

INDEPENDENT AUDITOR'S REPORT

To the Members of Provident Housing Limited

Report on the Audit of the Ind AS Financial Statements**Opinion**

We have audited the accompanying Ind AS financial statements of Provident Housing Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



S.R. BATLIBOI & ASSOCIATES LLP


Chartered Accountants

- (g) According to the information and explanation given to us, no remuneration has been paid/provided by the Company to its directors for the year ended March 31, 2019 as covered under the provisions of section 197 read with Schedule V to the Act;
- (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 36(c) to the Ind AS financial statements;
 - The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per Adarsh Ranka
Partner

Membership Number: 209567

Place: Bengaluru

Date: May 18, 2019



ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF PROVIDENT HOUSING LIMITED

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company has granted loans to four companies covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the loans are not prejudicial to the Company's interest, having regard to management's representation that the loans are given to such parties considering the Company's economic interest and long-term trade relationship with such parties.
- (b) In respect of the loans granted to parties covered in the register maintained under Section 189 of the Companies Act, 2013, the loans and interest thereon are repayable as per the contractual terms. As per the contractual terms, the loans and interest thereon have not fallen due for repayment. Accordingly, there has been no default on the part of the parties to whom the money has been lent.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013, which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013, in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the construction activities and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, goods and service tax, duty of custom and cess which have not been deposited on account of any dispute, are as follows:



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| Name of the Statute | Nature of dues | Amount demanded (Rs. in lakhs) | Amount paid under Protest (Rs. in lakhs) | Period to which amount relates | Forum where the dispute is pending |
|----------------------|----------------|--------------------------------|--|--------------------------------|--|
| Finance Act, 1994 | Service tax | 4,895.42 | - | 2009-14 | Customs, Excise and Service Tax Appellate Tribunal |
| Income-Tax Act, 1961 | Income tax | 878.70 | 175.74 | 2015-16 | Commissioner of Income Tax (Appeals) |

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank or financial institution. The Company did not have any loans or borrowing from government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans (representing loan with a repayment period beyond 36 month) for the purposes for which they were raised. The Company has not raised any monies by way of initial public offer/ further public offer.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanation given to us, no remuneration has been paid/provided by the Company to its directors for the year ended March 31, 2019 as covered under the provisions of section 197 read with Schedule V to the Act.;
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.



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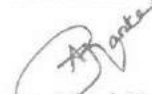
Chartered Accountants

- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934, are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Adarsh Ranka

Partner

Membership Number: 209567

Place: Bengaluru

Date: May 18, 2019



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF PROVIDENT HOUSING 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 financial reporting of Provident Housing Limited ("the Company") as of March 31, 2019, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these financial statements 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 With Reference to these Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Adarsh Ranka
Partner

Membership Number: 209567

Place: Bengaluru

Date: May 18, 2019



Provident Housing Limited
Balance Sheet as at March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

| | Note | March 31, 2019 | March 31, 2018 |
|--|------|--------------------|--------------------|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 285.03 | 297.70 |
| (b) Capital work-in-progress | 3A | 47.32 | - |
| (c) Intangible assets | 4 | 4.82 | 1.25 |
| (d) Financial assets | | | |
| (i) Investments | 5 | 7,428.89 | 7,002.92 |
| (ii) Loans | 6a | 14,309.28 | 11,669.40 |
| (iii) Other financial assets | 7a | 650.32 | 632.65 |
| (e) Deferred tax assets (net) | 8 | 3,772.47 | - |
| (f) Assets for current tax (net) | 9 | 933.50 | 455.07 |
| (g) Other non-current assets | 10a | 5,502.42 | 5,884.77 |
| Total non-current assets | | 32,934.05 | 25,943.76 |
| Current assets | | | |
| (a) Inventories | 11 | 1,46,353.79 | 94,639.68 |
| (b) Financial assets | | | |
| (i) Trade receivables | 12 | 8,785.08 | 8,629.15 |
| (ii) Cash and cash equivalents | 13 | 6,100.28 | 4,802.83 |
| (iii) Bank balances other than (ii) above | 14 | - | - |
| (iv) Loans | 6b | 538.73 | 37.09 |
| (v) Other financial assets | 7b | 16.58 | 15,100.23 |
| (c) Other current assets | 10b | 8,692.22 | 8,023.13 |
| Total current assets | | 1,70,486.68 | 1,31,232.11 |
| Total assets | | 2,03,420.73 | 1,57,175.87 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| (a) Equity share capital | 15 | 5.00 | 5.00 |
| (b) Other equity | 16 | 23,594.39 | 31,888.60 |
| Total equity | | 23,599.39 | 31,893.60 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 18a | 17,091.40 | 3.73 |
| (b) Provisions | 21a | 145.64 | 167.56 |
| (c) Deferred tax liabilities (net) | 8 | - | 260.66 |
| Total non-current liabilities | | 17,237.04 | 431.95 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 18b | 16,051.06 | 44,513.17 |
| (ii) Trade payables | 19 | | |
| (A) Total outstanding dues of micro enterprises and small enterprises | | 8.24 | 8.00 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 10,064.34 | 10,266.80 |
| (iii) Other financial liabilities | 20 | 39,268.42 | 30,538.32 |
| (b) Other current liabilities | 22 | 96,583.72 | 38,258.08 |
| (c) Provisions | 21b | 608.19 | 1,205.62 |
| (d) Current tax liabilities (net) | 23 | 0.33 | 0.33 |
| Total current liabilities | | 1,62,584.30 | 1,24,850.32 |
| Total equity and liabilities | | 2,03,420.73 | 1,57,175.87 |
| Summary of significant accounting policies | 2.2 | | |

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

As per report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Adarsh Ranka
Partner
Membership no.: 209567

Bengaluru
May 18, 2019



For and on behalf of the Board of Directors of Provident Housing Limited

Nani R Choksey
Director
DIN 00504555

Bengaluru
May 18, 2019

Ashish R Puravankara
Director
DIN 00504524



Provident Housing Limited
Statement of Profit and Loss for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

| | Note | March 31, 2019 | March 31, 2018 |
|--|------|------------------|------------------|
| Income | | | |
| Revenue from operations | 24 | 50,414.37 | 40,781.42 |
| Other income | 25 | 1,903.00 | 2,057.31 |
| Total | | 52,317.37 | 42,838.73 |
| Expenses | | | |
| Sub-contractor cost | | 11,138.14 | 17,581.43 |
| Purchase of land stock | | 2,407.29 | 17,704.02 |
| (Increase)/ decrease in inventory of stock of flats, land stock and work-in-progress | 26 | 19,374.89 | (11,046.89) |
| Employee benefits expense | 27 | 1,830.66 | 1,423.73 |
| Finance costs | 28 | 7,286.06 | 6,577.20 |
| Depreciation and amortization expense | 29 | 52.24 | 55.99 |
| Other expenses | 30 | 7,862.26 | 6,329.49 |
| Total expenses | | 49,951.54 | 38,624.97 |
| Profit before tax | | 2,365.83 | 4,213.76 |
| Tax expense | 31 | | |
| Current tax | | - | 1,221.22 |
| Deferred tax | | 954.36 | 464.52 |
| Total tax expense | | 954.36 | 1,685.74 |
| Profit for the year | | 1,411.47 | 2,528.02 |
| Other comprehensive income ('OCI') | | | |
| Items that will not be reclassified to profit or loss | | | |
| (i) Re-measurement gains/ (losses) on defined benefit plans | | (34.40) | 8.97 |
| (ii) Income tax relating to above | | 12.02 | (3.10) |
| Total other comprehensive income | | (22.38) | 5.87 |
| Total comprehensive income for the year (comprising profit and OCI) | | 1,389.09 | 2,533.89 |
| Earnings per equity share ('EPS') | | | |
| (Nominal value per equity share Rs.10 (March 31, 2018 - Rs.10) | | | |
| Basic (Rs.) | | 2,822.94 | 5,056.05 |
| Diluted (Rs.) | | 2,822.94 | 5,056.05 |
| Weighted average number of equity shares used in computation of EPS | | | |
| Basic - in numbers lakhs | | 0.50 | 0.50 |
| Diluted - in numbers lakhs | | 0.50 | 0.50 |

Summary of significant accounting policies

2.2

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

As per report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Adarsh Ranka
Partner
Membership no.: 209567

Bengaluru
May 18, 2019



For and on behalf of the Board of Directors of Provident Housing Limited

Nani R Choksey
Director
DIN 00504555

Bengaluru
May 18, 2019

Ashish R Puravankara
Director
DIN 00504524



Provident Housing Limited
Statement of cash flow for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

| | March 31, 2019 | March 31, 2018 |
|---|--------------------|--------------------|
| A. Cash flow from operating activities | | |
| Profit before tax | 2,365.83 | 4,213.76 |
| Adjustments to reconcile profit after tax to net cash flows: | | |
| Depreciation and amortization expense | 52.24 | 55.99 |
| Finance costs | 7,286.06 | 6,577.20 |
| Interest income | (1,094.54) | (1,042.96) |
| Financial guarantee expense | 158.16 | 189.53 |
| Gain arising from financial instruments designated as FVTPL | (473.75) | (639.11) |
| Operating profit before working capital changes | 8,294.00 | 9,354.41 |
| Working capital adjustments: | | |
| (Increase)/ decrease in trade receivables | (155.93) | (1,923.03) |
| (Increase)/ decrease in inventories* | 19,374.89 | (11,046.89) |
| (Increase)/ decrease in loans | (2,038.84) | (5,242.40) |
| (Increase)/ decrease in other financial assets* | 70.01 | (9,457.26) |
| (Increase)/ decrease in other assets* | 590.60 | (2,031.66) |
| Increase/ (decrease) in trade payables | (202.22) | 2,106.83 |
| Increase/ (decrease) in other financial liabilities | (52.11) | (1.96) |
| Increase/ (decrease) in other liabilities* | (12,848.74) | 8,748.19 |
| Increase/ (decrease) in provisions | (713.75) | (1,047.31) |
| Cash (used in)/ received from operations | 12,317.92 | (10,541.08) |
| Income tax paid (net)* | (478.43) | (1,396.49) |
| Net cash flows (used in)/ from operating activities | 11,839.49 | (11,937.57) |
| * Also refer note 39.5 with regards to transition to Ind AS 115. | | |
| B. Cash flows from investing activities | | |
| Purchase of property, plant and equipment (including capital work in progress and capital advances) | (90.47) | (25.23) |
| Investments made in equity shares of subsidiaries | (0.60) | - |
| Sale of investments made in equity shares of subsidiaries | 1.00 | - |
| Loans given to holding company | - | (12.73) |
| Loans repaid by holding company | - | 107.45 |
| Loans given to other related parties | (574.20) | (209.29) |
| Investment in bank deposits and margin monies | (442.79) | - |
| Redemption of bank deposits (original maturity of more than three months) | 425.12 | 257.02 |
| Interest received | 435.74 | 621.70 |
| Net cash flows from/ (used in) investing activities | (246.20) | 738.92 |
| C. Cash flows from financing activities | | |
| Proceeds from term loans | 78,365.92 | 15,802.63 |
| Repayment of term loans | (68,322.63) | (15,069.83) |
| Loans taken from holding company | 12,715.78 | 22,017.25 |
| Loans repaid to holding company | (25,310.00) | (306.44) |
| Loans repaid by other related parties | 120.00 | 60.00 |
| Dividends paid (including taxes) | (602.78) | (1,182.51) |
| Interest paid | (7,262.13) | (6,520.07) |
| Net cash (used in)/ from financing activities | (10,295.84) | 14,801.03 |
| Net (decrease)/ increase in cash and cash equivalents (A + B + C) | 1,297.45 | 3,602.38 |
| Cash and cash equivalents at the beginning of the year | 4,802.83 | 1,200.45 |
| Cash and cash equivalents at the end of the year (as per note 13 to the Ind AS financial statements) | 6,100.28 | 4,802.83 |

Summary of significant accounting policies

2.2

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

As per report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/C300004

per Adarsh Ranka
Partner
Membership no.: 209567

Bengaluru
May 18, 2019



For and on behalf of the Board of Directors of Provident Housing Limited

Nani R Choksey
Director
DIN 00504555

Bengaluru
May 18, 2019

Adarsh R Puravankara
Director
DIN 00504524



Provident Housing Limited
Statement of changes in equity for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

A. Equity share capital

| Particulars | As at 01 April, 2017 | Movement during 2017-18 | As at March 31, 2018 | Movement during 2018-19 | As at March 31, 2019 |
|---|-------------------------|----------------------------|-------------------------|----------------------------|-------------------------|
| Equity share capital of face value of Rs.10 each fully paid | 5.00 | - | 5.00 | - | 5.00 |
| 0.5 lakh (March 31, 2018 - 0.5 lakh) equity shares of Rs.10 each fully paid | | | | | |
| | 5.00 | - | 5.00 | - | 5.00 |

Note: Also refer note 15

B. Other equity

| Particulars | Reserves and surplus | | |
|---|-------------------------------------|-------------------|------------------|
| | Other contributions by shareholders | Retained Earnings | Total |
| Balance as at April 1, 2017 | 831.25 | 29,705.97 | 30,537.22 |
| Profit for the year | - | 2,528.02 | 2,528.02 |
| Other comprehensive income (refer note 2 below) | - | 5.87 | 5.87 |
| Total comprehensive income for the year | 831.25 | 32,239.86 | 33,071.11 |
| Dividends (including tax on dividend) | - | (1,182.51) | (1,182.51) |
| Balance as at March 31, 2018 | 831.25 | 31,057.35 | 31,888.60 |
| Other contributions by shareholders | 197.50 | - | 197.50 |
| Ind-AS 115 transition impact- refer note 39 | - | (9,278.02) | (9,278.02) |
| Profit for the year | - | 1,411.47 | 1,411.47 |
| Other comprehensive income (refer note 2 below) | - | (22.38) | (22.38) |
| Total comprehensive income for the year | 1,028.75 | 23,168.42 | 24,197.17 |
| Dividends (including tax on dividend) | - | (602.78) | (602.78) |
| Balance as at March 31, 2019 | 1,028.75 | 22,565.64 | 23,594.39 |

Notes:

1. Also refer note 16

2. As required under Ind AS compliant Schedule III, the Company has recognised remeasurment gains/(losses) on defined benefit plans (net of tax) of Rs.(22.38) lakhs [March 31, 2018: Rs.5.87 lakhs] as part of retained earnings.

Summary of significant accounting policies

2.2

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

As per report of even date

For S.R. Battliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Adarsh Ranka
Partner

Membership no.: 209567

Bengaluru
May 18, 2019



For and on behalf of the Board of Directors of Provident Housing Limited

Nani R Choksey
Director
DIN 00504555

Bengaluru
May 18, 2019

Ashish R Puravankara
Director
DIN 00504524



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

1. Corporate information

Provident Housing Limited (the 'Company') was incorporated on November 14, 2008 under the provisions of the Companies Act applicable in India ("Act"). The registered office is located at 130/1, Ulsoor Road, Bengaluru 560042, India. The Company is engaged in the business of real estate development.

The Ind AS financial statements were authorized for issue in accordance with a resolution of the Board of Directors on May 18, 2019.

2. Significant accounting policies

2.1 Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III). The financial statements of the Company are prepared and presented in accordance with Ind AS.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities. The effect of change in an accounting estimate is recognized prospectively.

(b) Changes in accounting policies and disclosures

The accounting policies adopted and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below.

Ind AS 115 Revenue from Contracts with Customers consequent to issuance of Ind AS 115, mandatory for reporting periods beginning on or after April 1, 2018, replaces existing requirements of recognition of revenue. The application of Ind AS 115 has impacted the Company's accounting for revenue from real estate projects.

The Company has applied the modified retrospective approach to all contracts as of April 1, 2018 and has given impact of application of Ind AS 115 by debit to retained earnings as at the said date by Rs.9,278.02 lakhs (net of tax). Accordingly, the comparatives have not been restated and hence not comparable with previous period figures. The impact of application of Ind AS 115 for the year ended March 31, 2019 is as detailed in note 39.

(c) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as four years for the purpose of current and non-current classification of assets and liabilities.

Deferred tax assets/ liabilities are classified as non-current assets/ liabilities.

(d) Property, plant and equipment



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the Property, plant and equipment is de-recognized.

Costs of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress. Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

(e) Depreciation on property, plant and equipment

Depreciation is calculated on straight line method using the following useful lives estimated by the management, which are equal to those prescribed under Schedule II to the Companies Act, 2013, except certain categories of assets whose useful life is estimated by the management based on planned usage and technical evaluation thereon:

| Category of Asset | Useful lives (in years) | Useful lives as per Schedule II (in years) |
|----------------------------------|-------------------------|--|
| Plant, machinery and equipments: | 10 | 15 |
| Furniture and fixtures | 10 | 10 |
| Computer equipment | | |
| - End user devices | 3 | 3 |
| Office equipment | 5 | 5 |
| Motor Vehicles | 8 | 8 |

Leasehold improvements (Furniture and fixtures) are amortised over the remaining period of lease or their estimated useful life (10 years), whichever is shorter on straight line basis.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets comprising of computer software are amortized using straight line method over a period of six years, which is estimated by the management to be the useful life of the asset.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when asset is derecognized.

(g) Impairment

A. Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

B. Non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(h) Operating Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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

(i) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized/inventorised as part of the cost of the respective asset. All other borrowing costs are charged to statement of profit and loss.

(j) Inventories

Direct expenditure relating to real estate activity is inventorised. Other expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is directly attributable cost of bringing the asset to its working condition for its intended use. Other expenditure (including borrowing costs) incurred during the construction period which is not directly attributable for bringing the asset to its working condition for its intended use is charged to the statement of profit and loss. Direct and other expenditure is determined based on specific identification to the real estate activity.

i. Work-in-progress. Represents cost incurred in respect of unsold area (including land) of the real estate development projects or cost incurred on projects where the revenue is yet to be recognized. Work-in-progress is valued at lower of cost and net realizable value.

ii. Finished goods - Stock of Flats: Valued at lower of cost and net realizable value.

iii. Raw materials, components and stores: Valued at lower of cost and net realizable value. Cost is determined based on FIFO basis.

iv. Land stock: Valued at lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(k) Land

Advances paid by the Company to the seller/ intermediary toward outright purchase of land is recognized as land advance under other assets during the course of obtaining clear and marketable title, free from all encumbrances and transfer of legal title to the Company, whereupon it is transferred to land stock under inventories/ capital work in progress.

Land/ development rights received under joint development arrangements ('JDA') is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project. The amount of non-refundable deposit paid by the Company under JDA is recognized as land advance under other assets and on the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress/ capital work in progress. Further, the amount of refundable deposit paid by the Company under JDA is recognized as deposits under loans.



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

(I) Revenue recognition

A. Revenue recognition

a. (i) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other credits, if any, as specified in the contract with the customer. The Company presents revenue from contracts with customers net of indirect taxes in its statement of profit and loss.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

Revenue from real estate development of residential or commercial unit is recognised at the point in time, when the control of the asset is transferred to the customer.

Revenue consists of sale of undivided share of land and constructed area to the customer, which have been identified by the Company as a single performance obligation, as they are highly interrelated/ interdependent.



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

The performance obligation in relation to real estate development is satisfied upon completion of project work and transfer of control of the asset to the customer.

For contracts involving sale of real estate unit, the Company receives the consideration in accordance with the terms of the contract in proportion of the percentage of completion of such real estate project and represents payments made by customers to secure performance obligation of the Company under the contract enforceable by customers. Such consideration is received and utilised for specific real estate projects in accordance with the requirements of the Real Estate (Regulation and Development) Act, 2016. Consequently, the Company has concluded that such contracts with customers do not involve any financing element since the same arises for reasons explained above, which is other than for provision of finance to/from the customer.

Further, for projects executed through joint development arrangements not being jointly controlled operations, wherein the land owner/possessor provides land and the Company undertakes to develop properties on such land and in lieu of land owner providing land, the Company has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds, the revenue from the development and transfer of constructed area/revenue sharing arrangement in exchange of such development rights/land is being accounted on gross basis on launch of the project. Revenue is recognised over time using input method, on the basis of the inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

The revenue is measured at the fair value of the land received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the land received cannot be measured reliably, the revenue is measured at the fair value of the estimated construction service rendered to the land owner, adjusted by the amount of any cash or cash equivalents transferred. The fair value so estimated is considered as the cost of land in the computation of percentage of completion for the purpose of revenue recognition as discussed above.

(ii) Contract balances

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(iii) Cost to obtain a contract

The Company recognises as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The Company incurs costs such as sales commission when it enters into a new contract, which are directly related to winning the contract. The asset recognised is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

b. Share in profit/ loss of Limited Liability Partnerships ("LLPs")

The Company's share in profits from LLPs and partnership firm, where the Company is a partner, is recognised as income in the statement of profit and loss as and when the right to receive its profit/ loss share is established by the Company in accordance with the terms of contract between the Company and the partnership entity.



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

B. Other Income

a. Interest income

Interest income, including income arising from other financial instruments measured at amortised cost, is recognised using the effective interest rate method.

b. Dividend income

Revenue is recognised when the Company's right to receive dividend is established, which is generally when shareholders approve the dividend.

(m) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

Foreign currency transactions and balances

- i) Initial recognition - Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- ii) Conversion - Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.
- iii) Exchange differences - The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as income or as expense in the period in which they arise.

(n) Retirement and other employee benefits

Retirement benefits in the form of state governed Employee Provident Fund and Employee State Insurance are defined contribution schemes (collectively the 'Schemes'). The Company has no obligation, other than the contribution payable to the Schemes. The Company recognizes contribution payable to the Schemes as expenditure, when an employee renders the related service. The contribution paid in excess of amount due is recognized as an asset and the contribution due in excess of amount paid is recognized as a liability.

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognized in OCI are not to be subsequently reclassified to statement of profit and loss. As required under Ind AS compliant Schedule III, the Company recognizes re-measurement gains and losses on defined benefit plans (net of tax) to retained earnings.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method, made at the end of each financial year. Actuarial gains/losses are immediately taken to the statement of profit and loss. The Company presents the accumulated leave liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

(o) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

i. Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

ii. Deferred income tax

Deferred income tax is recognized using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

(p) Provisions and contingent liabilities

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses it in the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

(q) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value at initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability, except for transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss which are immediately recognized in statement of profit and loss.

- i. Financial assets at fair value through other comprehensive income
Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- ii. Financial assets at fair value through profit or loss
Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. Investments in debt instruments have been measured at fair value through profit or loss.
- iii. Debt instruments at amortized cost
Investment in debt instrument is measured at fair value through profit and loss.
A 'debt instrument' is measured at the amortized cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.
- iv. Investment in subsidiaries and joint ventures:
Investment in subsidiaries and joint ventures are carried at cost. Impairment recognized, if any, is reduced from the carrying value.
- v. De-recognition of financial asset
The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.
- vi. Financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. The subsequent measurement of financial liabilities depends on their classification, which is described below.
- vii. Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
- viii. Financial liabilities at amortized cost
Financial liabilities are subsequently measured at amortized cost using the effective interest ('EIR') method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.
- ix. De-recognition of financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.
- x. Fair value of financial instruments
In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
 - ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
 - ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable
- For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



Provident Housing Limited
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(All amounts in Indian Rs. Lakhs, unless otherwise stated)

(r) Cash dividend to equity holders of the Company

The Company recognizes a liability to make cash distributions to equity holders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

(s) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

(t) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these judgments, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management makes judgement, estimates and assumptions which have the most significant effect on the amounts recognized in the financial statements.

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

Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

a) Identification of performance obligation

Revenue consists of sale of undivided share of land and constructed area to the customer, which have been identified by the Company as a single performance obligation, as they are highly interrelated/ interdependent. In assessing whether performance obligations relating to sale of undivided share of land and constructed area are highly interrelated/ interdependent, the Company considers factors such as:

- whether the customer could benefit from the undivided share of land or the constructed area on its own or together with other resources readily available to the customer.
- whether the entity will be able to fulfil its promise under the contract, to transfer the undivided share of land without transfer of constructed area or transfer the constructed area without transfer of undivided share of land.

b) Timing of satisfaction of performance obligation

Revenue from sale of real estate units is recognised when (or as) control of such units is transferred to the customer. The entity assesses timing of transfer of control of such units to the customers as transferred over time if one of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If control is not transferred over time as above, the entity considers the same as transferred at a point in time.

For contracts where control is transferred at a point in time the Company considers the following indicators of the transfer of control of the asset to the customer:



Provident Housing Limited

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- When the entity obtains a present right to payment for the asset.
- When the entity transfers legal title of the asset to the customer.
- When the entity transfers physical possession of the asset to the customer.
- When the entity transfers significant risks and rewards of ownership of the asset to the customer.
- When the customer has accepted the asset.

The aforesaid indicators of transfer of control are also considered for determination of the timing of derecognition of investment property.

c) Accounting for revenue and land cost for projects executed through joint development arrangements

For projects executed through joint development arrangements, the Company has evaluated that land owners are not engaged in the same line of business as the Company and hence has concluded that such arrangements are contracts with customers. The revenue from the development and transfer of constructed area/revenue sharing arrangement and the corresponding land/ development rights received under JDA is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project. The fair value is estimated with reference to the terms of the JDA (whether revenue share or area share) and the related cost that is allocated to discharge the obligation of the Company under the JDA. Fair value of the construction is considered to be the representative fair value of the revenue transaction and land so obtained. Such assessment is carried out at the launch of the real estate project and is not reassessed at each reporting period. The management is of the view that the fair value method and estimates are reflective of the current market condition.



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d) Significant financing component

For contracts involving sale of real estate unit, the Company receives the consideration in accordance with the terms of the contract in proportion of the percentage of completion of such real estate project and represents payments made by customers to secure performance obligation of the Company under the contract enforceable by customers. Such consideration is received and utilised for specific real estate projects in accordance with the requirements of the Real Estate (Regulation and Development) Act, 2016. Consequently, the Company has concluded that such contracts with customers do not involve any financing element since the same arises for reasons explained above, which is other than for provision of finance to/from the customer.

Estimation of net realizable value for inventory and land advance

Inventory is stated at the lower of cost and net realizable value (NRV).

NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions identified by the Company for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion.

With respect to land inventory and land advance given, the net recoverable value is based on the present value of future cash flows, which depends on the estimate of, among other things, the likelihood that a project will be completed, the expected date of completion, the discount rate used and the estimation of sale prices and construction costs.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Defined benefit plans - Gratuity

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on expected future inflation rates and expected salary increase thereon.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and market risk. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Measurement of financial instruments at amortized cost

Financial instrument are subsequently measured at amortized cost using the effective interest ('EIR') method. The computation of amortized cost is sensitive to the inputs to EIR including effective rate of interest, contractual cash flows and the expected life of the financial instrument. Changes in assumptions about these inputs could affect the reported value of financial instruments.

Useful life and residual value of property, plant and equipment, and intangible assets

The useful life and residual value of property, plant and equipment, and intangible assets are determined based on evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimates the useful life and residual value are sensitive to the actual usage in future period.



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Notes to Ind AS Financial Statements for the year ended March 31, 2019
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Provision for litigations and contingencies

Provision for litigations and contingencies is determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimates the ultimate outcome of such past events and measurement of the obligation amount. Due to judgements involved in such estimation the provision is sensitive to the actual outcome in future periods.



Provident Housing Limited

Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

3 Property, plant and equipment

| Particulars | Leasehold improvements | Plant and machinery | Office equipments | Computer equipments - end user devices | Furniture and fixtures | Vehicles | Total |
|---------------------------|------------------------|---------------------|-------------------|--|------------------------|----------|--------|
| Gross carrying amount | | | | | | | |
| At April 1, 2017 | 210.52 | 33.26 | 70.56 | 52.56 | 68.45 | 31.92 | 467.27 |
| Additions | - | - | - | 0.59 | 24.64 | - | 25.23 |
| At March 31, 2018 | 210.52 | 33.26 | 70.56 | 53.15 | 93.09 | 31.92 | 492.50 |
| Additions | - | - | 2.37 | 17.10 | 20.06 | - | 39.53 |
| Disposals | - | - | - | (0.34) | - | - | (0.34) |
| At March 31, 2019 | 210.52 | 33.26 | 72.93 | 69.91 | 113.15 | 31.92 | 531.69 |
| Accumulated depreciation | | | | | | | |
| At April 1, 2017 | 40.33 | 6.20 | 35.32 | 41.43 | 12.30 | 4.09 | 139.67 |
| Charge for the year | 20.36 | 3.10 | 13.20 | 4.90 | 9.98 | 3.59 | 55.13 |
| At March 31, 2018 | 60.69 | 9.30 | 48.52 | 46.33 | 22.28 | 7.68 | 194.80 |
| Charge for the year | 20.36 | 3.10 | 9.82 | 3.64 | 11.68 | 3.59 | 52.19 |
| Adjustments for disposals | - | - | - | (0.33) | - | - | (0.33) |
| At March 31, 2019 | 81.05 | 12.40 | 58.34 | 49.64 | 33.96 | 11.27 | 246.66 |
| Net Block | | | | | | | |
| At March 31, 2018 | 149.83 | 23.96 | 22.04 | 6.82 | 70.81 | 24.24 | 297.70 |
| At March 31, 2019 | 129.47 | 20.86 | 14.59 | 20.27 | 79.19 | 20.65 | 285.03 |

Notes:

a. Capitalised borrowing cost

There are no borrowing costs capitalised during the year ended March 31, 2019 and March 31, 2018.

b. Property, plant and equipment pledged as security

Details of assets pledged are as per note no.18

3A Capital work-in-progress

| | March 31, 2019 | March 31, 2018 |
|-------------------------------------|----------------|----------------|
| Opening balance | - | - |
| -Additions (subsequent expenditure) | 47.32 | - |
| Closing balance | 47.32 | - |

4 Intangible assets

| Particulars | Computer Software | Total |
|--------------------------|-------------------|-------|
| Gross carrying amount | | |
| At April 1, 2017 | 14.88 | 14.88 |
| Additions | - | - |
| Disposals | - | - |
| At March 31, 2018 | 14.88 | 14.88 |
| Additions | 3.62 | 3.62 |
| At March 31, 2019 | 18.50 | 18.50 |
| Accumulated amortisation | | |
| At April 1, 2017 | 12.77 | 12.77 |
| Charge for the year | 0.86 | 0.86 |
| At March 31, 2018 | 13.63 | 13.63 |
| Charge for the year | 0.05 | 0.05 |
| At March 31, 2019 | 13.68 | 13.68 |
| Net block | | |
| At March 31, 2018 | 1.25 | 1.25 |
| At March 31, 2019 | 4.82 | 4.82 |



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

| 5 Non-current investments | March 31, 2019 | March 31, 2018 |
|---|-----------------------|-----------------------|
| Investments - valued at cost unless stated otherwise | | |
| (A) Equity instruments (unquoted) | | |
| (i) Investment in subsidiaries (fully paid-up) | | |
| Provident Meryta Private Limited | 1.00 | 1.00 |
| 0.01 lakh (March 31, 2018 - 0.01 lakh) equity shares of Rs. 100 each | | |
| Argan Properties Private Limited | - | 1.00 |
| NIL (March 31, 2018 - 0.01 lakh) equity shares of Rs. 100 each | | |
| Provident Cedar Private Limited | 1.00 | 1.00 |
| 0.01 lakh (March 31, 2018 - 0.01 lakh) equity shares of Rs. 100 each | | |
| D.V. Infrhomes Private Limited | 0.60 | - |
| 0.06 lakh (March 31, 2018 - Nil) equity shares of Rs. 10 each | | |
| (ii) Investment in joint venture (fully paid-up) | | |
| Purva Good Earth Properties Private Limited | 1.00 | 1.00 |
| 0.10 lakh (March 31, 2018 - 0.10 lakh) equity shares of Rs. 10 each | | |
| (B) Investments carried at fair value through profit or loss ('FVTPL') | | |
| Unquoted debentures | | |
| Purva Good Earth Properties Private Limited | 7,425.29 | 6,998.92 |
| 47.38 lakh (March 31, 2018 - 47.38 lakh) optionally convertible debentures of Rs.100 each | | |
| (C) Other investments (unquoted) | | |
| Investment in limited liability partnerships | | |
| Devas Global Services LLP* | - | - |
| Total Investments | 7,428.89 | 7,002.92 |
| * During the year Company has made investment in Devas Global Services LLP amounting to Rs.100 only. | | |
| Notes: | | |
| a) Aggregate amount of quoted investments actively traded and market value thereof | - | - |
| b) Aggregate amount of unquoted investments | 7,428.89 | 7,002.92 |
| c) Aggregate amount of impairment in value of investments | - | - |
| 6 Loans | March 31, 2019 | March 31, 2018 |
| a Non current | | |
| Unsecured, considered good | | |
| Security deposits | 163.62 | 165.52 |
| Loans to related parties (refer note 35) | 2,950.17 | 3,007.94 |
| Deposits under joint development arrangements* | 11,195.49 | 8,495.94 |
| | 14,309.28 | 11,669.40 |
| * Advances paid by the Company to the landowner towards joint development of land is recognized as deposits since the advance is in the nature of refundable deposits. Includes an amount of Rs.3,617.69 lakhs (March 31, 2018: Rs.3,598.00 lakhs) which is outstanding for a period of more than 3 years and the management is confident of recovery/launch of these projects in the future. | | |
| b Current | | |
| Unsecured, considered good | | |
| Loans to subsidiaries (refer note 35) | 47.65 | - |
| Loans to joint ventures (refer note 35) | 491.08 | 37.09 |
| | 538.73 | 37.09 |
| Loans and advances due by directors or other officers, etc. | March 31, 2019 | March 31, 2018 |
| Loans to joint ventures and other related parties include | | |
| Due from Propmart Technologies Limited in which the Company's director is a director | 2,948.74 | 3,007.94 |
| Due from Starworth Infrastructure and Construction Limited in which the Company's director is a director | 1.43 | - |
| Due from Purva Good Earth Properties Private Limited in which the Company's director is a director | 491.08 | 37.09 |
| Due from D.V. Infrhomes Private Limited in which the Company's officer is a director | 47.65 | - |
| 7 Other financial assets | March 31, 2019 | March 31, 2018 |
| a Non-current | | |
| Non-current bank balances (refer note 14) | 650.32 | 632.65 |
| | 650.32 | 632.65 |
| b Current | | |
| Unbilled revenue (refer note 39) | - | 15,013.64 |
| Others | 16.58 | 86.59 |
| | 16.58 | 15,100.23 |



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
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| 8 Deferred tax assets/ (liabilities) (net) | March 31, 2019 | March 31, 2018 |
|--|-----------------|----------------|
| Deferred tax asset arising on account of : | | |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years | 208.65 | 641.11 |
| Carry forward of losses | 1,104.96 | - |
| Transition impact pursuant to adoption of Ind AS 115 | 2,494.19 | - |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting | 5.82 | - |
| Others | 770.04 | - |
| | <u>4,583.66</u> | <u>641.11</u> |

| | | |
|--|-----------------|-----------------|
| Less: Deferred tax liability arising on account of : | | |
| Impact of financial assets and liabilities carried at amortised cost | (58.11) | (58.11) |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting | - | 2.12 |
| Impact of carrying debentures at FVTPL | (412.93) | (412.93) |
| Others | (340.15) | (432.85) |
| | <u>(811.19)</u> | <u>(901.77)</u> |

| | | |
|--|-----------------|-----------------|
| Deferred tax assets/ (liabilities) (net) | <u>3,772.47</u> | <u>(260.66)</u> |
|--|-----------------|-----------------|

| Reconciliation of deferred tax assets/ (liabilities) (net) | March 31, 2019 | March 31, 2018 |
|--|-----------------|-----------------|
| Net deferred tax asset at the beginning of the year | (260.66) | 465.56 |
| Transition impact pursuant to adoption of Ind AS 115 - (refer note 39) | 4,983.00 | - |
| Tax income/(expense) during the year recognized in profit and loss | (954.36) | (464.52) |
| Tax income/(expense) during the year recognized in OCI | (12.02) | (3.10) |
| MAT credit utilized | - | (257.95) |
| Others | 16.51 | (0.65) |
| Net deferred tax asset at the end of the year | <u>3,772.47</u> | <u>(260.66)</u> |

| 9 Assets for current tax (net) | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| Advance income tax [net of provision for taxation Rs. Rs.6,617.36 Lakhs (March 31, 2018, Rs.6,617.36 Lakhs)] | 933.50 | 455.07 |
| | <u>933.50</u> | <u>455.07</u> |

| 10 Other assets | March 31, 2019 | March 31, 2018 |
|--------------------------------------|-----------------|-----------------|
| a Non-current | | |
| Deposits with government authorities | 140.04 | 130.07 |
| Advances for land contracts* | 4,843.36 | 5,406.66 |
| Duties and taxes recoverable | 514.70 | 338.96 |
| Prepaid expenses | 4.32 | 9.08 |
| | <u>5,502.42</u> | <u>5,884.77</u> |
| b Current | | |
| Advances to suppliers | 6,330.27 | 6,258.06 |
| Prepaid expenses | 1,716.43 | 1,217.86 |
| Duties and taxes recoverable | 636.03 | 543.49 |
| Other advances | 9.49 | 3.72 |
| | <u>8,692.22</u> | <u>8,023.13</u> |

* Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Company and the Company/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation. Includes an amount of Rs. 3,472.83 lakhs (March 31, 2018: Rs. 3,447.00 lakhs) which is outstanding for a period of more than 3 years and the management is confident of obtaining clear and marketable title in the future.

| 11 Inventories | March 31, 2019 | March 31, 2018 |
|------------------|--------------------|------------------|
| Land stock | 10,799.07 | 13,905.88 |
| Work-in-progress | 1,00,720.34 | 52,445.80 |
| Stock of flats | 34,834.38 | 28,288.00 |
| | <u>1,46,353.79</u> | <u>94,639.68</u> |

Note: Details of assets pledged are as per note no.18

| 12 Trade receivables | March 31, 2019 | March 31, 2018 |
|----------------------------|-----------------|-----------------|
| Unsecured, considered good | | |
| Dues from others | 8,785.08 | 8,629.15 |
| | <u>8,785.08</u> | <u>8,629.15</u> |

Note: Details of assets pledged are as per note no.18



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| | | |
|---|-----------------------|-----------------------|
| 13 Cash and cash equivalents | March 31, 2019 | March 31, 2018 |
| Balances with banks | | |
| In current accounts | 6,096.59 | 4,789.29 |
| Cash on hand | 3.69 | 13.54 |
| | <u>6,100.28</u> | <u>4,802.83</u> |
| Note 1 | | |
| Changes in liabilities arising from financing activities | | |
| (a) Borrowings (including current maturities and interest): | | |
| Balance as at April 1, 2017 | | 52,407.43 |
| Add: Cash inflows | | 37,879.88 |
| Less: Cash outflows | | (15,389.05) |
| Add: Interest accrued during the year | | 6,577.20 |
| Less: Interest paid | | (6,520.07) |
| Others | | (36.16) |
| Balance as at March 31, 2018 | | <u>74,919.23</u> |
| Add: Cash inflows | | 91,081.70 |
| Less: Cash outflows | | (93,632.63) |
| Add: Interest accrued during the year | | 7,286.06 |
| Less: Interest paid | | (7,262.13) |
| Others | | (23.93) |
| Balance as at March 31, 2019 | | <u>72,368.30</u> |
| (b) Dividend (including taxes): | | |
| Balance as at April 1, 2017 | | - |
| Add: Dividend declared | | 1,182.51 |
| Less: Dividend paid | | (1,182.51) |
| Balance as at March 31, 2018 | | - |
| Add: Dividend declared | | 602.78 |
| Less: Dividend paid | | (602.78) |
| Balance as at March 31, 2019 | | - |
| 14 Bank balances other than cash and cash equivalents | March 31, 2019 | March 31, 2018 |
| Non-current | | |
| Margin money deposits | 650.32 | 632.65 |
| | <u>650.32</u> | <u>632.65</u> |
| Amount disclosed under non-current assets (refer note 7) | <u>(650.32)</u> | <u>(632.65)</u> |

Notes:

1) Margin money deposits represent earmarked bank balances restricted for use held as margin money for security against the guarantees and deposits which are subject to first charge to secure the Company's borrowings.

2) As at March 31, 2019, the Company had available Rs. 17,823.00 Lakhs (March 31, 2018 Rs.8,523.12 Lakhs) of undrawn committed borrowing facilities.



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

15 Equity share capital

Authorized shares

Equity share capital of face value of Rs. 10 each
0.50 lakh (March 31, 2018 - 0.50 lakh) equity shares of Rs. 10 each

March 31, 2019 March 31, 2018

5.00 5.00

Issued, subscribed and fully paid-up shares

Equity share capital of face value of Rs. 10 each
0.50 lakh (March 31, 2018 - 0.50 lakh) equity shares of Rs. 10 each

5.00 5.00

5.00 5.00

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

| | March 31, 2019 | | March 31, 2018 | |
|--------------------------------------|----------------|-----------|----------------|-----------|
| | No. in Lakhs | Rs. Lakhs | No. in Lakhs | Rs. Lakhs |
| Balance at the beginning of the year | 0.50 | 5.00 | 0.50 | 5.00 |
| Movement during the year | - | - | - | - |
| Outstanding at the end of the year | 0.50 | 5.00 | 0.50 | 5.00 |

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

| | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| Puravankara Limited, the holding company 0.50 lakh (March 31, 2018 - 0.50 lakh) equity shares of Rs. 10 each | 5.00 | 5.00 |

d. Details of shareholders holding more than 5% shares in the company

| | March 31, 2019 | | March 31, 2018 | |
|--|----------------|------------------------|----------------|------------------------|
| | No. in lakhs | % holding in the class | No. in lakhs | % holding in the class |
| Equity shares of Rs. 10 each fully paid-up | | | | |
| Puravankara Limited | 0.50 | 100% | 0.50 | 100% |

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

16 Other equity

Reserves and surplus

March 31, 2019 March 31, 2018

Retained earnings

Balance at the beginning of the year
Less: Ind AS 115 transition impact (refer note 39)
Dividend (including dividend distribution tax) - refer note 17
Total comprehensive income for the year
Balance at the end of the year

31,057.35 29,705.97
(9,278.02) -
(602.78) (1,182.51)
1,389.09 2,533.89
22,565.64 31,057.35

Other contributions by shareholders

Balance at the beginning of the year
Movement during the year
Balance at the end of the year

831.25 831.25
197.50 -
1,028.75 831.25

Total other equity

23,594.39 31,888.60

17 Distribution made and proposed

Cash dividends on equity shares declared and paid

Final dividend for the year ended March 31, 2019 of Rs.1,000 per share (March 31, 2018 Rs. 1,965 per share)

March 31, 2019 March 31, 2018
500.00 982.50

Dividend distribution tax on final dividend

102.78 200.01
602.78 1,182.51

Proposed dividends on equity shares *

Proposed dividend for the year ended March 31, 2019 Rs.Nil per share (March 31, 2018 Rs.Nil per share)
Dividend distribution tax on proposed dividend

- -
- -

* Proposed dividends on equity shares represent dividend proposed by the Board of directors of the Company upto the date of approval of the financial statements for issue, which are subject to approval at ensuing annual general meeting and are not recognized as a liability (including DDT thereon) as at the balance sheet date.



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Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

| | March 31, 2019 | March 31, 2018 |
|--|------------------|------------------|
| 18 Borrowings | | |
| a Non-current borrowings | | |
| Secured loans | | |
| Term loans | | |
| From banks | 40,859.74 | 19,176.27 |
| From others | 15,457.50 | 11,229.79 |
| | <u>56,317.24</u> | <u>30,406.06</u> |
| Amount disclosed under "Other current financial liabilities" (refer note 20) | (39,225.84) | (30,402.33) |
| | <u>17,091.40</u> | <u>3.73</u> |
| b Current borrowings | | |
| Secured loans | | |
| Term loans | | |
| From banks | - | 5,859.16 |
| From others | 4,434.46 | 14,443.19 |
| Unsecured | | |
| Loans repayable on demand | | |
| Loans from related parties (refer note 35) | 9,116.60 | 21,710.82 |
| Loans from others | 2,500.00 | 2,500.00 |
| | <u>16,051.06</u> | <u>44,513.17</u> |

Note 1: Amount of current borrowings repayable within twelve months is Rs. 5,184.99 lakhs (March 31, 2018: Rs.5,138.91 lakhs)



Provident Housing Limited

Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

Note 2: Assets pledged as security

The carrying amounts of assets pledged as security for borrowings are:

| | March 31, 2019 | March 31, 2018 |
|---|--------------------|------------------|
| Trade receivables | 1,239.12 | 7,369.85 |
| Inventories | 1,16,640.69 | 80,596.51 |
| Vehicles | 20.65 | 24.24 |
| Total assets pledged as security | 1,17,900.46 | 88,090.60 |

Note 2: Details of nature of security, guarantees given by directors and repayment terms of borrowings
Non-current borrowings - Secured

| Category of loan | March 31, 2019 | March 31, 2018 | Effective Interest rate | Maturity | Repayment details | Nature of security | Nature of guarantee |
|------------------------|------------------|------------------|-------------------------|--------------|----------------------|--|--|
| Term loans from banks | - | 10,090.51 | 10-11% | 2019 | 30 instalments | 1. Underlying project inventory, assignment of project receivables and collateral security of project inventory owned by Puravankara Limited. | Corporate guarantee by the holding company |
| Term loans from banks | - | 7,285.65 | 10-11% | 2021 | 53 instalments | 1. Underlying project inventory and assignment of project receivables. 2. Fund shortfall undertaken by the director of the Company towards funding of underlying projects/ working capital. | Corporate guarantee by the holding company |
| Term loans from banks | 40,856.01 | 1,785.83 | 10-12% | 2020-2024 | 20-49 instalments | Underlying project inventory and assignment of project receivables. | Corporate guarantee by the holding company |
| Term loans from banks | 3.73 | 14.28 | 9-10% | 2019 | 36 instalments | Vehicles | |
| Term loans from others | - | 19,178.27 | 10-11% | 2021 | 54 instalments | 1. Underlying project inventory and assignment of project receivables. 2. Fund shortfall undertaken by the director of the Company towards funding of underlying projects/ working capital. | Corporate guarantee by the holding company |
| | | 2,094.49 | | | | | |
| Term loans from others | 15,457.50 | 9,135.30 | 10-14% | 2021 to 2023 | 30 to 60 instalments | Underlying project inventory and assignment of project receivables | Corporate guarantee by the holding company |
| Subtotal | 15,457.50 | 11,229.79 | | | | | |
| Total | 56,317.24 | 30,406.06 | | | | | |



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

| Current borrowings - Secured | | March 31, 2019 | March 31, 2018 | Effective interest rate | Maturity | Repayment details | Nature of security | Nature of guarantee |
|--------------------------------|----------|----------------|----------------|-------------------------|-----------|--------------------------|--|--|
| Category of loan | | | | | | | | |
| Term loans from banks | | - | 5,859.16 | 10-11% | 2019-2021 | 28-47 instalments | 1. Underlying project inventory and assignment of project receivables. 2. Fund shortfall undertaken by the director of the Company towards funding of underlying projects/ working capital. | Corporate guarantee by the holding company |
| | Subtotal | - | 5,859.16 | | | | | |
| Term loans from others | | 4,434.46 | 5,478.14 | 11-12% | 2020 | 24 instalments | Underlying project inventory and assignment of project receivables. | |
| Term loans from others | | - | 8,965.04 | 10-11% | 2021 | 46 instalments | 1. Underlying project inventory and assignment of project receivables. 2. Fund shortfall undertaken by the director of the Company towards funding of underlying projects/ working capital. | Corporate guarantee by the holding company |
| | Subtotal | 4,434.46 | 14,443.18 | | | | | |
| | Total | 4,434.46 | 20,302.34 | | | | | |
| Current borrowings - Unsecured | | | | | | | | |
| Term loans from others | | 2,500.00 | 2,500.00 | 14% | 2019 | To be repaid in Dec 2019 | Unsecured | |
| Loans from related parties | | 9,116.60 | 21,710.82 | Nil | On demand | On demand | Unsecured | |
| | Subtotal | 11,616.60 | 24,210.82 | | | | | |
| | Total | 16,051.06 | 44,513.16 | | | | | |



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

| 19 Trade payables | March 31, 2019 | March 31, 2018 |
|---|-----------------------|-----------------------|
| Trade payable | | |
| - Total outstanding dues of micro enterprises and small enterprises | 8.24 | 8.00 |
| - Total outstanding dues of creditors other than micro and small enterprises | 9,501.44 | 9,714.23 |
| Payable to related parties | 562.90 | 552.57 |
| | <u>10,072.58</u> | <u>10,274.80</u> |
| Disclosures of dues to Micro, Small and Medium enterprises | | |
| The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The Company has not received any claim for interest from any supplier under the said Act. | | |
| i. The principal amount remaining unpaid | 8.24 | 8.00 |
| ii. Interest due thereon remaining unpaid | - | - |
| iii. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| iv. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year). | - | - |
| v. The amount of interest accrued during the year and remaining unpaid. | - | - |
| vi. The amount of further interest remaining due and payable for earlier years | - | - |
| 20 Other current financial liabilities | March 31, 2019 | March 31, 2018 |
| Current maturities of long term borrowings (note 18) | 39,225.84 | 30,491.01 |
| Other payables | 42.58 | 47.31 |
| | <u>39,268.42</u> | <u>30,538.32</u> |
| Note 1: Amount of current maturities of non-current borrowings repayable within twelve months is Rs.1,059.91 Lakhs (March 31, 2018: Rs.5,376.72 Lakhs) | | |
| 21 Provisions | March 31, 2019 | March 31, 2018 |
| a Non-current | | |
| Provision for employee benefits | | |
| Gratuity | 145.64 | 167.56 |
| | <u>145.64</u> | <u>167.56</u> |
| b Current | | |
| Provision for employee benefits | | |
| Gratuity | 7.99 | 3.32 |
| Leave benefits | 34.85 | 39.64 |
| Other provisions | | |
| Provision for onerous contracts | 499.35 | 1,222.66 |
| Others | 66.00 | - |
| | <u>608.19</u> | <u>1,265.62</u> |
| 22 Other current liabilities | March 31, 2019 | March 31, 2018 |
| Deferred revenue | 66,028.18 | 6,169.93 |
| Statutory dues payable | 137.76 | 193.22 |
| Liability under joint development arrangement* | 30,417.78 | 31,894.93 |
| | <u>96,583.72</u> | <u>38,258.08</u> |
| *Includes amount payable to landowners where the Company has entered into joint development arrangements with landowners for joint development of properties on land in lieu of which, the Company has agreed to transfer certain percentage of constructed area/ revenue proceeds, net of revenue recognised. | | |
| 23 Current tax liabilities (net) | March 31, 2019 | March 31, 2018 |
| Provision for income tax [net of advance tax Rs.796.03 lakhs (March 31, 2018 Rs.796.03 lakhs)] | 0.33 | 0.33 |
| | <u>0.33</u> | <u>0.33</u> |



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

| | | |
|---|-----------------------|-----------------------|
| 24 Revenue from operations | March 31, 2019 | March 31, 2018 |
| Revenue from contracts with customers | | |
| Revenue from real estate development (refer note 39) | 50,414.37 | 40,781.42 |
| | <u>50,414.37</u> | <u>40,781.42</u> |
| 25 Other income | March 31, 2019 | March 31, 2018 |
| Interest on financial assets: | | |
| Bank deposits | 38.42 | 52.28 |
| Other deposits | 698.18 | 621.70 |
| Loan to related parties | 195.33 | 195.33 |
| Others | 162.61 | 173.65 |
| Gain arising from financial instruments designated as FVTPL | 473.75 | 639.11 |
| Others | 334.71 | 375.24 |
| | <u>1,903.00</u> | <u>2,057.31</u> |
| 26 (Increase)/ decrease in inventories of stock of flats, land stock and work-in-progress | March 31, 2019 | March 31, 2018 |
| Inventories at the beginning of the year | | |
| Land stock | 13,905.88 | 10,516.29 |
| Work-in-progress | 52,445.80 | 56,178.69 |
| Stock of flats | 28,288.00 | 16,897.81 |
| Add: Transition impact pursuant to Ind-AS 115 (refer note 39) | 71,089.00 | - |
| Inventories at the end of the year | | |
| Land stock | (10,799.07) | (13,905.88) |
| Work-in-progress | (1,00,720.34) | (52,445.80) |
| Stock of flats | (34,834.38) | (28,288.00) |
| | <u>19,374.89</u> | <u>(11,046.89)</u> |
| 27 Employee benefits expense | March 31, 2019 | March 31, 2018 |
| Salaries, wages and bonus | 1,754.36 | 1,363.07 |
| Contribution to provident fund and other funds | 14.40 | 19.44 |
| Staff welfare | 61.90 | 41.22 |
| | <u>1,830.66</u> | <u>1,423.73</u> |
| 28 Finance costs | March 31, 2019 | March 31, 2018 |
| Interest on financial liabilities | | |
| - Borrowings | 7,017.47 | 6,541.03 |
| - Others | 0.87 | 32.70 |
| Bank charges | 267.72 | 3.47 |
| | <u>7,286.06</u> | <u>6,577.20</u> |
| Gross of interest of Rs. 5,804.13 Lakhs (March 31, 2018: Rs.5,119.88 Lakhs) inventorised to qualifying work in progress. The rate used to determine the amount of borrowing costs eligible for capitalisation is the effective interest rate of the underlying borrowings which is in the range of 10 to 14%. | | |
| 29 Depreciation and amortization expense | March 31, 2019 | March 31, 2018 |
| Depreciation of property, plant and equipment (refer note 3) | 52.19 | 55.13 |
| Amortization of intangible assets (refer note 4) | 0.05 | 0.86 |
| | <u>52.24</u> | <u>55.99</u> |



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

| | | |
|---|-----------------------|-----------------------|
| 30 Other expenses | March 31, 2019 | March 31, 2018 |
| Travel and conveyance | 253.36 | 148.15 |
| Repairs and maintenance | | |
| - others | 854.22 | 606.18 |
| Legal and professional | 1,390.88 | 1,412.27 |
| Rent (refer note 36) | 281.49 | 205.45 |
| Rates and taxes | 237.56 | 1,289.19 |
| Security | 347.38 | 188.69 |
| Communication costs | 50.60 | 35.59 |
| Printing and stationery | 26.48 | 10.52 |
| Advertising and sales promotion | 3,197.01 | 1,715.19 |
| Brokerage costs | 225.16 | 426.15 |
| Corporate social responsibility expenses | 100.62 | 23.04 |
| Contribution to political party | 100.00 | - |
| Financial guarantee expense | 158.16 | 189.53 |
| Miscellaneous expenses | 139.99 | 78.54 |
| Provision for onerous contracts | 499.35 | - |
| | 7,862.26 | 6,329.49 |
| Notes: | | |
| 1. Payment to auditor [included in legal and professional charges] * | | |
| As auditor: | | |
| Audit fee | 20.00 | 21.50 |
| Other services | 3.00 | - |
| Reimbursement of expenses | 0.72 | 0.42 |
| | 23.72 | 21.92 |
| * Payment to auditors, includes fees paid to a firm of Chartered Accountants other than S.R.Baliboi & Associates LLP. | - | 6.50 |
| 2. Details of CSR expenditure: | | |
| (a) Gross amount required to be spent during the year | 89.79 | 78.37 |
| (b) Amount spent | | |
| Construction/acquisition of any asset | - | - |
| On purposes other than above | 100.62 | 22.79 |
| Total | 100.62 | 22.79 |
| (c) Balance amount unspent | - | 55.58 |
| 3. Contribution to political party | | |
| Bharatiya Janata Party | 100.00 | - |
| 31 Income tax | March 31, 2019 | March 31, 2018 |
| The major components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are: | | |
| Statement of profit and loss: | | |
| Profit or loss section: | | |
| Current tax: | | |
| Current income tax charge | - | 1,221.22 |
| Deferred tax: | | |
| Relating to origination/ reversal of temporary differences | | |
| > Decrease/(increase) in deferred tax assets | 1,052.47 | 318.56 |
| > (Decrease)/increase in deferred tax liabilities | (90.58) | 146.61 |
| Others | (7.53) | (0.65) |
| | 954.36 | 464.52 |
| Income tax expense reported in the statement of profit and loss | 954.36 | 1,685.74 |
| OCI section: | | |
| Deferred tax related to items recognised in OCI during the year: | | |
| Income tax charge/(credit) relating to re-measurement gains/losses on defined benefit plans | 12.02 | (3.10) |
| Income tax charged to OCI | 12.02 | (3.10) |
| Reconciliation of tax expense and the accounting profit multiplied by India's tax rate | | |
| Accounting profit before income tax | 2,365.83 | 4,213.76 |
| Effective tax rate in India | 34.944% | 34.608% |
| Tax on accounting profit at statutory income tax rate [34.944%] | 826.72 | 1,458.30 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Effect of non-deductible expenses | 90.43 | 17.26 |
| Effect of deemed income | 34.94 | 120.20 |
| Others | 2.27 | 89.98 |
| Income tax expense | 954.36 | 1,685.74 |



32 Financial instruments

The fair value of the financial assets and liabilities is determined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The details of fair value measurement of Group's financial assets/liabilities are as below:

| | Level | March 31, 2019 | March 31, 2018 |
|--|---------|----------------|----------------|
| Investment in unquoted debt instruments of joint venture | Level 3 | 7,425.29 | 6,998.92 |
| Reconciliation of fair value | | | |
| Opening balance | | 6,998.92 | 6,407.18 |
| Fair value changes | | 426.37 | 591.74 |
| Closing balance | | 7,425.29 | 6,998.92 |

The following methods and assumptions were used to estimate the fair values:

- The fair values of the unquoted debt instruments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. There have been no transfers between levels during the period.

Investment in equity shares of subsidiaries and joint ventures are carried at cost.

The management assessed that the carrying values of cash and cash equivalents, trade receivables, loans, trade payables, borrowings and other financial assets and liabilities (as listed below) approximate their fair values largely either due to their short-term maturities or because they are assets/liabilities carried at amortised cost and their amortised cost approximates their fair values.

| Break up of financial assets carried at amortized cost | Notes | March 31, 2019 | March 31, 2018 |
|--|-------|------------------|------------------|
| Loans | 6 | 14,848.01 | 11,706.49 |
| Trade receivables | 12 | 8,785.08 | 8,629.15 |
| Cash and cash equivalents | 13 | 6,100.28 | 4,802.83 |
| Bank balances other than cash and cash equivalents | 14 | - | - |
| Other financial assets | 7 | 666.90 | 15,732.88 |
| | | 30,400.27 | 40,871.35 |

| Break up of financial liabilities carried at amortized cost | | March 31, 2019 | March 31, 2018 |
|---|-----|------------------|------------------|
| Non-current borrowings | 18a | 17,091.40 | 3.73 |
| Current borrowings | 18b | 16,051.06 | 44,513.17 |
| Trade payable | 19 | 10,072.58 | 10,274.80 |
| Other financial liabilities | 20 | 39,268.42 | 30,538.32 |
| | | 82,483.46 | 85,330.02 |



33 Financial risk management

The Company's principal financial liabilities, comprise borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade receivables, cash and bank balances and other receivables that derive directly from its operations.

The Company's activities expose it to market risk, liquidity risk and credit risk.

The Company's management oversees the management of these risks and ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

a. Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty default on its obligations. Credit risk arises from cash and cash equivalents, trade receivables and deposits with banks and financial institutions.

Credit risk management

Other financial assets like bank deposits and other receivables are mostly with banks and hence, the Company does not expect any credit risk with respect to these financial assets.

With respect to trade receivables/ unbilled revenue, the Company has constituted teams to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance for all unsecured receivables based on lifetime expected credit loss.

Expected credit loss for trade receivables under simplified approach

Trade receivables are secured in a form that registration of sold residential/commercial units is not processed till the time the Company does not receive the entire payment. Hence, as the Company does not have significant credit risk, it does not present the information related to ageing pattern. The company has widespread customer base and no single customer accounted for 10% or more of revenue in any of the years indicated.

During the periods presented, the Company made no write-offs of trade receivables.

b. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and also generating cash flow from operations.

Management monitors the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows and maintaining debt financing plans.

The break-up of cash and cash equivalents and other current bank balances is as below:

Cash and cash equivalents

| March 31, 2019 | March 31, 2018 |
|-----------------|-----------------|
| 6,100.28 | 4,802.83 |
| 6,100.28 | 4,802.83 |



Maturities of financial liabilities

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

| March 31, 2019 | On demand | Less than 1 year | 1 years to 5 years | 5 years and above | Total |
|--|-----------|------------------|--------------------|-------------------|-----------|
| Financial liabilities - non-current | | | | | |
| Borrowings*# | - | 1,059.91 | 48,437.08 | 8,046.24 | 57,543.23 |
| Financial liabilities - current | | | | | |
| Borrowings*# | 9,116.60 | 5,184.99 | 1,790.00 | - | 16,091.59 |
| Trade payables | - | 9,820.74 | 251.84 | - | 10,072.58 |
| Other financial liabilities | - | 42.58 | - | - | 42.58 |
| March 31, 2018 | | | | | |
| Financial liabilities - non-current | | | | | |
| Borrowings*# | - | 5,376.72 | 25,801.81 | - | 31,178.53 |
| Financial liabilities - current | | | | | |
| Borrowings*# | 21,710.82 | 5,138.91 | 17,728.22 | - | 44,577.95 |
| Trade payables | - | 7,845.77 | 2,429.03 | - | 10,274.80 |
| Other financial liabilities | - | 47.31 | - | - | 47.31 |

* Includes current maturities of long-term borrowings

Gross of transaction costs

c. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real-estate risk.

The sensitivity analysis in the following sections relate to the position as at March 31, 2019 and March 31, 2018. The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations/provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018.

Interest rate risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in interest rate. The entity's exposure to the risk of changes in interest rates relates primarily to the entity's operating activities (when receivables or payables are subject to different interest rates) and the entity's net receivables or payables.

The Company is affected by the price volatility of certain commodities/ real estate. Its operating activities require the ongoing development of real estate. The Company's management has developed and enacted a risk management strategy regarding commodity/ real estate price risk and its mitigation. The Company is subject to the price risk variables, which are expected to vary in line with the prevailing market conditions.

Interest rate sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The impact on the entity's profit before tax is due to changes in the fair value of financial assets and liabilities.

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| Interest rates – increase by 50 basis points (50 bps) | 292.99 | 268.28 |
| Interest rates – decrease by 50 basis points (50 bps) | (292.99) | (268.28) |

Note: The above impact is gross of interest to be inventorised to qualifying assets.

34 Capital Management

The Company's objectives when managing capital are to maximise returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors its capital using gearing ratio, which is net debt divided by total equity. Net debt comprises long term borrowings, short term borrowings, current maturities of long term borrowings less cash and cash equivalents and other bank balances. Total equity comprises equity share capital and other equity.

| Particulars | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| Long term borrowings | 17,091.40 | 3.73 |
| Current maturities of long term borrowings | 39,225.84 | 30,491.01 |
| Short term borrowings | 16,051.06 | 44,513.17 |
| Less: Cash and cash equivalents | (6,100.28) | (4,802.83) |
| Less: Bank balances other than cash and cash equivalents | - | - |
| Net debt | 66,268.02 | 70,205.08 |
| Total equity | 23,599.39 | 31,893.80 |
| Gearing ratio* | 2.81 | 2.20 |

In order to achieve the objective of maximize shareholders value, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. Any significant breach in meeting the financial covenants would allow the bank to call borrowings. There have been no breaches in the financial covenants of above-mentioned interest-bearing borrowing.

No changes were made in the objectives, policies or processes for managing capital during the current and previous years.

*Gearing ratio has changed primarily on account of decrease in Equity, which is pursuant to recording of transition impact of adoption of Ind AS 115.



35 Related party transactions

I Names of related parties and nature of relationship with the Company

(i) Party where control exists

Puravankara Limited - Holding Company

(ii) Subsidiaries

Provident Mertya Private Limited

Argan Properties Private Limited (until March 15, 2019)

Provident Cedar Private Limited

D.V. Infrhomes Private Limited (with effect from Oct 05, 2018)

(iii) Fellow Subsidiaries

Starworth Infrastructure and Construction Limited

Melmont Constructions Limited

Devas Global Services LLP (with effect from July 30, 2018)

(iv) Key management personnel

Mr. Ashish R Puravankara - Director

Mr. Nani R Choksey - Director

(v) Entities controlled/significantly influenced by key management personnel (other related parties)

Handiman Services Limited

Propmart Technologies Limited

Puravankara Investments

(vi) Joint venture

Purva Good Earth Properties Private Limited



35 Related party transactions (contd.)

(i) The transactions with related parties for the year are as follows:

| Particulars | Year ended March 31, 2019 | | | | Year ended March 31, 2018 | | | |
|---|---------------------------|-------------------|------------|---------------|---------------------------|-----------------|-------------------|---------------|
| | Holding Company | Fellow Subsidiary | Subsidiary | Joint Venture | Other Related Party | Holding Company | Fellow Subsidiary | Joint Venture |
| Loans received from Puravankara Limited | 12,715.78 | - | - | - | - | 22,017.25 | - | - |
| Loans repaid to Puravankara Limited | 25,310.00 | - | - | - | - | 306.44 | - | - |
| Interest income on loans Propmart Technologies Limited | - | - | - | - | 195.33 | - | - | 195.33 |
| Gain arising from financial instruments designated as FVTPL | - | - | - | - | - | - | - | - |
| Punga Good Earth Properties Private Limited | - | - | - | 475.75 | - | - | - | 639.11 |
| Loans given | - | - | - | 453.99 | - | - | - | 33.49 |
| Purva Good Earth Properties Private Limited (Debtors) | - | - | 47.65 | - | - | - | - | - |
| DV Infracon Private Limited | - | 1.43 | - | - | - | - | - | - |
| Saiwathi Infrastructure and Construction Limited | - | - | - | - | - | 12.73 | - | - |
| Puravankara Limited | - | - | - | - | - | - | - | - |
| Loans repaid | - | - | - | - | 25.00 | 107.45 | 25.00 | - |
| Propmart Technologies Limited | - | - | - | - | - | - | - | - |
| Puravankara Limited | - | - | - | - | - | - | - | - |
| Melmont Construction Pvt Limited | - | - | - | - | - | - | - | - |
| Interest on loan | - | - | - | - | 120.00 | - | - | 35.00 |
| Propmart Technologies Limited | - | - | - | - | - | - | - | - |
| Dividend paid | - | - | - | - | - | - | - | - |
| Puravankara Limited | 500.00 | - | - | - | - | 982.50 | - | - |
| Sub-contractor cost | - | - | - | - | - | - | - | - |
| Starworth Infrastructure and Construction Limited | - | 160.77 | - | - | - | - | 132.66 | - |
| Security and maintenance | - | - | - | - | - | - | - | - |
| Handiman Services Limited | - | - | - | - | 471.41 | - | - | 290.99 |
| Rent | - | - | - | - | - | - | - | - |
| Puravankara Limited | 35.33 | - | - | - | - | 35.33 | - | - |
| Reimbursement of Expenses from | - | - | - | - | - | - | - | - |
| Puravankara Limited | 55.41 | - | - | - | - | - | - | - |
| Advertising and sales promotion | - | - | - | - | - | - | - | - |
| Puravankara Limited | 17.82 | - | - | - | - | 19.82 | - | - |
| Legal and professional | - | - | - | - | - | - | - | - |
| Puravankara Limited | 16.23 | - | - | - | - | 0.22 | - | - |
| Miscellaneous expenses | - | - | - | - | - | - | - | - |
| Puravankara Limited | 26.05 | - | - | - | - | 71.67 | - | - |
| Financial guarantee expense | - | - | - | - | - | - | - | - |
| Puravankara Limited | 158.16 | - | - | - | - | 189.53 | - | - |



(i) Statement of transactions with related parties (Contd.)

| Particulars | Year ended March 31, 2019 | | | | | Year ended March 31, 2018 | | | |
|-------------------------------------|---------------------------|-------------------|------------|---------------|---------------------|---------------------------|-------------------|---------------|---------------------|
| | Holding Company | Fellow Subsidiary | Subsidiary | Joint Venture | Other Related Party | Holding Company | Fellow Subsidiary | Joint Venture | Other Related Party |
| Investments in Subsidiaries | - | - | 0.80 | - | - | - | - | - | - |
| C.V. Infrahomes Private Limited | - | - | - | - | - | - | - | - | - |
| Devas Global Services LLP | - | - | - | - | - | - | - | - | - |
| Sale of Investments in Subsidiaries | - | - | - | - | 1.00 | - | - | - | - |
| Argan Properties Private Limited | - | - | - | - | - | - | - | - | - |
| Guarantees ceased during the year | 36,079.99 | - | - | - | - | 24,253.01 | - | - | - |
| Puravankara Limited | - | - | - | - | - | - | - | - | - |
| Ravi Puravankara | - | - | - | - | - | - | - | - | - |
| Ashish Puravankara | - | - | - | - | - | - | - | - | - |
| Guarantees availed during the year | 48,327.00 | - | - | - | - | 25,625.48 | - | - | - |
| Puravankara Limited | - | - | - | - | - | - | - | - | - |

(ii) Statement of balances outstanding:

| Particulars | Year ended March 31, 2019 | | | | | March 31, 2018 | | | |
|---|---------------------------|-------------------|------------|---------------|---------------------|-----------------|-------------------|---------------|---------------------|
| | Holding Company | Fellow Subsidiary | Subsidiary | Joint Venture | Other Related Party | Holding Company | Fellow Subsidiary | Joint Venture | Other Related Party |
| Loans taken | 9,116.60 | - | - | - | - | 21,710.82 | - | - | - |
| Puravankara Limited | - | - | - | - | - | - | - | - | - |
| Loans given | - | 1.43 | - | - | - | - | - | - | 3,007.94 |
| Proprietary Technologies Limited | - | - | - | - | - | - | - | - | - |
| Starworth Infrastructure and Construction Limited | - | - | - | - | - | - | - | - | - |
| DV Infrahomes Private Limited | - | - | 47.65 | - | - | - | - | - | - |
| Purva Good Earth Properties Private Limited | - | - | - | 491.08 | - | - | - | 37.09 | - |
| Due to related parties | - | 441.77 | - | - | - | - | 447.77 | - | - |
| Starworth Infrastructure and Construction Limited | - | - | - | - | - | - | - | - | - |
| Handman Services Limited | - | - | - | - | - | - | - | - | - |
| Puravankara Limited | 60.29 | - | - | - | - | 75.58 | - | - | 26.10 |
| Puravankara Investments | - | - | - | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - | - | - | - |
| Purva Good Earth Properties Private Limited | - | - | - | 7,426.29 | - | - | - | 8,959.92 | - |
| Argan Properties Private Limited | - | - | - | - | - | - | - | - | - |
| Provident Cedar Private Limited | - | - | - | - | - | - | - | - | - |
| Provident Myopia Private Limited | - | - | - | - | - | - | - | - | - |
| D.V. Infrahomes Private Limited | - | - | 0.60 | - | - | - | - | - | - |
| Devas Global Services LLP | - | - | - | - | - | - | - | - | - |
| Guarantees given by | - | - | - | - | - | - | - | - | - |
| Puravankara Limited | 57,463.00 | - | - | - | - | 45,215.99 | - | - | - |
| Advances for land contracts | 2,800.00 | - | - | - | - | 2,800.00 | - | - | - |
| Puravankara Limited | - | - | - | - | - | - | - | - | - |
| Trade Payable | - | - | - | - | - | - | - | - | - |
| Starworth Infrastructure and Construction Limited | - | - | - | - | - | - | - | - | - |



Provident Housing Limited
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(All amounts in Indian Rs. Lakhs, unless otherwise stated)

Other information:

1. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables, other than those disclosed above. The Company has not recorded any provision write-off of receivables relating to amounts owed by related parties.
2. In respect of the transactions with the related parties, the Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013 where applicable, and the details have been disclosed above, as required by the applicable accounting standards.
3. The Company has given loans to related parties and has provided guarantees on behalf of related parties for loans taken by them from third parties. Such loans are intended to be used by the related parties to fund their business operations.
4. As at March 31, 2019, with respect to the Company's borrowings, the director of the Company has given fund shortfall undertaking towards funding of underlying projects/ working capital. Also refer note



36 Commitments and contingencies

a. Operating leases

Company as lessee

The Company has taken premises under cancellable and non-cancellable operating leases. These leases have life of upto ten years with renewal option and include a clause to enable upward revision of the lease rental on periodical basis.

| | March 31, 2019 | March 31, 2018 |
|------------------------------------|----------------|----------------|
| Lease expense for operating leases | 281.49 | 205.45 |

There are no non-cancellable operating lease commitments as at the Balance Sheet date.

b. Other commitments

(i) As at March 31, 2019, the Company did not have any contracts remaining to be executed on capital account that were not provided for Rs. Nil (March 31, 2018 - Rs. Nil).

(ii) As at March 31, 2019, the Company has given Rs. 16,038.85 Lakhs (March 31, 2018: Rs.13,902.60 Lakhs) as advances/deposits for purchase of land/ joint development. Under the agreements executed with the land owners, the Company is required to make further payments and/or give share in area/ revenue from such development in exchange of undivided share in land based on the agreed terms/ milestones.

(iii) The Company is committed to provide financial support to some of its subsidiaries to ensure that these entities operate on going concern basis and are able to meet their debts and liabilities as they fall due.

c. Contingent liabilities

Claims against the company not acknowledged as debts

| | March 31, 2019 | March 31, 2018 |
|-------------------|-----------------|-----------------|
| - Value added tax | - | 111.00 |
| - Service tax | 4,895.42 | 4,895.42 |
| - Income tax | 878.70 | - |
| | <u>5,774.12</u> | <u>5,006.42</u> |

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on provident fund dated February 28, 2019. As a matter of caution, the company has made a provision for provident fund on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject.

Other Litigations:

The Company is also subject to certain legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for commercial development or land parcels held for construction purposes, either through joint development arrangements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal evaluation thereon, the management believes that these cases will not have an adverse effect on the financial statements.

37 Segmental information

The Company's business activities fall within a single reportable segment, i.e. real estate development. Hence, there are no additional disclosures to be provided under Ind-AS 108 - Segment information with respect to the single reportable segment, other than those already provided in the financial statements.

The Company is domiciled in India. The Company's revenue from operations from external customers relate to real estate development in India and all the non-current assets of the Company are located in India.

38 Defined benefit plan - Gratuity

The Company has gratuity as defined benefit retirement plan for its employees. The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity at the rate of 15 days basic salary for each year of service until the retirement age.

The following tables set out the funded status of gratuity plans and the amount recognized in Company's financial statements:

i. The amounts recognized in the Balance Sheet are as follows:

| | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| Present value of the obligation as at the end of the year | 153.63 | 170.88 |
| Non-current | 145.64 | 167.56 |
| Current | 7.99 | 3.32 |

ii. Changes in the present value of defined benefit obligation

| | | |
|---|---------------|---------------|
| Defined benefit obligation as at beginning of the year | 170.88 | 138.19 |
| Present value of defined benefit obligation in respect of employees transferred from the Company* | | |
| Service cost | 43.86 | 41.11 |
| Interest cost | 13.32 | 10.29 |
| Actuarial (gain)/loss, net | | |
| - change in financial assumptions | 1.03 | (6.63) |
| - experience variance (i.e. Actual experiences assumptions) | (35.43) | (2.34) |
| Benefits paid | (33.88) | (9.74) |
| Others | (6.17) | - |
| Defined benefit obligation as at the end of the year | <u>153.63</u> | <u>170.88</u> |

* Represents liability in respect of employees transferred from the Company to group companies.

Assumptions used in the above valuations are as under:

| | | |
|-------------------------|-------|-------|
| Discount rate | 7.75% | 7.80% |
| Further salary increase | 6.00% | 6.00% |
| Attrition rate | 2.00% | 2.00% |



Provident Housing Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2019
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iii. Net gratuity and leave benefits cost for the year ended March 31, 2019 and March 31, 2018 comprises of following components.

| | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| Service cost | 43.86 | 41.11 |
| Interest cost | 13.32 | 10.29 |
| Defined benefit costs recognized in Statement of Profit and Loss | <u>57.18</u> | <u>51.40</u> |

iv. Other Comprehensive Income

| | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| Change in financial assumptions | 1.03 | (6.63) |
| Experience variance (i.e. Actual experience vs assumptions) | (35.43) | (2.34) |
| Defined benefit costs recognized in other comprehensive income | <u>(34.40)</u> | <u>(8.97)</u> |

v. Experience adjustments

| | March 31, 2019 | March 31, 2018 | March 31, 2017 | March 31, 2016 | March 31, 2015 |
|--|----------------|----------------|----------------|----------------|----------------|
| Defined benefit obligation as at the end of the year | 153.63 | 170.88 | 138.19 | 100.90 | 77.22 |
| Experience adjustments on plan liabilities | (35.43) | (2.34) | (6.15) | (17.60) | (2.23) |

vi. Sensitivity analysis

A quantitative sensitivity analysis for significant assumption for Gratuity plan is as shown below:

| | March 31, 2019 | | March 31, 2018 | |
|--|----------------|---------|----------------|---------|
| Assumptions | Discount Rate | | Discount Rate | |
| Sensitivity level | (1.0%) | 1.0% | (1.0%) | 1.0% |
| Impact on defined benefit obligation (Rs. Lakhs) | 22.78 | (18.88) | 20.09 | (16.99) |
| % change compared to base due to sensitivity | 15% | -12% | 12% | -10% |

| | Further Salary Increase | | Further Salary Increase | |
|--|-------------------------|-------|-------------------------|-------|
| Assumptions | Further Salary Increase | | Further Salary Increase | |
| Sensitivity level | (1.0%) | 1.0% | (1.0%) | 1.0% |
| Impact on defined benefit obligation (Rs. Lakhs) | (19.32) | 22.95 | (17.41) | 20.25 |
| % change compared to base due to sensitivity | -13% | 15% | -10% | 12% |

| | Attrition Rate | | Attrition Rate | |
|--|----------------|------|----------------|------|
| Assumptions | Attrition Rate | | Attrition Rate | |
| Sensitivity level | (1.0%) | 1.0% | (1.0%) | 1.0% |
| Impact on defined benefit obligation (Rs. Lakhs) | (2.75) | 2.26 | (2.01) | 1.62 |
| % change compared to base due to sensitivity | (1.8%) | 1% | (1.2%) | 1% |

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

There is no change in the method of valuation for the prior period.

vii. Effect of Plan on Entity's Future Cash Flows

Maturity profile of the defined benefit obligation:

| | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| Within the next 12 months | 7.99 | 3.32 |
| Between 2 and 5 years | 24.57 | 76.58 |
| More than 5 years | 518.76 | 422.80 |
| Total expected payments (on undiscounted basis) | <u>551.33</u> | <u>502.70</u> |



39 Revenue from contracts with customers:

The Company has adopted Ind AS 115 using the modified retrospective method and accordingly has provided the disclosures required by Ind AS 115 for the year ended March 31, 2019 and the comparative information has not been disclosed. Also refer note 2.3.

39.1 Disaggregation of revenue

Set out below is the disaggregation of the Company's revenue from contracts with customers, which is in agreement with the contracted price.

| | March 31, 2019 |
|---|------------------|
| Revenue from real estate development | |
| Revenue recognised at a point in time | 48,336.22 |
| Revenue recognised over time | 4,078.15 |
| | <u>50,414.37</u> |

39.2 Contract balances

| | March 31, 2019 | April 1, 2018 |
|----------------------|----------------|---------------|
| Trade receivables | 8,785.08 | 8,629.15 |
| Contract liabilities | 66,028.18 | 77,344.31 |

Trade receivables are generally on credit terms of upto 10-30 days. The decrease in trade receivables is primarily on account of improvement in collection period.

Contract liabilities include advances received from customers as well as deferred revenue representing transaction price allocated to unsatisfied performance obligations. The outstanding balances of these accounts decreased primarily on account of revenue recognised pursuant to adoption of Ind AS 115.

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period 31,340.19

Revenue recognised in the reporting period from performance obligations satisfied in previous periods Nil

39.3 Performance obligations

Aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period **

| | |
|---|-------------|
| Revenue to be recognised at a point in time | 1,41,800.93 |
| Revenue to be recognised over time | 30,417.78 |

** The entity expects to satisfy the performance obligations when (or as) the underlying real estate projects to which such performance obligations relate are completed. Such real estate projects are in various stages of development and are expected to be completed in the coming periods of upto four years.

39.4 Assets recognised from the costs to obtain or fulfil a contract with a customer

| | March 31, 2019 | April 1, 2018 |
|---|----------------|---------------|
| Inventories | | |
| - Work-in-progress | 44,410.68 | 33,794.36 |
| - Stock of flats | 15,502.96 | 37,294.64 |
| Prepaid expenses (represents brokerage costs pertaining to sale of real estate units) | 1,009.65 | 838.00 |



39.5 The effect of adopting Ind AS 115 as at 1 April 2018 was as follows

| 1 | Assets | Reference | Ind AS 115 | Previous Ind AS | Increase/ (decrease) |
|---|--|-----------|--------------------|--------------------|-------------------------|
| | Inventories | a | 1,65,728.68 | 94,639.68 | 71,089.00 |
| | Unbilled Revenue | a | - | 15,013.64 | (15,013.64) |
| | Prepaid expenses | a | 2,064.94 | 1,226.94 | 838.00 |
| | Deferred tax assets | b | 4,722.34 | (260.66) | 4,983.00 |
| | Total assets | | 1,72,515.96 | 1,10,619.60 | 61,896.36 |
| | Liabilities | | | | |
| | Current liabilities - contract liabilities | a | 77,344.31 | 6,169.93 | 71,174.38 |
| | Total liabilities | | 77,344.31 | 6,169.93 | 71,174.38 |
| | Net debit to retained earnings | | | | (9,278.02) |

2 Impact on Profit and Loss for the year ended March 31, 2019

| | Reference | Ind AS 115 | Previous Ind AS | Increase/ (decrease) |
|--|-----------|------------|-----------------|-------------------------|
| Revenue from operations | a | 50,414.37 | 29,831.41 | 20,582.96 |
| (Increase)/ decrease in inventories of stock of flats, land stock and work-in-progress | a | 19,374.89 | 49,607.95 | 30,233.06 |
| Other expenses - borrowing costs | a | 7,862.26 | 6,150.20 | (1,712.06) |
| Profit before tax | | 2,365.83 | (10,303.87) | (7,938.04) |
| Tax expense | b | 954.36 | (3,600.80) | (2,646.44) |
| Profit for the year | | 1,411.47 | (6,703.07) | (5,291.60) |
| Impact on Earnings per share | | | | |
| a. Basic - in Indian Rupees | | 2,822.94 | (13,406.14) | 16,229.08 |
| b. Diluted - in Indian Rupees | | 2,822.94 | (13,406.14) | 16,229.08 |

3 Assets/Liabilities as at March 31, 2019

| | Reference | Ind AS 115 | Previous Ind AS | Increase/ (decrease) |
|----------------------------|-----------|--------------------|--------------------|-------------------------|
| Non-current assets | | | | |
| Deferred tax assets (net) | | 3,772.47 | 1,824.16 | 1,948.31 |
| Current assets | | | | |
| Inventories | | 1,46,353.79 | 86,440.15 | 59,913.64 |
| Financial assets | | - | - | - |
| Other financial assets | | 16.58 | 24,118.57 | (24,101.99) |
| Other current assets | | 8,692.22 | 7,861.64 | 830.58 |
| Total assets | | 1,58,835.06 | 1,20,244.52 | 38,590.54 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| Trade payables | | 10,072.58 | 6,271.31 | 3,801.27 |
| Other current liabilities | | 96,583.72 | 56,617.52 | 39,966.20 |
| Provisions | | 608.19 | 1,830.85 | (1,222.66) |
| Total liabilities | | 1,07,264.49 | 64,719.68 | 42,544.81 |
| Retained earning | | 23,594.39 | 27,548.66 | (3,954.27) |

Explanation of reasons for significant changes

- a The Company has reversed revenue and cost of sales as at April 1, 2018 with respect to contracts that do not meet the revenue recognition criteria under Ind AS 115. The same has resulted in recognition of contract liabilities and recognition of inventories as at April 1, 2018. Further the incremental costs of obtaining contracts with respect to which revenue has been reversed as above has been recognised as asset under Prepaid expenses.
- b Represents tax effect of transitional adjustments made under Ind AS 115



40 Standards issued but not yet effective

a) Ind AS 116 Leases

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Indian Accounting Standard (Ind AS) 116, Leases, which replaces Ind AS 17 Leases, including appendices thereto.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from existing accounting requirements under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

Either a full retrospective application or a modified retrospective application is required for accounting periods commencing on or after April 1, 2019.

b) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

c) Amendments to Ind AS 23: Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

d) Amendments to Ind AS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in Ind AS 109 applies to such long-term interests.

The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures.



e) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

f) Amendments to Ind AS 12: Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The Company will adopt the aforesaid standards effective from April 01, 2019. As at the date of issuance of the Company's financial statements, the Company is in the process of evaluating the requirements of the aforesaid standards and the impact on its financial statements in the period of initial application.

41 Unhedged foreign currency exposure

| March 31, 2019 | March 31, 2018 |
|----------------|----------------|
| Nil | Nil |

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Adarsh Ranka
Partner
Membership no.: 209567

Bengaluru
May 18, 2019



For and on behalf of the Board of Directors of Provident Housing Limited

Nani R Choksey
Nani R Choksey
Director
DIN 00504555

Bengaluru
May 18, 2019

Ashish R Puravankara
Ashish R Puravankara
Director
DIN 00504524

Bengaluru
May 18, 2019

