017	For the year ended 31 March 2016
Net profit/ loss (gross of transfer to statutory reserve) attributable to equity shareholders	26,895	3,722
Weighted average number of equity shares outstanding during the year for calculation of EPS	1,615,062,724	425,420,000
Basic and Diluted EPS of face value of INR 10	1.67	0.87

The basic and diluted EPS is same as there are no potential dilutive equity shares.

### 24. Capital commitment

Particulars	31 March 2017	31 March 2016
Undisbursed loan commitments	23,040	11,550
<b>Total</b>	<b>23,040</b>	<b>11,550</b>

### 25. Segment reporting

Since the Group's business activity falls under one business segment (i.e. investing and lending) and business operations are concentrated in India, no further disclosures as required by Accounting Standard 17 'Segment Reporting' specified under section 133 of the Companies Act 2013 have been made.

### 26. Significant Transaction during the year

During the year, the Company has acquired a portion of lending portfolio comprising of loan book assets of Rs. 1,395,027 and borrowing of Rs. 1,251,058 from its holding company Piramal Enterprises Limited for a net consideration of Rs.143,969 lakhs against which Company has allotted equity shares of Rs.110,398 and the remaining amount of Rs.33,571 has been paid in cash.

### 27. Related party disclosure

Related party disclosures as required by Accounting Standard 18 - 'Related Party Disclosures' specified under section 133 of the Companies Act 2013. are given below:-

#### (A) Holding company

- (i) Piramal Enterprises Limited



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued) for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 27. Related party disclosure (Continued)

#### (B) Fellow subsidiaries

- (i) Piramal Fund Management Private Limited
- (ii) Piramal Asset Reconstructions Private Limited
- (iii) PEL Asset Resurgence Advisory Private Limited

#### (C) Other related parties where common control exists

- (i) Piramal Estates Private Limited
- (ii) India Venture Advisors Private Limited
- (iii) Piramal Corporate Services Limited
- (iv) Piramal Foundation for Educational Leadership
- (v) Piramal Swasthya Management & Research Institute
- (vi) Aasan Corporate Solutions Private Limited (formerly known as Aasan Developers and Constructions Private Limited).

#### (D) Key Management Personnel

- (i) Mr. Khushru Jijina (Managing Director)

#### (E) Transactions with related parties

Details of Transactions	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Amenities charges paid</b>		
Piramal Estates Private Limited	-	47
Aasan Corporate Solutions Private Limited	58	9
<b>Rent Paid</b>		
Piramal Estates Private Limited	-	47
Aasan Corporate Solutions Private Limited	243	9
<b>Guarantee commission</b>		
Piramal Enterprises Limited	944	246
<b>Professional fees</b>		
Piramal Corporate Services Limited	375	-
Piramal Enterprises Limited	200	200
<b>Donations paid</b>		
Piramal Foundation for Education & Leadership	150	38
Piramal Swasthya Management & Research Institute	704	1,109
<b>Reimbursement of expenses</b>		
Piramal Estates Private Limited	-	13
Aasan Corporate Solutions Private Limited	27	4
India Venture Advisors Private Limited	-	1
Piramal Fund Management Private Limited	-	1
<b>Remuneration to KMP</b>		
Mr. Khushru Jijina	40	-



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued) for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 27. Related party disclosure (Continued)

#### (E) Transactions with related parties (Continued)

Details of Transactions	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Receipt of interest</b>		
Piramal Enterprises Limited	156	57
<b>Payment of interest</b>		
Piramal Enterprises Limited	33	391
Piramal Asset Reconstructions Private Limited	7	-
PEL Asset Resurgence Advisory Private Limited	31	-
<b>Advance received</b>		
Piramal Enterprises Limited	4,700	16,300
Piramal Asset Reconstructions Private Limited	190	-
PEL Asset Resurgence Advisory Private Limited	490	-
<b>Loan given</b>		
Piramal Enterprises Limited	10,680	7,000
<b>Security deposit placed</b>		
Aasan Corporate Solutions Private Limited	73	-
<b>Repayment of loan</b>		
Piramal Enterprises Limited	4,700	20,100
Piramal Asset Reconstructions Private Limited	190	-
PEL Asset Resurgence Advisory Private Limited	490	-
<b>Repayment of advance given</b>		
Piramal Enterprises Limited	12,780	4,900
<b>Employee related benefits transfer</b>		
Piramal Fund Management Private Limited	210	-
<b>Share Capital</b>		
Piramal Enterprises Limited – against cash	146,500	-
Piramal Enterprises Limited – against transfer of net assets and liabilities (Refer note 26)	110,398	-
<b>Payables</b>		
Piramal Enterprises Limited	-	53
Aasan Corporate Solutions Private Limited	30	1
<b>Receivables</b>		
India Venture Advisors Private Limited	-	0
Piramal Enterprises Limited	3,077	2,100
PEL Asset Resurgence Advisory Private Limited	1	-
Aasan Corporate Solutions Private Limited	130	56
Piramal Fund Management Private Limited	210	-

### 28. Operating lease

The Group has entered into lease arrangements for certain office premises.

	31 March 2017	31 March 2016
Lease payments recognised in the statement of profit and loss	204	76
<b>Future minimum lease payments for non-cancellable operating leases</b>		
Not later than one year	323	68
Later than one year but not later than five years	1030	44
Later than five years	77	-

# Piramal Finance Limited

## Notes to the consolidated financial statements (*Continued*)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 29. Impact due to change in accounting policy

During the year the Group has changed the accounting policy of recognizing interest income and expense from accounting based on the contracted coupon rate of instrument to their effective interest rate.

The impact is given below:

Particulars	Amount
Increase in interest income	859
Decrease in interest expenses	1,254

### 30. Cash Flow Hedge Disclosure

#### a. Risk Management

The Group's activities are exposed to market risk, liquidity risk and credit risk.

The Group has an independent and dedicated Enterprise Risk Management (ERM) system to identify, manage and mitigate business risks. The Board has approved the Asset Liability Management Policy and the formation of Asset Liability Management Committee (ALCO). The ALCO includes the Group's senior management and an external industry expert. It defines the strategy for managing liquidity and interest rate risks in the business.

This note explains the sources of risk which the Group is exposed to and how the Group manages the risk:

Risk	Management
Liquidity risk	ALCO deliberates on the static liquidity gap statement, future asset growth plans, tenor of assets, market liquidity and pricing of various sources of funds. It decides on the optimal funding mix taking into consideration the asset strategy and a focus on diversifying sources of funds.
Market risk - Interest rate	ALCO reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. The Risk Management Group has also initiated a scenario analysis to assess the short-term impact of interest rates on net interest income (NII).
Market risk - Foreign exchange	The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macroeconomic conditions.
Credit risk	Each investment is assessed by the investment team as well as independent risk team on the risk-return framework. The combined analysis of these teams is presented to the Investment Committee for investment decision. The risk is being partly mitigated by diversifying the lending portfolio across sectors and geographies.

#### b. Accounting for cash flow hedge

The Group has taken foreign currency floating rate borrowings which are linked to LIBOR. For managing the foreign currency risk and interest rate risk arising from changes in LIBOR on such borrowings, the Group has entered into cross-currency interest rate swap (CCIRS) for the entire loan liability. The Group has designated the CCIRS (hedging instrument) and the borrowing (hedged item) into a hedging relationship and applies hedge accounting.



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 30. Cash Flow Hedge Disclosure

#### b. Accounting for cash flow hedge (Continued)

Under the terms of the CCIRS, the Group pays interest at the fixed rate to the swap counterparty in INR and receives the floating interest payments based on LIBOR in foreign currency. As the critical terms of the hedged item and the hedging instrument (notional, interest periods, underlying and fixed rates) are matching and the interest cash flows are off-setting, an economic relationship exists between the two. This ensures that the hedging instrument and hedged item have values that generally move in the opposite direction.

The CCIRS and the borrowings for one borrowing was designated into hedging relationship on 1 October 2016 and for others on 27 October 2016 which is later than the date on which the respective contracts were entered into. The gain / loss on fair valuation of CCIRS as on the date on designation has been recognised in profit or loss under the head Other Expenses (refer schedule 22).

Following table provides quantitative information regarding the hedging instrument as on March 31, 2017:

Type of hedge and risks	Nominal value  (Liabilities)	Carrying amount of hedging instruments (included under "other current and non-current financial liabilities")  (Liabilities)	Maturity date	Average contracted fixed interest rate	Changes in fair value of hedging instrument	Changes in the value of hedged item
<b>Cash Flow Hedge</b>						
Foreign currency and Interest rate risk	65,000	3,109	Aug 2017 to June 2018	9.67%	(3,606)	3,606

Following table provides the effects of hedge accounting on financial performance for the year ended March 31, 2017:

Type of hedge	Changes in the value of hedging instruments recognised in Cash flow Hedge Reserve	Amount reclassified from cash flow hedge reserve to profit or loss	Line-item affected in statement of profit or loss because of reclassification
<b>Cash flow hedge</b>			
Interest Rate risk and Foreign Exchange Risk	3,606	1,992 (2,101)	Finance Cost Foreign Exchange (gain)/loss

Following table provides movements in cash flow hedge reserve:

Particulars	Amount
As on March 31, 2016	-
Changes in fair value of CCIRS	(3,606)
Amounts reclassified to profit or loss	4,090
<b>As on March 31, 2017 (Refer Schedule 4)</b>	<b>484</b>



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 31. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under the Micro, Small and Medium Enterprises Development Act, 2006, ('MSMED') which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records including confirmations sought from suppliers on registration with specified authority under MSMED; no amounts relating to principal and interest were due or remained outstanding as at 31 March 2017. There have been no reported cases of delay in payments in excess of 45 days to micro, small and medium enterprises or of interest payments due to delay in such payments.

### 32. Contingent liabilities

	31 March 2017	31 March 2016
Claim against the Group not acknowledged as debt		
Dues towards Income Tax for AY 2012-2013	6	6
Dues towards Income Tax for AY 2014-2015	176	-
Letter of Comfort issued by the Group	1400	-

The Group is of the view that the above demands may not devolve on the Group and hence no provision has been made.

The Group has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At year end the Group has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of accounts.

The Group has also reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

During the year, the Group has issued Letter of Comfort of Rs.1,400 lakhs to Keystone Realtors Pvt Ltd.

### 33. Provision for standard assets

A general provision at 0.35% (Previous year 0.30%) of the outstanding standard assets, has been made as prescribed by RBI vide its circular no. RBI/2014-15/299 DNBR (PD) CC No. 002/03.10.001/2014-15 dated 10 November 2014. The Group has also made additional provision at 1.65% (Previous year 1.70%) on standard assets. The rate of additional provision is based on the management estimate of future expected losses in loan portfolio. This provision has been disclosed as "Contingent provision against standard assets" in the balance sheet.

### 34. Employee benefits

I. Principal actuarial assumptions	31 March 2017	31 March 2016
Discount rate	7.22%	7.72%
Salary escalation rate	9.00%	9.00%
Attrition rate	10.00%	17.00%

# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued) for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 34. Employee benefits (Continued)

II. Change in defined benefit obligation and assets over the year ended	31 March 2017	31 March 2016
Present value of defined benefit obligation as at the beginning of the year	42	18
Interest cost	3	1
Current service cost	12	3
Liability transferred in	169	-
Past service cost incurred during the year	8	-
Benefit paid	(5)	-
Actuarial (gains) / losses on obligation	27	20
Present value of the benefit obligation as at the end of the current period	363	42

III. Amount recognised in the balance sheet	31 March 2017	31 March 2016
Fair value of plan assets at the end of the period	-	-
(Present value of the defined benefit obligation as at the end of the year)	(363)	(42)
Funded status	(363)	(42)
Unrecognised past service cost at the end of the year	-	-
Net (liability)/ asset recognised in the balance sheet	(363)	(42)

IV. Expense recognised in the statement of profit and loss	31 March 2017	31 March 2016
Current service cost	12	3
Interest cost	3	1
Actuarial (gains) / losses	132	20
Past service cost recognised during the year	8	-
Expense recognised in statement of profit and loss	155	24

V. Movement in net (liability) recognised in the balance sheet	31 March 2017	31 March 2016
Opening net liability	42	18
Expense as above	155	24
Net transfer in	169	-
(Net transfer out)	-	-
(Benefit paid)	(5)	-
(Benefit paid on account of settlement)	-	-
Net liability/ (asset) recognised in the balance sheet	363	42

VI. Experience adjustment	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
On plan liability (gains)/ losses	105	21	6	1	-
On plan assets (losses)/ gains	-	-	-	-	-

### 35. Expenditure in Foreign currency

Particulars	31 March 2017	31 March 2016
(i) Subscription and Membership	22	-
(ii) Professional Fess	2	-
(iii) Annual Licence Fees	299	-



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued) for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 36. Specified Bank Notes

The details of specified Bank Notes (SBNs) held and transacted during the period 08 November 2016 to 30 December 2016 as provided in the Table below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	0	2	2
(+) Permitted receipts	-	2	2
(-) Permitted payments	-	3	3
(-) Amount deposited in Banks	0	-	0
Closing cash in hand as on 30 December 2016	-	1	1

### 37. Remuneration of Key Managerial Personnel

Particulars	Name of Director	31 March 2017	31 March 2016
<b>Gross Salary</b>	Khushru Jijina		
(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		40	-
(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		-	-
<b>Total</b>		40	-

### 38. Corporate Social Responsibility Expenditure

Particulars	31 March 2017	31 March 2016
Contribution to Piramal Swasthya Management and Research Institute	704	1,109
Contribution to Piramal Foundation for Education Leadership	150	38
<b>Total</b>	<b>854</b>	<b>1,147</b>
Amount required to be spent as per Section 135 of the Act	144	151
<i>Amount spent during the year</i>		
(i) Construction/acquisition of an asset	-	-
(i) On purposes other than (i) above	854	1,147

### 39. Details of the group's subsidiary at the end of the reporting period is as follows

Name of the Subsidiary	Principal Activity	Place of incorporation and operation	Proportion of Ownership Interest and voting power held by the group
Piramal Housing Finance Private Limited	Housing Finance	India	100%



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 40. Disclosure of additional information as required by the Schedule III, as at and for the year ended March 31, 2017

Name of the entity in the Group	Net Assets i.e total assets minus total liabilities		Share in profit and loss	
	As % of consolidated net assets	Amount	As % of consolidated Profit and Loss	Amount
<b>Parent</b>				
Piramal Finance Limited	99.44%	336,356	99.99%	19,330
<b>Subsidiaries</b>				
<b>Indian</b>				
Piramal Housing Finance Private Limited	0.56%	1,885	0.01%	1
<b>Total</b>	<b>100%</b>	<b>338,241</b>	<b>100%</b>	<b>19,331</b>

**40A** The current year's figures are not comparable with the previous year figures as during the year ended March 31, 2017, the Group has incorporated a wholly owned subsidiary Piramal Housing Finance Private Limited on February 10, 2017, whose results have been consolidated above.

### 41 Non-Banking Financial Company disclosures

(i) Disclosures as required in terms of Annex I of Master Direction – “Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”.

Particulars	Amount	Amount	Amount	Amount
	outstanding as at 31 March 2017	overdue as at 31 March 2017	outstanding as at 31 March 2016	overdue as at 31 March 2016
<b>Liabilities side :</b>				
1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	307,598	-	-	-
:Unsecured	49,177	-	-	-
(other than falling within the meaning of public deposits*)				
(b) Deferred credits	-	-	-	-
(c) Term loans	741,917	-	13,985	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	556,615	-	-	-
(f) Public Deposits*	-	-	-	-
(g) Other loans (Unsecured)	-	-	-	-
* Please see Note 1 below				



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued) for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 41 Non-Banking Financial Company disclosures (Continued)

Assets Side :	Amount outstanding as at 31st March 2017	Amount outstanding as at 31st March 2016
<b>2 Break-up of loans and advances including bills receivables [other than those included in (3) below:]</b> (Amount gross of provision)		
(a) Secured	652,422	73,362
(b) Unsecured	100	-
<b>3 Break up of leased assets and stock on hire and other assets counting towards AFC activities</b>		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	-	-
(b) Repossessed assets	-	-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
<b>4 Break-up of investments :</b>		
<b>Current investments :</b>		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	21,256	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others (please specify)	-	-
2. Unquoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	159,059	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others (please specify)	-	-
<b>Long term investments :</b>		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	75,615	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others (please specify)	-	-



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued) for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 41 Non-Banking Financial Company disclosures (Continued)

Assets Side :	Amount outstanding as at 31st March 2017			Amount outstanding as at 31st March 2016		
2. Unquoted :						
(i) Shares : (a) Equity			1,500			-
(b) Preference			-			-
(ii) Debentures and Bonds			991,548			-
(iii) Units of mutual funds			-			-
(iv) Government Securities			-			-
(v) Others (please specify)			-			-
<b>5 Borrower group-wise classification of assets financed as in (2) and (3) above :</b>						
Please see Note 2 below						
Category (Amount net of provision)	As at 31st March 2017			As at 31st March 2016		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties **						
(a) Subsidiaries	-	100	100	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	650,776	-	650,776	71,181	-	71,181
<b>Total</b>	<b>650,776</b>	<b>100</b>	<b>650,876</b>	<b>71,181</b>	<b>-</b>	<b>71,181</b>
<b>6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)</b>						
Please see note 3 below						
Category	As at 31st March 2017		As at 31st March 2016			
	Market Value / Break up or fair value or NAV	Book Value (Net of Provision)	Market Value / Break up or fair value or NAV	Book Value (Net of Provision)		
1. Related Parties **						
(a) Subsidiaries	1,500	1,500	-	-		
(b) Companies in the same group	-	-	-	-		
(c) Other related parties	-	-	-	-		
2. Other than related parties	1,247,478	1,247,478	-	-		
<b>Total</b>	<b>1,247,478</b>	<b>1,248,978</b>	<b>-</b>	<b>-</b>		

\*\* As per accounting standard 18 of ICAI

(7) Other information	Particulars	Amount as at 31 March, 2017	Amount as at 31 March, 2016
(i)	Gross non-performing assets	-	-
	(a) Related parties	-	-
	(b) Other than related parties	8,219	6,290
(ii)	Net non-performing assets	-	-
	(a) Related parties	-	-
	(b) Other than related parties	6,573	5,449
(iii)	Assets acquired in satisfaction of debt	-	-



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 41 Non-Banking Financial Company disclosures (Continued)

Notes:

- 1 As defined in point xix of paragraph 3 of Chapter -2 of these Directions.
  - 2 Provisioning norms shall be applicable as prescribed in these Directions.
  - 3 Market value/break up or fair value or NAV is taken as same as book value in case of unquoted investments and quoted investments in absence of market value / break up or fair value or NAV.
- (ii) Disclosures as required in terms of Annex XII of Master Direction – “Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”.

#### Capital to risk- assets ratio ('CRAR')

Items	31 March 2017	31 March 2016
(i) CRAR (%)	20.59%	70.85%
(ii) CRAR – Tier I capital (%)	16.75%	69.32%
(iii) CRAR – Tier II capital (%)	3.84%	1.53%
(iv) Amount of subordinated debt raised as Tier-II capital	50,000	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

#### Investments

Items	31 March 2017	31 March 2016
1. Value of Investments		
(i) Gross value of investments		
(a) In India	1,248,978	-
(ii) Provisions for depreciation		
(a) In India	-	-
(iii) Net Value of investments		
(a) In India	1,248,978	-
2. Movement of provisions held towards depreciation on investments		
(i) Opening Balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: write off / write back of excess provisions during the year	-	-
(iv) Closing Balance	-	-

#### Forward Rate Agreement / Interest Rate Swap

Sr. No.	Particulars	31 March 2017	31 March 2016
(i)	The notional principal of swap agreements	65,000	-
(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	62,898	-



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued) for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 41 Non-Banking Financial Company disclosures (Continued)

#### Risk Exposure in Derivatives

Sl. No.	Particular	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)		
	For hedging	65,000	-
(ii)	Marked to Market Positions [1]		
a)	Asset (+)	-	-
b)	Liability (-)	3,109	-
(iii)	Credit Exposure [2]	65,000	-
(iv)	Unhedged Exposures	-	-

#### Maturity pattern of certain items of assets and liabilities

	1 day to 30/31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Liabilities</b>									
<b>Borrowings- from banks (current year)</b>	5,293	-	54,242	14,941	7,997	480,831	494	-	563,795
Borrowings from banks (previous year)	(313)	(-)	(-)	(3,312)	(5,125)	(2,750)	(2,375)	(-)	(13,875)
<b>Market borrowings (current year)</b>	87,197	243,240	166,956	78,954	106,292	276,170	20,011	49,680	1,028,500
Market borrowings (previous year)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Foreign Currency Liabilities (current year)</b>	-	-	-	-	14,629	-	48,383	-	63,012
Foreign Currency Liabilities (previous year)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Assets</b>									
<b>Advances (current year)</b>	3,339	786	8,674	13,342	34,562	269,433	234,426	88,366	652,928
Advances (previous year)	(435)	(996)	(2,315)	(7,556)	(8,265)	(34,111)	(19,177)	(2,634)	(75,489)
<b>Investments (current year)</b>	25,572	3,549	14,483	27,241	109,471	688,782	342,965	36,915	1,248,978
Investments (previous year)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

Note: Amount shown in the tables are gross figures without netting off the provision



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued) for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 41 Non-Banking Financial Company disclosures (Continued)

#### Exposures to real estate sector

Category	31 March 2017	31 March 2016
<b>(a) Direct exposure</b>		
(i) Residential mortgages- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Individual housing loans upto Rs. 15 lakh may be shown separately)	-	-
(ii) Commercial real estate- Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	1,664,488	53,712
(iii) Investments in mortgage backed securities (MBS) and other securitised exposures-		
a. Residential	-	-
b. Commercial real estate	-	-
<b>(b) Indirect exposures</b> Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs.)	1,500	-

- (iii) Additional disclosures as required in terms of Annex XII of Master Direction – “Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”

#### Provisions and Contingencies

Break up of 'Provisions and Contingencies shown in Profit and Loss Account	31 March 17	31 March 16
Provisions for depreciation on investment	-	-
Provision towards NPA	805	(55)
Provision made towards Income tax	9905	2,004
Provision for standard assets	36,124	240

#### Concentration of advances

Particulars	31 March 17	31 March 16
Total advances to 20 largest borrowers*	546,346	71,299
Percentage of advances to 20 largest borrowers to total advances	28.76%	97.19%

\*includes loan and investments

#### Concentration of exposures

Particulars	31 March 17	31 March 16
Total Exposure to 20 largest borrowers*	549,470	88,955
Percentage of exposures to 20 largest borrowers to total exposure	28.56%	97.37%

\*includes loan, investments, capital commitment and letter of comfort



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 41 Non-Banking Financial Company disclosures (Continued)

#### Exposure to Capital Market

	Particulars	31 March 2017	31 March 2016
(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;	-	-
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	57,912	-
(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;	20,989	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
	<b>Total Exposure to Capital Market</b>	<b>78,901</b>	<b>-</b>



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued) for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 41 Non-Banking Financial Company disclosures (Continued)

#### Concentrations of NPA

Particulars	31 March 17	31 March 16
Total Exposure top 4 NPA accounts	8,219	6,290

#### Sector wise NPAs

Sr. No.	Sector	Percentage of NPAs to total advances in that sector	
		31-Mar-17	31-Mar-16
1	Agriculture & allied activities	0%	0%
2	MSME	0%	0%
3	Corporate borrowers	0%	0%
	A Real Estate	0%	3.93%
	B Education	57.90%	32.64%
4	Services	0%	0%
5	Unsecured personal loans	0%	0%
6	Auto loans	0%	0%
7	Other personal loans	0%	0%

#### Movement of NPAs

Particulars	31 March 17	31 March 16
(i) Net NPA to net advances (%)	0.35%	7.66%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	6,290	8,954
(b) Additions during the year	4,100	-
Subtotal (1)	10,390	8,954
(c) Reductions during the year due to recoveries	(2,171)	(2,664)
Subtotal (2)	(2,171)	(2,664)
(d) Closing balance (1-2)	8,219	6,290
(iii) Movement of NPAs (Net)		
(a) Opening balance	5,449	8,058
(b) Additions during the year	3690	-
(c) Reductions during the year	(2,566)	(2,609)
(d) Closing balance	6,573	5,449
(iv) Movement of provisions for NPAs (excluding provision on standard asset)		
(a) Opening Balance	840	895
(b) Additions during the year	1234	354
Subtotal (1)	2074	1249
(c) Reductions during the year		
Write back of excess provision on account of reduction in NPAs	(428)	(409)
Subtotal (2)	(428)	(409)
(d) Closing balance (1-2)	1,646	840



# Piramal Finance Limited

## Notes to the consolidated financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 41 Non-Banking Financial Company disclosures (Continued)

#### (iv) Draw Down from Reserves

There is no drawdown of reserves during the year ended March 31, 2017.

#### (v) Registration/ licence/ authorisation obtained from other financial sectors regulators-

The Company has not obtained any registration/licence/authorization from any financial sector regulator other than Reserve Bank of India.

#### (vi) Rating assigned by credit rating agencies and migration of rating during the year

Credit ratings assigned to the borrowings of the Company are as under

Nature of Borrowings	Rating Agency	Ratings Assigned
NCD	ICRA Limited	[ICRA]AA
Commercial Paper	ICRA Limited	[ICRA]A1+

There has been no migration of ratings during the year ended 31 March 2017.

#### (vii) Penalties/fines imposed by RBI and other banking regulatory bodies

No penalty was imposed by RBI or any other banking regulatory bodies during the year ended 31 March 2017.

#### (viii) Area, Country of operation & Joint Venture Partners with regard to joint ventures and overseas subsidiaries.-

The Company does not have any joint ventures and overseas subsidiaries.

#### (ix) Extent of financing of parent company product

The Company has not financed any parent company product.

#### (x) Details of off-balance sheet SPV's sponsored

The Company does not have any off- balance sheet SPV's sponsored.

#### (xi) Disclosure of Complaints

There are no customer complaints received during the year.

#### (xii) Structured product issued

The Company has not issued any structured product during the year ended 31 March 2017

#### (xiii) Securitisation/ assignment transactions

The Company had not entered into any securitization / assignment transaction during the year ended 31 March 2017.

#### (xiv) The Company has not purchased/ sold any non-performing financial assets during the year ended 31 March 2017.



# Piramal Finance Limited

## Notes to the consolidated financial statements (*Continued*) for the year ended 31 March 2017

(Currency: Rs. in lakhs)

### 41 Non-Banking Financial Company disclosures (*Continued*)

- (xv) The Company has not exceeded the applicable SBL/GBL during the year ended 31 March 2017.
- (xvi) The Company has not taken any Exchange Traded Interest Rate (IR) Derivatives during the year ended 31 March 2017.

As per our report of even date attached.

For **B S R & Co. LLP**,  
*Chartered Accountants*  
Firm's Registration No: 101248W/W-100022



**Manoj Kumar Vijai**  
*Partner*  
Membership No: 046882

Mumbai  
Date: May 10, 2017

For and on behalf of the Board of Directors of  
**Piramal Finance Limited**




**Khushru Jijina**  
*Managing Director*



**Ankit Singh**  
*Company Secretary*



**Ajay Piramal**  
*Director*



**Ujas Popat**  
*CFO*

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**IDBI Trusteeship Services Limited**

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CALCULATION AGENT**

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