

B S R & Co. LLP

Chartered Accountants

14th Floor, Central Wing B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway, Goregaon (East),
Mumbai – 400 063

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Independent Auditors' Report

To the Board of Directors of PHL Fininvest Private Limited

Report on the Audit of the Annual Financial Results

Opinion

We have audited the accompanying annual financial results of PHL Fininvest Private Limited (“the Company”) for the year ended 31 March 2021, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid annual financial results:

- (i) are presented in accordance with the requirements of the Regulation 52 of Listing Regulations in this regard; and
- (ii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive income, and other financial information for the year ended 31 March 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under section 143(10) of the Companies Act, 2013 (“the Act”). Our responsibilities under those SAs are further described in the *Auditor’s Responsibilities for the Audit of the Annual Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the annual financial results.

Emphasis of matter

- (i) As more fully described in Note 6 and 9 to the financial results, the extent to which the COVID-19 pandemic will have impact on the Company’s financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

Registered Office:

Independent Auditors' Report (*Continued*)

PHL Fininvest Private Limited

Management's and Board of Directors' Responsibilities for the Annual Financial Results

These annual financial results have been prepared on the basis of the annual financial statements. The Company's Management and Board of Directors are responsible for the preparation and presentation of these annual financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual Financial Results

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

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

Independent Auditors' Report (*Continued*)

PHL Fininvest Private Limited

Auditor's Responsibilities for the Audit of the Annual Financial Results (*Continued*)

- Identify and assess the risks of material misstatement of the annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the annual financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial results, including the disclosures, and whether the annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Independent Auditors' Report (Continued)

PHL Fininvest Private Limited

Other Matters

The annual financial results include the results for the half year ended 31 March 2021 and the corresponding previous period half year ended 31 March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures for the half year ended 30 September 2020 and 30 September 2019 respectively, which were subject to limited review by us.

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

Chartered Accountants

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

VENKATARAMAN Digitally signed by
VENKATARAMANAN VISHWANATH
AN VISHWANATH Date: 2021.05.13 18:10:01 +05'30'

Venkataramanan Vishwanath

Partner

Membership No: 113156

ICAI UDIN: 21113156AAAACL1045

Bengaluru
13 May 2021

PHL Fininvest Private Limited

Statement of standalone financial results for the year ended March 31, 2021

(Currency : Rs in lakhs)

Particulars	6 months (Current 6 months) ended (31/03/2021)	6 months (Corresponding 6 months in the previous year) ended (31/03/2020)	Current year ended (31/03/2021)	Previous year ended (31/03/2020)
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue from operations				
Interest income	85,642	99,063	191,151	193,122
Fees and commission income	41	66	105	85
Net gain on fair value changes	4,276	(705)	9,536	1
Revenue from operations-I	89,959	98,424	200,792	193,208
Other income-II	-	65	-	65
Total income (I+II)	89,959	98,489	200,792	193,273
Expenses				
Finance costs	49,612	60,860	106,228	119,687
Fees and commission expenses	3,388	4,196	6,816	7,147
Net loss on derecognition of financial instruments under amortised cost category	2,346	-	2,346	-
Impairment on financial instruments	3,630	44,138	8,831	42,187
Employee benefits expenses	1,699	727	2,912	1,693
Depreciation, amortisation and impairment	193	45	241	83
Other expenses	4,021	2,364	6,897	7,100
Total expenses	64,889	112,330	134,271	177,897
Profit / (loss) before tax	25,070	(13,841)	66,521	15,376
Tax expense	6,858	(2,016)	17,407	6,441
Profit / (loss) for the period / year	18,212	(11,825)	49,114	8,935
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of the defined benefit plan	3	(4)	(63)	(77)
Income tax relating to items that will not be reclassified to profit or loss	(1)	(7)	16	19
Total comprehensive income for the period / year	18,214	(11,836)	49,067	8,877
Earning per equity share (basic and diluted) (face value INR 10) (Not annualised)	2.90	(2.32)	7.80	1.99

PHL Fininvest Private Limited

CIN: U67120MH1994PTC078840

Registered Office: 4th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower, Parel, Mumbai- 400013

T+91 22 6230 9300

1. The standalone annual financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The standalone annual financial results have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS, prescribed under section 133 of the Companies Act 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India.
2. In compliance with Regulation 52 of the Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, the audited of standalone financial results for the year ended 31 March 2021 has been carried out by the Statutory Auditors.
3. The above standalone financial results for the year ended 31 March 2021 has been reviewed by the Audit and Risk Management Committee and subsequently approved by the Board of Directors of the Company in its meeting held on 13 May 2021.
4. Figures for the half year ended 31 March 2021 and half year ended 31 March 2020 are the balancing figures between the audited figures in respect of full year and year to date unaudited figures for the half year ended 30 September 2020 and half year ended 30 September 2019 respectively.
5. The Company has incorporated 'Piramal Finance Sales and Service Private Limited' as 100% subsidiary company w.e.f. 9 September 2020.
6. The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India ('RBI') has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Company has proposed a moratorium of three months on the payment of all principal instalments and/ or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers classified as standard, even if overdue as on 29 February 2020, excluding the collections made already in the month of March 2020. Further, in line with the additional Regulatory Package guidelines dated May 23, 2020 the Company granted a second three-month moratorium on the payment of principal instalments and/ or interest, as applicable, falling due between June 1, 2020 and August 31, 2020. For all such accounts where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Company's policy).

The Supreme Court through an interim order dated September 03, 2020 directed that accounts which were not declared non-performing till August 31, 2020 shall not be declared non-performing after August 31, 2020. Pursuant to the Supreme Court's final order and the related RBI notification issued on April 7, 2021, the Company has classified the borrower accounts as Credit impaired (Stage -3) as at March 31, 2021.

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Further, the Company has, based on current available information estimated and applied management overlays based on the policy approved by the Board for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information including credit reports and economic forecasts upto the date of approval of these standalone financial results. Accordingly, the provision for expected credit loss on financial assets as at March 31, 2021 aggregates Rs. 72,004 lakhs (Rs. 63,173 lakhs as at March 31, 2020) which includes potential impact on account of the pandemic. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Company's performance will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. Given the uncertainty over the potential macro-economic condition and other related matters, the impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone annual financial results and the Company will continue to closely monitor any material changes to future economic conditions.

7. RBI circular dated April 7, 2021 advised all lending institutions to put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 01, 2020 to August 31, 2020 in conformity with the Supreme Court judgement dated March 23, 2021 ("Supreme Court judgement"). Further, the circular stated that in order to ensure that the Supreme Court judgement is implemented uniformly in letter and spirit by all lending institutions, methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalized by the Indian Banks Association ("IBA") in consultation with other industry participants/bodies, which shall be adopted by all lending institutions and also advised all lending institutions to disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial results for the year ended March 31, 2021. As per the IBA clarification, the Company has estimated the said amount and recognized a reversal in its Statement of Profit and Loss Account for the year ended March 31, 2021.

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8. Disclosure in terms of RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April, 17, 2020 relating to “COVID-19 Regulatory Package – Asset Classification and Provisioning” are given below:

Sr. no.	Particulars	As on March 31, 2021	As on March 31, 2020
(i)	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in term of paragraph 2 and 3 of the circular	58,550 lakhs	-
(ii)	Respective amount where asset classification benefits is extended	58,550 lakhs	-
(iii)	Provisions made in terms of paragraph 5 of the circular	5,855 lakhs	-
(iv)	Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 of the circular	-	-
(v)	Residual provision in terms of paragraph 6 of the circular	5,855 lakhs	-

Note: The Company has created provision as per RBI circular dated 17 April 2020 on those assets which were under default on date of granting moratorium even though the assets classification of those assets would not have been changed.

9. During the year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on 6 August 2020.

- i) Disclosure as per format prescribed under notification no. RBI/2020-21/16 DOR.No.BP. BC/3/21.04.048 /2020-21 for the year ended 31 March 2021

	(A)	(B)	(C)	(D)	(E)
Type of borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate persons*	-	65,699 lakhs	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	-	65,699 lakhs	-	-	-

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* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016.

- ii) Disclosure as per format prescribed under notification no. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 (for restructuring of accounts of Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than or equal to Rs. 25 crores) for the year ended 31 March 2021.

No. of accounts restructured	Amount
Nil	Nil

Under the ‘Resolution Framework for COVID 19 – related stress’ guidelines issued by RBI dated 6 August 2020, the Company has invoked the resolution for the aforesaid eligible borrowers before 31 December 2020 wherein the Company has 180 days to implement the resolution from the date of revocation invocation, the Company has classified these assets as stage 2, after considering the likely terms of restructuring pending final implementation of resolution plan.

10. The Company’s business activity falls under one business segment (i.e. investing and lending) and business operations are concentrated in India, hence there is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.
11. The secured listed non-convertible debentures of the Company aggregating to Rs. 4,274 lakhs as on 31 March 2021 are secured by way of first pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over the specifically mortgaged property.
12. The Asset cover on the secured listed non-convertible debentures of the Company exceeds hundred percent of the principal amount of the said debentures.
13. There are no unsecured listed non-convertible debentures outstanding as on 31 March 2021 of the Company.
14. During the year, the Company has acquired a portion of lending portfolio comprising of loan book assets of Rs. 376,223 lakhs from its fellow subsidiary Piramal Capital & Housing Finance Limited. Further, the Company has transferred a portion of loan book assets of Rs 486,547 lakhs to its fellow subsidiary Piramal Capital & Housing Finance Limited. The afore-mentioned loan transfer transactions were settled in cash.
15. Figures for the previous period/ year have been regrouped wherever necessary, in order to make them comparable.

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Disclosures in terms of Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended 31 March 2021

Annexure 1

1. The Company has paid interest and principal on Non-Convertible Debentures on due dates. Details of payment of interest / principal required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in Annexure A.

2. Credit rating issued to PHL Fininvest Private Limited:

Nature of borrowings	Rating Agency	Rating Assigned
NCD	CARE Ratings Limited	CARE AA- (Stable)*
Commercial Paper	CARE Ratings Limited	CARE A1+
Long Term / Short Term Bank facility	CARE Ratings Limited	CARE AA- (Stable) / CARE A1+ **

* The credit rating has been re-affirmed to CARE AA- and outlook has been revised from Stable to Under Credit watch with developing implications w.e.f. 07 April, 2021

** The credit rating has been re-affirmed to CARE AA- (Stable) / CARE A1+ and outlook has been revised from Stable to Under Credit watch with developing implications w.e.f. 02 February, 2021

3. Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.

4. There is no material deviations in the use of the proceeds from the issue of Non-Convertible Debentures.

5. Debt-Equity ratio as on 31 March 2021 is 1.49

6. Net worth (i.e. Shareholders' funds reduced by Intangible assets and Intangible assets under development) as on 31 March 2021 is Rs. 520,544 lakhs

7. Net profit after tax (i.e. Total comprehensive income) as on 31 March 2021 is Rs 49,067 lakhs

8. Earnings per share as on 31 March 2021: Basic Rs.7.80 and Diluted Rs.7.80

9. Outstanding redeemable preference shares: Not Applicable

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Details of payment of interest / principal of the Non-Convertible Debentures in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Annexure A

Sr. No	Issue Description / Particulars	ISIN	Previous Due Date (1 st October 2020 to 31 st March 2021)		Next Due Date (1 st April 2021 to 30 th September 2021)	
			Principal	Interest	Principal	Interest
1	NCD	INE02LM07048	-	-	-	13-Aug-2021

- Please note for coupon payments which were due / are due on non-business convention day is to be paid on the next business working day
- Please note for principal repayment is due along-with coupon on non-business convention day the same is to be paid the preceding business working day

Note: Timely payment of interest/ principal has been made by the Company for the above Non-Convertible Debentures ('NCD') during the period 1st October, 2020 to 31st March, 2021.

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13th May 2021

National Stock Exchange of India Limited

Plot No. C/1, G. Block,
Exchange Plaza, 5th Floor,
Bandra-Kurla Complex,
Mumbai – 400 051

BSE Limited

1st Floor, P.J. Towers,
Dalal Street,
Mumbai – 400 001

Sub: Declaration in respect of Auditors Report with Unmodified Opinion

Dear Sir / Madam,

We hereby declare that the Statutory Auditors of the Company, BSR & Co. LLP, Chartered Accountants (LLP Reg. No. 101248W/W-100022), have issued the Audit Report with unmodified opinion in respect of the Audited Financial Statements of the Company for the year ended 31st March, 2021.

Request you to please take the above on record and oblige.

Sincerely,

For PHL Fininvest Private Limited

VIKAS

PURUSHOTTAM

TAREKAR

Vikas Tarekar

Company Secretary

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PHL Fininvest Private Limited

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phlfininvest.in

13th May 2021

National Stock Exchange of India Limited

Plot No. C/1, G. Block,
Exchange Plaza, 5th Floor,
Bandra-Kurla Complex,
Mumbai – 400 051

BSE Limited

1st Floor, P. J. Towers,
Dalal Street,
Mumbai – 400 001

Sub: Declaration in respect of no deviation in use of proceeds of Non-Convertible Debentures under Regulation 52(7) of Listing Regulations

Dear Sir / Madam,

Pursuant to Regulation 52(7) of the Listing Regulations, we hereby state that there is no material deviation in use of proceeds of issue of Non-Convertible Debt Securities from the objects stated in the offer document for the half year ended 31st March 2021.

Request you to please take the above on record and oblige.

Sincerely,

For PHL Fininvest Private Limited

VIKAS
PURUSHOTTAM
TAREKAR

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Date: 2021.05.13 16:28:40
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Vikas Tarekar
Company Secretary

PHL Fininvest Private Limited

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