

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Provident Housing Limited

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Provident Housing Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2018, 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 a summary of significant accounting policies and other explanatory information.

### **Management’s Responsibility for the Ind AS Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## **Other Matter**

The Ind AS financial statements of the Company for the year ended March 31, 2017 have been audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on May 29, 2017. The Ind AS financial information of the Company for the year ended March 31, 2017 have been included in these Ind AS financial statements after giving effect to the adjustments described in Note 42 to these Ind AS financial statements.

## **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 1 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 purpose 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, 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 written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 36(c) to the Ind AS financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 21 to the Ind AS financial statements;
- iii. 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 of Signature: Bengaluru  
Date: May 11, 2018

**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 two 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, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it though there has been a slight delay in a few cases in deposit of profession tax, tax deducted at source and service tax.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, 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, sales-tax, service tax, goods and service tax, duty of custom, duty of excise, value added tax and cess which have not been deposited on account of any dispute, are as follows:

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
The Karnataka Value Added Tax Act, 2003	Value Added Tax	30.05	-	2010-11	Joint Commissioner of Commercial Taxes (Appeals)
		80.95	24.29	2012-13	Joint Commissioner of Commercial Taxes (Appeals)
Finance Act, 1994	Service tax	4,895.42	-	2009-14	Customs, Excise and Service Tax Appellate Tribunal

- (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 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 explanations given by the management, the Company has complied with the provisions of section 197 read with Schedule V of 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.
- (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 of Signature: Bengaluru  
Date: May 11, 2018

## **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, 2018 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 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.

## **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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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 of Signature: Bengaluru  
Date: May 11, 2018



**Provident Housing Limited**  
**Balance Sheet as at March 31, 2018**  
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

	Note	March 31, 2018	March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	3	297.70	327.60
(b) Intangible assets	4	1.25	2.11
(c) Financial assets			
(i) Investments	5	7,002.92	6,411.18
(ii) Loans	6a	11,669.40	6,286.20
(iii) Other financial assets	7a	632.65	889.67
(d) Deferred tax assets (net)	8	-	465.56
(e) Assets for current tax (net)	9	455.07	266.78
(f) Other non-current assets	10a	5,884.77	5,832.12
<b>Total non-current assets</b>		<b>25,943.76</b>	<b>20,481.22</b>
<b>Current assets</b>			
(a) Inventories	11	94,639.68	83,592.79
(b) Financial assets			
(i) Trade receivables	12	8,629.15	6,706.12
(ii) Cash and cash equivalents	13	4,802.83	1,200.46
(iii) Bank balances other than (ii) above	14	-	-
(iv) Loans	6b	37.09	123.33
(v) Other financial assets	7b	15,100.23	5,642.97
(c) Other current assets	10b	8,023.13	5,765.02
<b>Total current assets</b>		<b>1,31,232.11</b>	<b>1,03,030.69</b>
<b>Total assets</b>		<b>1,57,175.87</b>	<b>1,23,511.91</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	15	5.00	5.00
(b) Other equity	16	31,888.60	30,537.22
<b>Total equity</b>		<b>31,893.60</b>	<b>30,542.22</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18a	3.73	3,141.86
(b) Provisions	21a	167.56	131.53
(c) Deferred tax liabilities (net)	8	260.66	-
<b>Total non-current liabilities</b>		<b>431.95</b>	<b>3,273.39</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18b	44,513.17	16,024.81
(ii) Trade payables	19	10,274.80	8,167.97
(iii) Other financial liabilities	20	30,538.32	33,389.76
(b) Other current liabilities	22	38,258.08	29,509.92
(c) Provisions	21b	1,265.62	2,357.93
(d) Current tax liabilities (net)	23	0.33	245.91
<b>Total current liabilities</b>		<b>1,24,850.32</b>	<b>89,696.30</b>
<b>Total equity and liabilities</b>		<b>1,57,175.87</b>	<b>1,23,511.91</b>
<b>Summary of significant accounting policies</b>	2.2		

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

As per report of even date

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

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

per **Adarsh Ranka**  
Partner  
Membership no.: 209567

**Nani R Choksey**  
Director  
DIN 00504555

**Ashish R Puravankara**  
Director  
DIN 00504524

Bengaluru  
May 11, 2018

Bengaluru  
May 11, 2018

**Provident Housing Limited**  
**Statement of Profit and Loss for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

	Note	March 31, 2018	March 31, 2017
<b>Income</b>			
Revenue from operations	24	40,781.42	32,131.76
Other income	25	2,057.31	2,306.72
<b>Total</b>		<b><u>42,838.73</u></b>	<b><u>34,438.48</u></b>
<b>Expenses</b>			
Sub-contractor cost		17,581.43	23,558.37
Purchase of land stock		17,704.02	24,778.31
(Increase)/ decrease in inventory of stock of flats, land stock and work-in-progress	26	(11,046.89)	(29,511.28)
Employee benefits expense	27	1,423.73	1,584.26
Finance costs	28	6,577.20	5,285.45
Depreciation and amortization expense	29	55.99	74.60
Other expenses	30	6,329.49	4,128.22
<b>Total expenses</b>		<b><u>38,624.97</u></b>	<b><u>29,897.93</u></b>
<b>Profit before tax</b>		<b><u>4,213.76</u></b>	<b><u>4,540.55</u></b>
<b>Tax expense</b>			
	31		
Current tax		1,221.22	890.38
Deferred tax		464.52	646.02
<b>Total tax expense</b>		<b><u>1,685.74</u></b>	<b><u>1,536.40</u></b>
<b>Profit for the year</b>		<b><u>2,528.02</u></b>	<b><u>3,004.15</u></b>
<b>Other comprehensive income ('OCI')</b>			
Items that will not be reclassified to profit or loss			
(i) Re-measurement gains/ (losses) on defined benefit plans		8.97	(2.26)
(ii) Income tax relating to above		(3.10)	0.78
<b>Total other comprehensive income</b>		<b><u>5.87</u></b>	<b><u>(1.48)</u></b>
<b>Total comprehensive income for the year (comprising profit and OCI)</b>		<b><u>2,533.89</u></b>	<b><u>3,002.67</u></b>
<b>Earnings per equity share ('EPS')</b>			
<b>(Nominal value per equity share Rs.10 (March 31, 2017 - Rs.10))</b>			
Basic (Rs.)		5,056.05	6,008.30
Diluted (Rs.)		5,056.05	6,008.30
<b>Weighted average number of equity shares used in computation of EPS</b>			
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 financial statements

As per report of even date

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

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

per **Adarsh Ranka**  
Partner  
Membership no.: 209567

**Nani R Choksey**  
Director  
DIN 00504555

**Ashish R Puravankara**  
Director  
DIN 00504524

Bengaluru  
May 11, 2018

Bengaluru  
May 11, 2018

**Provident Housing Limited**  
**Statement of cash flow for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

**March 31, 2018**

**March 31, 2017**

**A. Cash flow from operating activities**

<b>Profit before tax</b>	<b>4,213.76</b>	<b>4,540.55</b>
Adjustments to reconcile profit after tax to net cash flows:		
Depreciation and amortization expense	55.99	74.60
Profit on sale of property, plant and equipment	-	(0.79)
Finance costs	6,577.20	5,285.45
Interest income	(1,042.96)	(818.44)
Financial guarantee expense	189.53	126.34
Gain arising from financial instruments designated as FVTPL	(639.11)	(1,055.96)
<b>Operating profit before working capital changes</b>	<b>9,354.41</b>	<b>8,151.75</b>
Working capital adjustments:		
(Increase)/ decrease in trade receivables	(1,923.03)	626.29
(Increase)/ decrease in inventories	(11,046.89)	(29,511.28)
(Increase)/ decrease in loans	(5,242.40)	(456.86)
(Increase)/ decrease in other financial assets	(9,457.26)	349.81
(Increase)/ decrease in other assets	(2,031.66)	(1,985.52)
Increase/ (decrease) in trade payables	2,106.83	89.66
Increase/ (decrease) in other financial liabilities	(1.96)	(7.19)
Increase/ (decrease) in other liabilities	8,748.19	14,941.78
Increase/ (decrease) in provisions	(1,047.31)	(1,109.87)
<b>Cash (used in)/ received from operations</b>	<b>(10,541.08)</b>	<b>(8,911.43)</b>
Income tax paid (net)	(1,396.49)	(1,039.42)
<b>Net cash flows (used in)/ from operating activities</b>	<b>(11,937.57)</b>	<b>(9,950.85)</b>

**B. Cash flows from investing activities**

Purchase of property, plant and equipment (including capital work in progress and capital advances)	(25.23)	(31.42)
Proceeds from sale of property, plant and equipment	-	3.27
Investments made in equity shares of subsidiaries	-	(3.00)
Investment in debentures	-	(874.99)
Loans given to holding company	(12.73)	(994.73)
Loans repaid by holding company	107.45	900.00
Loans given to other related parties	(209.29)	(166.81)
Investment in bank deposits and margin monies	257.02	(358.21)
Interest received	621.70	440.43
<b>Net cash flows from/ (used in) investing activities</b>	<b>738.92</b>	<b>(1,085.46)</b>

**C. Cash flows from financing activities**

Proceeds from term loans	15,802.63	52,130.10
Repayment of term loans	(15,069.83)	(34,986.06)
Loans taken from holding company	22,017.25	2,119.64
Loans repaid to holding company	(306.44)	(6,938.99)
Loans repaid by other related parties	60.00	-
Dividends paid (including taxes)	(1,182.51)	(1,173.49)
Interest paid	(6,520.07)	(5,729.99)
<b>Net cash (used in)/ from financing activities</b>	<b>14,801.03</b>	<b>5,421.21</b>
<b>Net (decrease)/ increase in cash and cash equivalents (A + B + C)</b>	<b>3,602.38</b>	<b>(5,615.10)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,200.46</b>	<b>6,815.55</b>
<b>Cash and cash equivalents at the end of the year (as per note 13 to the financial statements)</b>	<b>4,802.84</b>	<b>1,200.45</b>

**Summary of significant accounting policies**

2.2

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

As per report of even date

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

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

per **Adarsh Ranka**  
Partner  
Membership no.: 209567

**Nani R Choksey**  
Director  
DIN 00504555

**Ashish R Puravankara**  
Director  
DIN 00504524

Bengaluru  
May 11, 2018

Bengaluru  
May 11, 2018

**Provident Housing Limited**

**Statement of changes in equity for the year ended March 31, 2018**  
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

**A. Equity share capital**

Particulars	As at 01 April, 2016	Movement during 2016-17	As at March 31, 2017	Movement during 2017-18	As at March 31, 2018
Equity share capital of face value of Rs.10 each fully paid 0.5 lakh (March 31, 2017 - 0.5 lakh) equity shares of Rs.10 each fully paid	5.00	-	5.00	-	5.00
	<b>5.00</b>	<b>-</b>	<b>5.00</b>	<b>-</b>	<b>5.00</b>

Note: Also refer note 15

**B. Other equity**

Particulars	Reserves and surplus		
	Other contributions by shareholders	Retained Earnings	Total
Balance as at April 1, 2016	831.25	27,876.79	28,708.04
Profit for the year	-	3,004.15	3,004.15
Other comprehensive income (refer note 2 below)	-	(1.48)	(1.48)
<b>Total comprehensive income for the year</b>	<b>831.25</b>	<b>30,879.46</b>	<b>31,710.71</b>
Dividends (including tax on dividend)	-	(1,173.49)	(1,173.49)
<b>Balance as at March 31, 2017</b>	<b>831.25</b>	<b>29,705.97</b>	<b>30,537.22</b>
Profit for the year	-	2,528.02	2,528.02
Other comprehensive income (refer note 2 below)	-	5.87	5.87
<b>Total comprehensive income for the year</b>	<b>831.25</b>	<b>32,239.86</b>	<b>33,071.11</b>
Dividends (including tax on dividend)	-	(1,182.51)	(1,182.51)
<b>Balance as at March 31, 2018</b>	<b>831.25</b>	<b>31,057.35</b>	<b>31,888.60</b>

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. 5.87 lakhs [March 31, 2017: Rs.(1.48) 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 financial statements

As per report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

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

per **Adarsh Ranka**

Partner

Membership no.: 209567

**Nani R Choksey**

Director

DIN 00504555

**Ashish R Puravankara**

Director

DIN 00504524

Bengaluru

May 11, 2018

Bengaluru

May 11, 2018

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(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. 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 11, 2018.

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') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. 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

New and amended standards and interpretations

The Company applied for the first time the following amendment to Ind AS, which are effective for annual periods beginning on or after April 1, 2017. The nature and the impact of the amendment is described below:

Amendments to Ind AS 7 Statement of Cash Flows: Disclosure

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for both the current and the comparative period in note 13.

(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.

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

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

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.

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

(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 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.

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

(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.

(l) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The Company collects taxes such as sales tax/value added tax, luxury tax, entertainment tax, service tax, goods and service tax etc. on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from the aforesaid revenue/ income.

The following specific recognition criteria must also be met before revenue is recognized:

*Recognition of revenue from real estate development*

Revenue from real estate projects is recognized when it is reasonably certain that the ultimate collection will be made and that there is buyers' commitment to make the complete payment. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from real estate projects is recognized upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements/ other legally enforceable documents. Where the Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards, revenue in such cases is recognized by applying the percentage of completion method only if the following thresholds have been met:

(a) all critical approvals necessary for the commencement of the project have been obtained;

(b) the expenditure incurred on construction and development costs (excluding land cost) is not less than 25 % of the total estimated construction and development costs;

(c) at least 25 % of the saleable project area is secured by contracts/agreements with buyers; and

(d) at least 10 % of the contracts/agreements value are realized at the reporting date in respect of such contracts/agreements.



**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

When the outcome of a real estate project can be estimated reliably and the conditions above are satisfied, project revenue and project costs associated with the real estate project should be recognized as revenue and expenses by reference to the stage of completion of the project activity at the reporting date arrived at with reference to the entire project costs incurred (including land costs). When it is probable that total project costs will exceed total eligible project revenues, the expected loss is recognised as an expense immediately in the statement of profit and loss.

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.

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.

*Interest income*

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

(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, 2018**  
**(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.

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(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.

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

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.

(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.

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

*Revenue recognition and valuation of unbilled revenue*

The Company uses the percentage-of-completion method for recognition of revenue, accounting for unbilled revenue and contract cost thereon for its real estate and contractual projects. The percentage of completion is measured by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

*Accounting for revenue and land cost for projects executed through joint development arrangements ('JDA')*

For projects executed through joint development arrangements, 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.

*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.

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

*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.

*Evaluation of control, joint control or significant influence by the Company over it's investee entities for disclosure:*

Judgement is involved in determining whether the Company has control over an investee entity by assessing the Company's exposure/rights to variable returns from its involvement with the investee and its ability to affect those returns through its power over the investee entity. The Company considers all facts and circumstances when assessing whether it controls an investee entity and reassess whether it controls an investee entity if facts and circumstances indicate that there are changes to one or more elements of control. In assessing whether the Company has joint control over an investee the Company assesses whether decisions about the relevant activities require the unanimous consent of the parties sharing control. Further, in assessing whether Company has significant influence over an investee, the Company assesses whether it has the power to participate in the financial and operating policy decisions of the investee, but is not in control or joint control of those policies.

*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.

*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, 2018

(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
<b>Gross carrying amount</b>							
<b>At April 1, 2016</b>	210.52	33.26	69.35	52.56	68.45	4.19	<b>438.33</b>
Additions	-	-	1.21	-	-	30.21	<b>31.42</b>
Disposals	-	-	-	-	-	(2.48)	<b>(2.48)</b>
<b>At March 31, 2017</b>	<b>210.52</b>	<b>33.26</b>	<b>70.56</b>	<b>52.56</b>	<b>68.45</b>	<b>31.92</b>	<b>467.27</b>
Additions	-	-	-	0.59	24.64	-	<b>25.23</b>
Disposals	-	-	-	-	-	-	-
<b>At March 31, 2018</b>	<b>210.52</b>	<b>33.26</b>	<b>70.56</b>	<b>53.15</b>	<b>93.09</b>	<b>31.92</b>	<b>492.50</b>
<b>Accumulated depreciation</b>							
<b>At April 1, 2016</b>	19.97	3.10	15.35	26.27	2.92	1.42	<b>69.03</b>
Charge for the year	20.36	3.10	19.97	15.16	9.38	2.67	<b>70.64</b>
Adjustments for disposals	-	-	-	-	-	-	-
<b>At March 31, 2017</b>	<b>40.33</b>	<b>6.20</b>	<b>35.32</b>	<b>41.43</b>	<b>12.30</b>	<b>4.09</b>	<b>139.67</b>
Charge for the year	20.36	3.10	13.20	4.90	9.98	3.59	<b>55.13</b>
Adjustments for disposals	-	-	-	-	-	-	-
<b>At March 31, 2018</b>	<b>60.69</b>	<b>9.30</b>	<b>48.52</b>	<b>46.33</b>	<b>22.28</b>	<b>7.68</b>	<b>194.80</b>
<b>Net Block</b>							
<b>At March 31, 2017</b>	<b>170.19</b>	<b>27.06</b>	<b>35.24</b>	<b>11.13</b>	<b>56.15</b>	<b>27.83</b>	<b>327.60</b>
<b>At March 31, 2018</b>	<b>149.83</b>	<b>23.96</b>	<b>22.04</b>	<b>6.82</b>	<b>70.81</b>	<b>24.24</b>	<b>297.70</b>

Notes:

a. Capitalised borrowing cost

There are no borrowing costs capitalised during the year ended March 31, 2018 and March 31, 2017.

b. Property, plant and equipment pledged as security

Details of assets pledged are as per note no.18

4 Intangible assets

Particulars	Computer Software	Total
<b>Gross carrying amount</b>		
<b>At April 1, 2016</b>	14.88	14.88
Additions	-	-
Disposals	-	-
<b>At March 31, 2017</b>	<b>14.88</b>	<b>14.88</b>
Additions	-	-
Disposals	-	-
<b>At March 31, 2018</b>	<b>14.88</b>	<b>14.88</b>
<b>Accumulated amortisation</b>		
<b>At April 1, 2016</b>	8.81	8.81
Charge for the year	3.96	3.96
Disposals	-	-
<b>At March 31, 2017</b>	<b>12.77</b>	<b>12.77</b>
Charge for the year	0.86	0.86
Disposals	-	-
<b>At March 31, 2018</b>	<b>13.63</b>	<b>13.63</b>
<b>Net block</b>		
<b>At March 31, 2017</b>	<b>2.11</b>	<b>2.11</b>
<b>At March 31, 2018</b>	<b>1.25</b>	<b>1.25</b>

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

<b>5 Non-current investments</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Investments - valued at cost unless stated otherwise</b>		
<b>(A) Equity instruments (unquoted)</b>		
<b>(i) Investment in subsidiaries (fully paid-up)</b>		
Provident Meryta Private Limited	1.00	1.00
0.01 lakh (March 31, 2017 - 0.01 lakh) equity shares of Rs. 100 each		
Argan Properties Private Limited	1.00	1.00
0.01 lakh (March 31, 2017 - 0.01 lakh) equity shares of Rs. 100 each		
Provident Cedar Private Limited	1.00	1.00
0.01 lakh (March 31, 2017 - 0.01 lakh) equity shares of Rs. 100 each		
<b>(ii) Investment in joint venture (fully paid-up)</b>		
Purva Good Earth Properties Private Limited	1.00	1.00
0.10 lakh (March 31, 2017 - 0.10 lakh) equity shares of Rs. 10 each		
<b>Investments carried at fair value through profit or loss ('FVTPL')</b>		
<b>Unquoted debentures</b>		
Purva Good Earth Properties Private Limited	6,998.92	6,407.18
47.38 lakh (March 31, 2017 - 47.38 lakh) optionally convertible debentures of Rs.100 each		
<b>Total Investments</b>	<b><u>7,002.92</u></b>	<b><u>6,411.18</u></b>
Notes:		
a) Aggregate amount of quoted investments actively traded and market value thereof	-	-
b) Aggregate amount of other investments	7,002.92	6,411.18
c) Aggregate amount of impairment in value of investments	-	-
<b>6 Loans</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>a Non current</b>		
<b>Unsecured, considered good</b>		
Security deposits	8,661.46	3,419.06
Loans to related parties (refer note 35)	3,007.94	2,867.14
	<b><u>11,669.40</u></b>	<b><u>6,286.20</u></b>
<b>b Current</b>		
<b>Unsecured, considered good</b>		
Loans to holding company (refer note 35)	-	94.73
Loans to joint ventures (refer note 35)	37.09	3.60
Loans to related parties (refer note 35)	-	25.00
	<b><u>37.09</u></b>	<b><u>123.33</u></b>
Loans and advances due by directors or other officers, etc.		
	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Loans to holding company, joint ventures and other related parties include		
Due from Propmart Technologies Limited in which the Company's director is a director	3,007.94	2,867.14
Due from Puravankara Limited in which the Company's director is a director	-	94.73
Due from Melmont Construction Private Limited in which the Company's director is a director	-	25.00
Due from Purva Good Earth Properties Private Limited in which the Company's director is a director	37.09	3.60
<b>7 Other financial assets</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>a Non-current</b>		
Non-current bank balances (refer note 14)	632.65	889.67
	<b><u>632.65</u></b>	<b><u>889.67</u></b>
<b>b Current</b>		
Unbilled revenue	15,013.64	5,403.40
Others	86.59	239.57
	<b><u>15,100.23</u></b>	<b><u>5,642.97</u></b>



**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>8 Deferred tax assets/ (liabilities) (net)</b>		
<b>Deferred tax asset arising on account of :</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years	641.11	962.77
MAT Credit entitlement	-	257.95
	<u><b>641.11</b></u>	<u><b>1,220.72</b></u>
Less: Deferred tax liability arising on account of :		
Impact of financial assets and liabilities carried at amortised cost	(58.11)	(80.90)
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	2.12	(3.38)
Impact of carrying debentures at FVTPL	(412.93)	(351.73)
Others	(432.85)	(319.15)
	<u><b>(901.77)</b></u>	<u><b>(755.16)</b></u>
<b>Deferred tax assets/ (liabilities) (net)</b>	<u><b>(260.66)</b></u>	<u><b>465.56</b></u>
<b>Reconciliation of deferred tax liability</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Net deferred tax asset at the beginning of the year	465.56	1,110.80
Tax income/(expense) during the year recognized in profit and loss	(464.52)	(646.02)
Tax income/(expense) during the year recognized in OCI	(3.10)	0.78
MAT credit utilized	(257.95)	-
Others	(0.65)	-
<b>Net deferred tax asset at the end of the year</b>	<u><b>(260.66)</b></u>	<u><b>465.56</b></u>
<b>9 Assets for current tax (net)</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Advance income tax [net of provision for taxation Rs.6,617.36 Lakhs, (March 31, 2017, Rs.5,709.98 Lakhs)]	455.07	266.78
	<u><b>455.07</b></u>	<u><b>266.78</b></u>
<b>10 Other assets</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>a Non-current</b>		
Deposits with government authorities	130.07	129.78
Advances for land contracts	5,406.66	5,357.36
Duties and taxes recoverable	338.96	338.96
Prepaid expenses	9.08	6.02
	<u><b>5,884.77</b></u>	<u><b>5,832.12</b></u>
<b>b Current</b>		
Advances to suppliers	6,258.06	3,786.29
Prepaid expenses	1,217.86	1,522.18
Duties and taxes recoverable	543.49	452.82
Other advances	3.72	3.73
	<u><b>8,023.13</b></u>	<u><b>5,765.02</b></u>
<b>11 Inventories</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
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
	<u><b>94,639.68</b></u>	<u><b>83,592.79</b></u>
Note: Details of assets pledged are as per note no.18		
<b>12 Trade receivables</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Unsecured, considered good</b>		
Dues from others	8,629.15	6,706.12
	<u><b>8,629.15</b></u>	<u><b>6,706.12</b></u>
Note: Details of assets pledged are as per note no.18		

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

<b>13 Cash and cash equivalents</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Cash on hand	13.54	2.75
Balances with banks		
In current accounts	4,789.29	1,197.71
	<u><b>4,802.83</b></u>	<u><b>1,200.46</b></u>

Note 1

**Changes in liabilities arising from financing activities**

(a) Borrowings (including current maturities and interest):

<b>Balance as at April 1, 2016</b>	<b>40,527.28</b>
Add: Cash inflows	54,249.74
Less: Cash outflows	(41,925.05)
Add: Interest accrued during the year	5,285.45
Less: Interest paid	(5,729.99)
<b>Balance as at March 31, 2017</b>	<b>52,407.43</b>
Add: Cash inflows	37,879.88
Less: Cash outflows	(15,389.05)
Add: Interest accrued during the year	6,541.04
Less: Interest paid	(6,520.07)
<b>Balance as at March 31, 2018</b>	<u><b>74,919.23</b></u>

(b) Dividend (including taxes):

<b>Balance as at April 1, 2016</b>	-
Add: Dividend declared	1,173.49
Less: Dividend paid	(1,173.49)
<b>Balance as at April 1, 2017</b>	-
Add: Dividend declared	1,182.51
Less: Dividend paid	(1,182.51)
<b>Balance as at March 31, 2018</b>	<u><b>-</b></u>

<b>14 Bank balances other than cash and cash equivalents</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Non-current</b>		
Margin money deposits	632.65	889.67
	<u>632.65</u>	<u>889.67</u>
Amount disclosed under non-current assets (refer note 7)	<u>(632.65)</u>	<u>(889.67)</u>
	<u><b>-</b></u>	<u><b>-</b></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, 2018, the Company had available Rs.8,523.12 Lakhs (March 31, 2017 Rs.20,556.90 Lakhs) of undrawn committed borrowing facilities.

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

<b>15 Equity share capital</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Authorized shares</b>		
<b>Equity share capital of face value of Rs. 10 each</b>		
0.50 lakh (March 31, 2017 - 0.50 lakh) equity shares of Rs. 10 each	5.00	5.00
<b>Issued, subscribed and fully paid-up shares</b>		
<b>Equity share capital of face value of Rs. 10 each</b>		
0.50 lakh (March 31, 2017 - 0.50 lakh) equity shares of Rs. 10 each	5.00	5.00
	<u>5.00</u>	<u>5.00</u>

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

**Equity shares**

	<b>March 31, 2018</b>		<b>March 31, 2017</b>	
	<b>No. in Lakhs</b>	<b>Rs. Lakhs</b>	<b>No. in Lakhs</b>	<b>Rs. Lakhs</b>
Balance at the beginning of the year	0.50	5.00	0.50	5.00
Movement during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<u>0.50</u>	<u>5.00</u>	<u>0.50</u>	<u>5.00</u>

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

	<b>March 31, 2018</b>		<b>March 31, 2017</b>	
	<b>No. in lakhs</b>	<b>% holding in the class</b>	<b>No. in lakhs</b>	<b>% holding in the class</b>
<b>Equity shares of Rs. 10 each fully paid-up</b>				
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.

<b>16 Other equity</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Reserves and surplus</b>		
<b>Retained earnings</b>		
Balance at the beginning of the year	29,705.97	27,876.79
Dividend (including dividend distribution tax) - refer note 17	(1,182.51)	(1,173.49)
Total comprehensive income for the year	2,533.89	3,002.67
<b>Balance at the end of the year</b>	<u>31,057.35</u>	<u>29,705.97</u>
<b>Other contributions by shareholders</b>		
Balance at the beginning of the year	831.25	831.25
Movement during the year	-	-
<b>Balance at the end of the year</b>	<u>831.25</u>	<u>831.25</u>
<b>Total other equity</b>	<u>31,888.60</u>	<u>30,537.22</u>

<b>17 Distribution made and proposed</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Cash dividends on equity shares declared and paid</b>		
Final dividend for the year ended March 31, 2017 of Rs.1,965 per share (March 31, 2016 Rs. 1,950 per share)	982.50	975.00
Dividend distribution tax on final dividend	200.01	198.49
	<u>1,182.51</u>	<u>1,173.49</u>
<b>Proposed dividends on equity shares *</b>		
Proposed dividend for the year ended March 31, 2018 Rs. Nil per share (March 31, 2017 Rs.Nil per share)	-	-
Dividend distribution tax on proposed dividend	-	-
	<u>-</u>	<u>-</u>

\* 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.

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>18 Borrowings</b>		
<b>a Non-current borrowings</b>		
<b>Secured loans</b>		
<b>Term loans</b>		
From banks	19,176.27	29,086.85
From others	11,229.79	7,295.77
	<u>30,406.06</u>	<u>36,382.62</u>
Amount disclosed under "Other current financial liabilities" (refer note 20)	(30,402.33)	(33,240.76)
	<u>3.73</u>	<u>3,141.86</u>
<b>b Current borrowings</b>		
<b>Secured loans</b>		
<b>Term loans</b>		
From banks	5,859.16	7,524.81
From others	14,443.19	6,000.00
<b>Unsecured</b>		
Loans repayable on demand		
Loans from related parties (refer note 35)	21,710.82	-
<b>Other loans</b>		
Term loans		
From others	2,500.00	2,500.00
	<u>44,513.17</u>	<u>16,024.81</u>

Note 1: Amount of current borrowings repayable within twelve months is Rs.5,138.91 lakhs (March 31, 2017: Rs.6,040.03 lakhs)

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(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:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Trade receivables	7,369.85	5,722.32
Inventories	80,696.51	64,800.81
Vehicles	24.24	27.83
Total assets pledged as security	<u>88,090.60</u>	<u>70,550.96</u>

**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, 2018	March 31, 2017	Effective interest rate	Maturity	Repayment details	Nature of security	Nature of guarantee
Term loans from banks	10,090.51	13,607.40	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	12,521.01	10-11%	2021	53 instalments	1. Underlying project inventory and assignment of project receivables. 2. Fund shortfall undertaking by the director of the Company towards funding of underlying projects/ working capital.	Corporate guarantee by the holding company
Term loans from banks	1,785.83	2,934.55	10-12%	2020-2021	25-49 instalments	Underlying project inventory and assignment of project receivables.	Corporate guarantee by the holding company
Term loans from banks	14.28	23.89	9-10%	2019	36 instalments	Vehicles	
<b>Subtotal</b>	<b>19,176.27</b>	<b>29,086.85</b>					
Term loans from others	2,094.49	7,295.77	10-11%	2021	54 instalments	1. Underlying project inventory and assignment of project receivables. 2. Fund shortfall undertaking by the director of the Company towards funding of underlying projects/ working capital.	Corporate guarantee by the holding company
Term loans from others	9,135.30	-	10-11%	2021	35 instalments	Underlying project inventory and assignment of project receivables	Corporate guarantee by the holding company
<b>Subtotal</b>	<b>11,229.79</b>	<b>7,295.77</b>					
<b>Total</b>	<b>30,406.06</b>	<b>36,382.62</b>					

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

**Current borrowings - Secured**

Category of loan	March 31, 2018	March 31, 2017	Effective interest rate	Maturity	Repayment details	Nature of security	Nature of guarantee
Term loans from banks	-	2,390.41	11-12%	2019	30 instalments	Underlying project inventory, assignment of project receivables and collateral security of project inventory owned Puravankara Limited.	Corporate guarantee by the holding company
Term loans from banks	5,859.16	5,134.40	10-11%	2019-2021	28 - 47 instalments	1. Underlying project inventory and assignment of project receivables. 2. Fund shortfall undertaking by the director of the Company towards funding of underlying projects/ working capital.	Corporate guarantee by the holding company
<b>Subtotal</b>	<b>5,859.16</b>	<b>7,524.81</b>					
Term loans from others	5,478.14	6,000.00	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 undertaking by the director of the Company towards funding of underlying projects/ working capital.	Corporate guarantee by the holding company
<b>Subtotal</b>	<b>14,443.18</b>	<b>6,000.00</b>					
<b>Total</b>	<b>20,302.34</b>	<b>13,524.81</b>					
<b>Current borrowings - Unsecured</b>							
Term loans from others	2,500.00	2500.00	13-14%	2018	To be repaid in June 2018	Unsecured	-
Loans from related parties	21,710.82	-	Nil	On demand	On demand	Unsecured	-
<b>Subtotal</b>	<b>24,210.82</b>	<b>2,500.00</b>					
<b>Total</b>	<b>44,513.16</b>	<b>16,024.81</b>					

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

<b>19 Trade payables</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Trade payable		
- Total outstanding dues of micro enterprises and small enterprises	8.00	11.25
- Total outstanding dues of creditors other than micro and small enterprises	9,714.23	7,460.99
Payable to related parties	552.57	695.73
	<u><b>10,274.80</b></u>	<u><b>8,167.97</b></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	8.00	11.25
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	-	-

<b>20 Other current financial liabilities</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Current maturities of long term borrowings (note 18)	30,491.01	33,340.49
Other payables	47.31	49.27
	<u><b>30,538.32</b></u>	<u><b>33,389.76</b></u>

Note 1: Amount of current maturities of long-term borrowings repayable within twelve months is Rs.5,376.72 Lakhs (March 31, 2017: Rs.10,054.27 Lakhs)

<b>21 Provisions</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>a Non-current</b>		
Provision for employee benefits		
Gratuity	167.56	131.53
	<u><b>167.56</b></u>	<u><b>131.53</b></u>
<b>b Current</b>		
Provision for employee benefits		
Gratuity	3.32	6.66
Leave benefits	39.64	39.79
Other provisions		
Provision for contract losses	1,222.66	2,311.48
	<u><b>1,265.62</b></u>	<u><b>2,357.93</b></u>

<b>22 Other current liabilities</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Advances received from customers	6,169.93	5,264.41
Statutory dues payable	193.22	193.17
Liability under joint development arrangement*	31,894.93	24,052.34
	<u><b>38,258.08</b></u>	<u><b>29,509.92</b></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.

<b>23 Current tax liabilities (net)</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Provision for income tax [net of advance tax Rs.796.03 Lakhs (March 31, 2017 Rs.531.03 lakhs)]	0.33	245.91
	<u><b>0.33</b></u>	<u><b>245.91</b></u>

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

<b>24 Revenue from operations</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Income from property development	40,781.42	32,131.76
	<u>40,781.42</u>	<u>32,131.76</u>
<b>25 Other income</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Interest on financial assets:		
Bank deposits	52.28	144.09
Other deposits	621.70	380.64
Loan to related parties	195.33	195.34
Others	173.65	98.37
Gain arising from financial instruments designated as FVTPL	639.11	1,055.96
Profit on sale of property, plant and equipment	-	0.79
Others	375.24	431.53
	<u>2,057.31</u>	<u>2,306.72</u>
<b>26 (Increase)/ decrease in inventories of stock of flats, land stock and work-in-progress</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Inventories at the beginning of the year</b>		
Land stock	10,516.29	678.63
Work-in-progress	56,178.69	43,045.63
Stock of flats	16,897.81	10,357.25
<b>Inventories at the end of the year</b>		
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)
	<u>(11,046.89)</u>	<u>(29,511.28)</u>
<b>27 Employee benefits expense</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Salaries, wages and bonus	1,363.07	1,504.59
Contribution to provident fund and other funds	19.44	34.21
Staff welfare	41.22	45.46
	<u>1,423.73</u>	<u>1,584.26</u>
<b>28 Finance costs</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Interest on financial liabilities		
- Borrowings	6,541.03	5,212.81
- Others	32.70	70.23
Bank charges	3.47	2.41
	<u>6,577.20</u>	<u>5,285.45</u>
<p>Gross of interest of Rs. 5,119.88 Lakhs (March 31, 2017: Rs.4,778.61 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 12%.</p>		
<b>29 Depreciation and amortization expense</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Depreciation of property, plant and equipment (refer note 3)	55.13	70.64
Amortization of intangible assets (refer note 4)	0.86	3.96
	<u>55.99</u>	<u>74.60</u>



**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

<b>30 Other expenses</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Travel and conveyance	148.15	115.19
Repairs and maintenance		
- others	606.18	472.48
Legal and professional	1,412.27	959.55
Rent (refer note 36)	205.45	219.89
Rates and taxes	1,289.19	444.98
Security	188.69	175.40
Communication costs	36.59	32.72
Printing and stationery	10.52	8.48
Advertising and sales promotion	1,715.19	1,322.28
Brokerage costs	426.15	204.62
Corporate social responsibility expenses	23.04	12.75
Financial guarantee expense	189.53	126.34
Miscellaneous expenses	78.54	33.54
	<u><b>6,329.49</b></u>	<u><b>4,128.22</b></u>

**Notes:**

**1. Payment to auditor [included in legal and professional charges] \***

**As auditor:**

Audit fee	21.50	36.00
Other services	-	1.50
Reimbursement of expenses	0.42	0.19
	<u><b>21.92</b></u>	<u><b>37.69</b></u>

\* Includes fees paid to a firm of Chartered Accountants other than S.R.Batliboi & Associates LLP

**6.50**                      **37.69**

**2. Details of CSR expenditure:**

(a) Gross amount required to be spent during the year	78.37	104.78
(b) Amount spent		
Construction/acquisition of any asset		
On purposes other than above	22.79	12.75
<b>Total</b>	<u><b>22.79</b></u>	<u><b>12.75</b></u>
(b) Balance amount unspent		
Construction/acquisition of any asset		
On purposes other than above	55.58	92.03
<b>Total</b>	<u><b>55.58</b></u>	<u><b>92.03</b></u>

**31 Income tax**

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

Statement of profit and loss:

**Profit or loss section:**

**Current tax:**

Current income tax charge	1,221.22	890.38
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**Deferred tax:**

Relating to origination/ reversal of temporary differences		
> Decrease/(increase) in deferred tax assets (excluding MAT credit utilisation)	318.56	109.65
> (Decrease)/increase in deferred tax liabilities	146.61	536.37
Others	(0.65)	-
	<u><b>464.52</b></u>	<u><b>646.02</b></u>

**Income tax expense reported in the statement of profit and loss**

**1,685.74**                      **1,536.40**

**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	(3.10)	0.78
<b>Income tax charged to OCI</b>	<u><b>(3.10)</b></u>	<u><b>0.78</b></u>

**Reconciliation of tax expense and the accounting profit multiplied by India's tax rate**

<b>Accounting profit before income tax</b>	4,213.76	4,540.55
Effective tax rate in India	34.608%	34.608%
Tax on accounting profit at statutory income tax rate [34.608%]	1,458.30	1,571.39
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of non-deductible expenses	17.26	22.41
Effect of deemed income	120.20	-
Others	89.98	(57.40)
<b>Income tax expense</b>	<u><b>1,685.74</b></u>	<u><b>1,536.40</b></u>

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

**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:

	<u>Level</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Investment in unquoted debt instruments of joint venture	Level 3	6,998.92	6,407.18

**Reconciliation of fair value**

Opening balance	6,407.18	4,520.22
Investments	-	875.00
Fair value changes	591.74	1,055.96
Closing balance	<u>6,998.92</u>	<u>6,451.18</u>

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	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Loans	6	11,706.49	6,409.53
Trade receivables	12	8,629.15	6,706.12
Cash and cash equivalents	13	4,802.83	1,200.46
Bank balances other than cash and cash equivalents	14	-	-
Other financial assets	7	15,732.88	6,532.64
		<u><b>40,871.35</b></u>	<u><b>20,848.75</b></u>

Break up of financial liabilities carried at amortized cost		<b>March 31, 2018</b>	<b>March 31, 2017</b>
Non-current borrowings	18a	3.73	3,141.86
Current borrowings	18b	44,513.17	16,024.81
Trade payable	19	10,274.80	8,167.97
Other financial liabilities	20	30,538.32	33,389.76
		<u><b>85,330.02</b></u>	<u><b>60,724.40</b></u>

**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:

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Cash and cash equivalents	4,802.83	1,200.46
Bank balances other than cash and cash equivalents	-	-
	<u><b>4,802.83</b></u>	<u><b>1,200.46</b></u>

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

**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, 2018	On demand	Less than 1 year	1 years to 5 years	5 years and above	Total
<b>Financial liabilities - non-current</b>					
Borrowings*#	-	5,376.72	25,801.81	-	31,178.53
<b>Financial liabilities - current</b>					
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
<b>March 31, 2017</b>					
<b>Financial liabilities - non-current</b>					
Borrowings*#	-	10,054.27	27,076.47	-	37,130.74
<b>Financial liabilities - current</b>					
Borrowings*#	-	6,040.03	10,105.85	-	16,145.88
Trade payables	-	7,238.17	929.80	-	8,167.97
Other financial liabilities	-	49.27	-	-	49.27

\* 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, 2018 and March 31, 2017. 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, 2018 and March 31, 2017.

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, 2018	March 31, 2017
Interest rates – increase by 50 basis points (50 bps)	162.42	96.76
Interest rates – decrease by 50 basis points (50 bps)	(162.42)	(96.76)

**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, 2018	March 31, 2017
Long term borrowings	3.73	3,141.86
Current maturities of long term borrowings	30,491.01	33,340.49
Short term borrowings	44,513.17	16,024.81
Less: Cash and cash equivalents	(4,802.83)	(1,200.46)
Less : Bank balances other than cash and cash equivalents	-	-
Net debt	70,205.08	51,306.70
Total equity	31,893.60	30,542.22
Gearing ratio	2.20	1.68

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.

**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**

Argan Properties Private Limited

Provident Mertya Private Limited

Provident Cedar Private Limited

**(iii) Fellow Subsidiaries**

Starworth Infrastructure and Construction Limited

Melmont Constructions Limited

**(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

Provident Housing Limited  
Notes to Ind AS Financial Statements for the year ended March 31, 2018  
(All amounts in Indian Rs. Lakhs, unless otherwise stated)

35 Related party transactions (contd.)

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

Particulars	Year ended March 31, 2018					Year ended March 31, 2017				
	Holding Company	Fellow Subsidiary	Joint Venture	Other Related Party	Key management personnel	Holding Company	Fellow Subsidiary	Joint Venture	Other Related Party	Key management personnel
<b>Loans received from</b>										
Puravankara Limited	22,017.25	-	-	-	-	2,119.64	-	-	-	-
<b>Loans repaid to</b>										
Puravankara Limited	306.44	-	-	-	-	6,938.99	-	-	-	-
<b>Interest Income on loans</b>										
Propmart Technologies Limited	-	-	-	195.33	-	-	-	-	195.34	-
<b>Gain arising from financial instruments designated as FVTPL</b>										
Purva Good Earth Properties Private Limited	-	-	639.11	-	-	-	-	1,055.96	-	-
<b>Loans given</b>										
Purva Good Earth Properties Private Limited (Debentures)	-	-	33.49	-	-	-	-	-	-	-
Puravankara Limited	12.73	-	-	-	-	994.73	-	-	-	-
<b>Loans repaid</b>										
Propmart Technologies Limited	-	-	-	-	-	-	-	-	8.99	-
Puravankara Limited	107.45	-	-	-	-	900.00	-	-	-	-
Melmont Construction Pvt Limited	-	-	-	25.00	-	-	-	-	-	-
<b>Interest on loan</b>										
Propmart Technologies Limited	-	-	-	35.00	-	-	-	-	-	-
<b>Advance to suppliers</b>										
Starworth Infrastructure and Construction Limited	-	-	-	-	-	-	100.00	-	-	-
<b>Adjustment of advance to suppliers</b>										
Starworth Infrastructure and Construction Limited	-	-	-	-	-	-	100.00	-	-	-
<b>Dividend paid</b>										
Puravankara Limited	982.50	-	-	-	-	975.00	-	-	-	-
<b>Sub-contractor cost</b>										
Starworth Infrastructure and Construction Limited	-	132.86	-	-	-	-	490.59	-	-	-
<b>Security and maintenance</b>										
Handiman Services Limited	-	-	-	290.99	-	-	-	-	660.45	-
<b>Rent</b>										
Puravankara Limited	35.33	-	-	-	-	35.00	-	-	-	-
<b>Reimbursement of Expenses to</b>										
Puravankara Limited	-	-	-	-	-	300.00	-	-	-	-
<b>Reimbursement of Expenses from</b>										
Puravankara Limited	-	-	-	-	-	5.08	-	-	-	-
<b>Advertising and sales promotion</b>										
Puravankara Limited	19.82	-	-	-	-	12.35	-	-	-	-
<b>Legal and professional</b>										
Puravankara Limited	0.22	-	-	-	-	25.18	-	-	-	-
<b>Miscellaneous expenses</b>										
Puravankara Limited	71.67	-	-	-	-	135.47	-	-	-	-
<b>Financial guarantee expense</b>										
Puravankara Limited	189.53	-	-	-	-	126.34	-	-	-	-
<b>Sub-contractor cost</b>										
Puravankara Limited	-	-	-	-	-	105.46	-	-	-	-

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

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

Particulars	Year ended March 31, 2018					Year ended March 31, 2017				
	Holding Company	Fellow Subsidiary	Joint Venture	Other Related Party	Key management personnel	Holding Company	Fellow Subsidiary	Joint Venture	Other Related Party	Key management personnel
<b>Investments in Debentures</b>										
Purva Good Earth Properties Private Limited	-	-	-	-	-	-	-	874.99	-	-
<b>Investments in Subsidiaries</b>										
Argan Properties Private Limited	-	-	-	-	-	-	-	-	1.00	-
Provident Meryta Private Limited	-	-	-	-	-	-	-	-	1.00	-
Provident Cedar Private Limited	-	-	-	-	-	-	-	-	1.00	-
<b>Guarantees ceased during the year</b>										
Puravankara Limited	24,293.01	-	-	-	-	30,000.00	-	-	-	-
Ravi Puravankara	-	-	-	-	-	-	-	-	-	30,000.00
Ashish Puravankara	-	-	-	-	-	-	-	-	-	30,000.00
<b>Guarantees availed during the year</b>										
Puravankara Limited	25,625.46	-	-	-	-	21,500.00	-	-	-	-

**(ii) Statement of balances outstanding:**

Particulars	March 31, 2018					March 31, 2017				
	Holding Company	Fellow Subsidiary	Joint Venture	Other Related Party	Key management personnel	Holding Company	Fellow Subsidiary	Joint Venture	Other Related Party	Key management personnel
<b>Loans taken</b>										
Puravankara Limited	21,710.82	-	-	-	-	-	-	-	-	-
<b>Loans given</b>										
Puravankara Limited	-	-	-	-	-	94.73	-	-	-	-
Propmart Technologies Limited	-	-	-	3,007.94	-	-	-	-	2,867.14	-
Melmont Construction Limited	-	-	-	-	-	-	-	-	25.00	-
Purva Good Earth Properties Private Limited	-	-	37.09	-	-	-	-	3.60	-	-
<b>Due to related parties</b>										
Starworth Infrastructure and Construction Limited	-	447.77	-	-	-	-	441.82	-	-	-
Handiman Services Limited	-	-	-	26.10	-	-	2.98	-	-	-
Puravankara Limited	75.58	-	-	-	-	154.40	-	-	-	-
Puravankara Investments	-	-	-	3.12	-	-	-	-	3.12	-
<b>Investments</b>										
Purva Good Earth Properties Private Limited	-	-	6,999.92	-	-	-	-	6,408.18	-	-
Argan Properties Private Limited	-	-	-	1.00	-	-	-	-	1.00	-
Provident Cedar Private Limited	-	-	-	1.00	-	-	-	-	1.00	-
Provident Meryta Private Limited	-	-	-	1.00	-	-	-	-	1.00	-
<b>Guarantees given by</b>										
Puravankara Limited	45,215.99	-	-	-	-	43,883.54	-	-	-	-
<b>Advances for land contracts</b>										
Puravankara Limited	2,800.00	-	-	-	-	2,800.00	-	-	-	-
<b>Trade Payable</b>										
Starworth Infrastructure and Construction Limited	-	-	-	-	-	-	93.40	-	-	-

**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, 2018, 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 20.

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

**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.

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Lease expense for operating leases	205.45	219.89

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

**b. Other commitments**

(i) As at March 31, 2018, the Company did not have any contracts remaining to be executed on capital account that were not provided for (March 31, 2017 - Rs. Nil).

(ii) As at March 31, 2018, the Company has given Rs.14,068.12 Lakhs (March 31, 2017: Rs.8,776.42 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**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Claims against the company not acknowledged as debts		
- Value added tax	111.00	111.00
- Service tax	4,895.42	-
	<b>5,006.42</b>	<b>111.00</b>

**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 Construction contracts**

<b>Particulars</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
(i) Amount of contract revenue recognised as revenue for the year	40,781.42	32,131.76
(ii) Amounts in respect of contracts in progress at the reporting date:		
a. Aggregate amount of costs incurred and recognised profits/(losses)	35,069.43	53,679.99
b. Amount of advances received (net)	6,169.93	5,264.41
c. Amount of work in progress and the value of inventories	52,445.80	56,178.69
d. Excess of revenue recognized over actual bills raised (unbilled revenue).	15,013.64	5,403.40

The Company has revised its project cost estimates in the current year, as a result of which the profit before tax for the year ended March 31, 2018 is lower by Rs. 1,070.58 Lakhs (March 31, 2017 - Rs.808.00 Lakhs).

**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:**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Present value of the obligation as at the end of the year	170.88	138.19
Non-current	167.56	131.53
Current	3.32	6.66

**ii. Changes in the present value of defined benefit obligation**

Defined benefit obligation as at beginning of the year	138.19	100.89
Present value of defined benefit obligation in respect of employees transferred from the Company*	-	(7.80)
Service cost	41.11	38.25
Interest cost	10.29	8.07
Actuarial (gain)/loss, net		
- change in demographic assumptions	-	-
- change in financial assumptions	(6.63)	8.41
- experience variance (i.e. Actual experiences assumptions)	(2.34)	(6.15)
Past service cost		
Benefits paid	(9.74)	(3.48)
Others	-	-
Defined benefit obligation as at the end of the year	<b>170.88</b>	<b>138.19</b>

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

Assumptions used in the above valuations are as under:

Discount rate	7.80%	7.45%
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, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

**iii. Net gratuity and leave benefits cost for the year ended March 31, 2018 and March 31, 2017 comprises of following components.**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Service cost	41.11	38.25
Interest cost	10.29	8.07
Defined benefit costs recognized in Statement of Profit and Loss	<u>51.40</u>	<u>46.32</u>

**iv. Other Comprehensive Income**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Change in demographic assumptions	-	-
Change in financial assumptions	(6.63)	8.41
Experience variance (i.e. Actual experience vs assumptions)	(2.34)	(6.15)
Defined benefit costs recognized in other comprehensive income	<u>(8.97)</u>	<u>2.26</u>

**v. Experience adjustments**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Defined benefit obligation as at the end of the year	170.88	138.19	100.90	77.22	38.62
Experience adjustments on plan liabilities	(2.34)	(6.15)	(17.60)	(2.23)	(14.13)

**vi. Sensitivity analysis**

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

	<b>March 31, 2018</b>		<b>March 31, 2017</b>	
Assumptions	Discount Rate		Discount Rate	
Sensitivity level	<b>(1.0%)</b>	<b>1.0%</b>	<b>(1.0%)</b>	<b>1.0%</b>
Impact on defined benefit obligation (Rs. Lakhs)	20.09	(16.99)	17.65	(14.76)
% change compared to base due to sensitivity	12%	-10%	13%	-11%
Assumptions	Further Salary Increase		Further Salary Increase	
Sensitivity level	<b>(1.0%)</b>	<b>1.0%</b>	<b>(1.0%)</b>	<b>1.0%</b>
Impact on defined benefit obligation (Rs. Lakhs)	(17.41)	20.25	(15.07)	17.73
% change compared to base due to sensitivity	-10%	12%	-11%	13%
Assumptions	Attrition Rate		Attrition Rate	
Sensitivity level	<b>(1.0%)</b>	<b>1.0%</b>	<b>(1.0%)</b>	<b>1.0%</b>
Impact on defined benefit obligation (Rs. Lakhs)	(2.01)	1.62	(0.08)	0.08
% change compared to base due to sensitivity	-1%	1%	0%	0%

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:

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Within the next 12 months	3.32	6.66
Between 2 and 5 years	76.58	29.66
More than 5 years	422.80	381.05
<b>Total expected payments (on undiscounted basis)</b>	<u>502.70</u>	<u>417.37</u>

**39 Standards issued but not yet effective**

Ind AS 115 Revenue from Contracts with Customers

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Indian Accounting Standard (Ind AS) 115, Revenue from Contracts with Customers. Ind AS 115 introduces a five-step model to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer (i.e., when (or as) the customer obtains control of that asset) at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for accounting periods commencing on or after April 1, 2018.

The Company will adopt Ind AS 115 effective from April 1, 2018. As at the date of issuance of the Company's financial statements, the Company is in the process of evaluating the requirements of the said standard and the impact on its financial statements in the period of initial application.

Amendments to Ind 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

**Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. As at the date of issuance of the Company's financial statements, the Company is in the process of evaluating the requirements of the said standard and the impact on its financial statements in the period of initial application.

**Transfers of Investment Property — Amendments to Ind AS 40**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. The Company will apply the amendments prospectively when they become effective and hence the Company does not expect any effect on its financial statements.

**Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. As the Company does not have advance consideration received in foreign currency, the Company does not expect any effect on its financial statements.

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>40 Unhedged foreign currency exposure</b>	Nil	Nil

**41** Till the year ended March 31, 2017, revenue from completed real estate projects was recognised upon transfer of all significant risks and rewards of ownership of real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the execution of the sale agreement/deed. Effective year ended March 31, 2018, the Company has introduced the practice of executing allotment letters with buyers prior to execution of the sale agreement/deed. The Company, based on the legal opinion, is of the view that such allotment letters have the effect of transferring all significant risks and rewards of ownership to the buyer and are legally enforceable. Consequently, revenue from completed real estate projects is now recognised upon execution of the allotment letters entered into with the buyers. On account of the aforesaid change in the basis of revenue recognition, revenue from operations for the year ended March 31, 2018 is higher by Rs.1,458.00 lakhs and the profit before tax for the year ended March 31, 2018 is higher by Rs.388.00 lakhs.

**42** The Ind AS financial statements of the Company for the year ended March 31, 2017 have been audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on May 29, 2017. The Ind AS financial information of the Company for the year ended March 31, 2017 have been included in these Ind AS financial statements and balance sheet information as at March 31, 2017 and April 1, 2016 after giving effect to the adjustments described below.

<b>Statement of profit and loss</b>	<b>For the year ended March 31, 2017</b>	
Provision for contract losses/(reversal)		
- Other expenses - Provision for contract losses (provision made)		-
- Sub-contractor cost (provision reversed/utilised)		(1,151.59)
- Other expenses - Financial guarantee expense		126.34
Tax expense - Deferred tax (tax effect on above)		398.54

  

<b>Balance Sheet</b>	<b>As at April 1, 2017</b>	<b>As at April 1, 2016</b>
Current liabilities - Provisions - Provision for contract losses	2,311.48	3,463.07
Non current assets - Deferred tax asset (net)	465.56	1,110.80
Other equity - Other contributions from shareholders	831.25	831.25
Other equity - Retained earnings	29,705.97	27,876.79
Other current assets - Prepaid expenses	1,522.18	1,436.65

Accordingly, the accompanying financial statements have now been restated effecting the above change.

**Provident Housing Limited**  
**Notes to Ind AS Financial Statements for the year ended March 31, 2018**  
**(All amounts in Indian Rs. Lakhs, unless otherwise stated)**

**43 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.

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

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

**per Adarsh Ranka**  
Partner  
Membership no.: 209567

**Nani R Choksey**  
Director  
DIN 00504555

**Ashish R Puravankara**  
Director  
DIN 00504524

Bengaluru  
May 11, 2018

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