NIIF IFL

ANNUAL REPORT
2020-21

CHAIRMAN'S MESSAGE TO SHAREHOLDERS

Dear Shareholders,

It gives me great pleasure to present to you the Annual Report of your company for the year 2020-2021. The year that has gone by has been a year of challenges, uncertainties, trials and tribulations, impacting lives and livelihoods, and testing the resolve and resilience of human fortitude. Our country has been one of the most impacted nations, with sinusoidal peaks and recoveries across the year or so. The pandemic hit the Indian economy hard, rampaging through every sector, leaving chaos in its wake. It is, however, reassuring to witness the swift recovery from the second wave of the pandemic. It is heartening to note that many economies across the world, have taken baby steps to come back to normalcy, in an attempt to re-stitch the socio-economic fabric torn by the pandemic. With the largest vaccination drive in the world gaining momentum and more than 50 lakh vaccines being administered daily, I believe that we are edging closer and closer towards normalcy while not letting our guard down. Despite such a challenging environment, I am glad to report that your company has moved forward unscathed and gained pace in these testing and stressful times.

The pandemic created new models of business, as staff worked from home. Your company acted with alacrity and transitioned into a virtual mode, almost overnight, to ensure the health and safety of our workforce while keeping operations seamless for the stakeholders. While it was tough on the team at the beginning, I am glad to inform that the camaraderie, the dedication and the team-spirit that was displayed by the team in rising to the occasion and serving the stake holders has been second to none. The resilience and unwavering enthusiasm shown by the team has been phenomenal.

I am also happy to share that your company was able to organize vaccination for all employees and their families to ensure their safety and wellbeing. With relaxation of restrictions imposed by the local government and our employees receiving vaccination, your company is gradually resuming to physical presence albeit in a calibrated manner.

The Macro Situation

Due to COVID-19, the global economy and markets were significantly impacted at the beginning of the year. Our country was no exception. India saw its first full-year real GDP contraction in four decades, which stood at 7.9%.

The series of measures by the Indian government like the Aatmanirbhar package, liberalization of FDI rules, the PLI scheme and the financial assistance to the needy helped cushion the impact, and the economy saw some green shoots in the form of the GDP growth of 1.6% in Q4 FY21, which was the strongest quarter of the year.

Going forward, these policies of the government, along with the measures announced in the union budget presented by the finance minister in February, are expected to carry the economic growth in FY22, which found resonance in IMF's forecast of India's GDP growth at 9.5% in FY22.

On a global level as well, many governments announced policies to help their respective economies recover from the pandemic, and

Moody's expects the global economy to grow 6% in 2021 and 4.9% in 2022.

Your Company's Performance

I am extremely pleased to report that your company was able to demonstrate robust growth in business, despite the challenging economic environment. Your company achieved the distinction of being one of the fastest growing institutions in its class in the country. During FY21, our assets grew by 32%. Concomitant with the growth in business, the profitability of the company has also seen substantial growth. All the qualitative metrics of the company like return on equity, return on assets, capital adequacy ratio have all shown handsome improvement. Capital adequacy ratio stood at 23.4%, well above the minimum regulatory threshold. I am happy to state that this success has been achieved due to the long term strategic vision articulated by the Board complemented by the execution skills of the team. In the wake of the pandemic, the company adopted a policy of cautious growth and accordingly, leverage of the company came down. The Board adopted a policy of creating countercyclical provisions much above the regulatory prescription, to cushion the Company against future shocks. I am also glad to inform that your company has been maintaining a 'nil NPA status' since inception.

Capital Infusion by GoI and National Investment Infrastructure Fund ("NIIF")

During the year, your company has received a fresh capital of Rs.910 crores. This additional capital would support the Company's growth in the years to come and achieve our aspiration of being the go-to lender for the infrastructure sector in India.

Focus on Environmental, Social and Governance

The Intergovernmental Panel on Climate Change report released on the 9th of August 2021 highlighted the direction the world is headed in, and the need for swift action by humankind. Your company is committed to protect the planet for the next generations and contribute its mite to help reduce emissions.

During the year, your company has put in place a robust E&S Policy as a part of its risk-management practices. Your company now undertakes E&S Diligence for funding proposals using the International Finance Corporation (IFC) - Performance Standards and tracks and monitors the portfolio continuously for on-going compliance.

As NIIF-IFL continues its journey towards becoming one of the largest lenders to the infrastructure sector of India, it is my belief that we will play a major role in making the sector not just ESG compliant, but actively seek to develop ESG consciousness in the portfolio companies as well.

During the year, Mr. Ashwani Kumar, former chairman of Indian Banks Association joined the Board as an independent director, further giving impetus to the governance of the Company.

Corporate Social Responsibility

As a conscientious corporate citizen of India, we are committed to contributing towards the wellbeing of our society. The focus of our CSR Activities has been on creating a material, visible and lasting impact on the lives of the disadvantaged sections of the public. The focus of your company's CSR activities is on gender equality and women's empowerment, healthcare, skilling, rural education, environmental sustainability, arts and culture, amongst other things.

During the year FY 2021, your company provided support to enhance e-learning in schools for the underprivileged children, arranged employment related training to disabled youths, supported to procure and distribute 300 tactile mathematical kits to blind students, provided emergency financial support for cancer treatment of 100 underprivileged children and also contributed to PM national relief fund to combat Covid 19 pandemic.

Going Forward

At NIIF-IFL, the focus will continue to be on scaling up the business, deepening the existing relationships, maintaining credit quality and building new relationships. On the liability front, your company will continue to focus on lowering the cost of raising resources to remain competitive in the market. Sustainability as a theme will be taken forward further during the coming years. Your company has initiated an overhaul of the technology platform to make it more robust and resilient to shocks like Covid. These initiatives will be completed during the coming few months. To meet the aspirational business goals, the team strength is being bolstered.

All in all, your company is poised to grow from strength to strength in the coming year and demonstrate a strong performance.

I take the opportunity to thank all the stakeholders for their support during the challenging times.

CEO's MESSAGE TO SHAREHOLDERS

Dear Shareholders,

Financial year 2020-21 has drastically changed the way we do business, we interact with each other, source and serve customers. The whole world has experienced deep changes right from better awareness towards health, realizing the vigor of flexibility in businesses, and to rapid digitalization. A lot we see around today, was barely there a year back and yet, we have all seamlessly become a part of 'this new normal.' Also with a plethora of vaccines and new therapies that modern science and the pharmaceutical industry have delivered at unmatched speed, humanity is not as helpless as when the pandemic first struck. We are a resilient and adaptable species. With discipline, focus and fortitude, we shall overcome.

Our business performance in the year gone by is also a reflection of that innate resilience, agility and adaptability. In spite of all the volatility and challenges posed by the pandemic, our team has stayed steadfast in their focus and commitment and displayed great amount of resilience to smoothly transition into this new world. I would like to thank our team for their hard work, commitment and perseverance to weather this crisis and to get our company prepared to cope with this situation. I would also like to extend my gratitude for the generous support and guidance received from our Chairman and the Board. As the nation continues to fight the pandemic, a huge round of applause for the saviors of our economy – our frontline workers, esteemed regulatory bodies and the respected government. I have extreme gratitude and appreciation for them, and the initiative taken by them to keep our financial system functioning. Together, we will win and emerge stronger from this crisis.

From a business standpoint, the pandemic certainly created turmoil and impacted almost every business/ industry in some or other way. Your Company, backed by prudence, proactiveness and preparedness, ensured business continuity seamlessly and all operations and business went on as usual despite challenges posed by Covid-19 and lockdown.

It gives me immense pleasure to share with you our Annual Report for FY 2021. In the year gone by, we financed infrastructure projects across sectors including renewable power, transmission, SEZs, hospitals, and education and achieved many key milestones.

Capital infusion:

The Government of India ("GOI") in their budget announcement as well as part of the Atmanirbhar Package 3.0 announced by the Hon'ble Finance Minister of India, committed capital infusion of upto INR 6,000 crore in the debt platform of NIIF Fund II.

As part of this scheme, we received Rs 185 crore as the first tranche in form of Compulsory Convertible Preference Shares ("CCPS") from the Government of India along with Rs 470 crore equity infusion from our sponsor Aseem Infrastructure Finance Ltd. (AIFL) and controlling stakeholder NIIF Fund II.

Continuing our performance:

"During the year, despite a challenging liquidity scenario in the industry, we achieved good growth in loan book and profit after tax with our portfolio quality continuing to remain robust."

During the year, our Company grew its loan book significantly from Rs 6,389 Crores to Rs. 8,432 crores by refinancing several operational infrastructure projects across multiple sectors. Gross disbursements made were Rs 3,120 crore. We increased our exposure in sectors like solar power, power transmission, education, telecommunication infrastructure, ports, and other commercial infrastructure projects.

We have maintained strong ties with various investors including banks, insurance companies, mutual funds etc. The outstanding borrowing as on March 31, 2021 stood at Rs. 7,133 crores after adjusting for the principal repayments made during the year. All the issuances were rated "AAA" by the rating agencies ICRA and CARE.

Business Review

Our businesses of investments in the infrastructure sector is expected to drive the revival of the Indian economy and contribute extensively toward infrastructure development. Our focus will continue to be in various sectors such as renewable energy, road infrastructure, social infrastructure and new sectors such as airports and logistics. As each of these sectors represent a key element for the development of a growing economy, we recognise the huge and growing market potential across all sectors we operate in.

Building resilience and responsiveness

Being well-capitalised and asset healthy, we remain poised to take advantage of the favourable industry dynamics and to grow profitably. In fact, our growth in business is expected to be higher and even more profitable than the pre-COVID days, considering the multiple attractive opportunities that are likely to emerge with certain regulatory changes. We are working towards building a responsible and highly profitable business, offering better returns to shareholders.

Concluding remarks

Having built a top quality business at NIIF IFL, we are working every day to be more responsive to the current dynamic environment and build a resilient and sustainable business. With an experienced management team, efficient risk management processes and a strong position in refinancing infrastructure loans, we are strategically positioned to embark on our next level of growth. Our strong capitalisation levels, low leverage, robust asset quality and comfortable liquidity position give us the confidence to move forward with vigour.

"We are working towards building the nation, strengthening its infrastructure, and offering better returns to various stakeholders. We foresee greater opportunities to deliver continuous growth and create value for our customers, employees, lenders, shareholders and the nation."

Thanking You

Sadashiv S. Rao
Chief Executive Officer (CEO)

BOARD OF DIRECTORS

Mr. Surya Prakash Rao Pendyala
(Chairman)

Mr. Prakash Rao is an Executive Director- Investments in National Investment and Infrastructure Fund Limited (NIIF). Prakash is a seasoned professional with 35 years of rich experience in the financial services sector. His areas of expertise include corporate finance, project finance, infrastructure lending, infrastructure investments, credit risk management, strategy and building new businesses.

In his most recent role before joining NIIF, Prakash spent over three decades with State Bank of India (SBI) and has led several key positions during his tenure with SBI. He was also the Deputy CEO of SBI Macquarie Infrastructure Fund (USD 1.2 billion), where he was instrumental in the fund's investments into airports, telecom towers, thermal power, small hydro, and transportation sectors. In his last position at SBI, Mr. Prakash was the Chief General Manager in Charge of Tamil Nadu and Pondicherry operations, where he lead a team of 20,000 employees managing a balance sheet of USD 30 billion spread across 1100 branches. He is a Cost and Management Accountant, having passed with a Merit Certificate, and holds a Diploma in Business Finance. He has participated in many executive education programmes from Harvard Business School, Duke University, Indian Institute of Management Ahmedabad, Indian School of Business and Indian Institute of Management, Calcutta.

Mr. Rajiv Dhar
(Nominee Director of National Investment and Infrastructure Fund II)

Mr. Rajiv Dhar is Chief Operating Officer at NIIF. Rajiv has over three decades of rich experience across multiple sectors, including Financial Services, Telecom, Oil & Gas (upstream and downstream), Construction, and Real Estate, spanning across several countries. With an excellent track record of demonstrated leadership in Corporate Finance, Strategic Planning, M&A, cost control, risk management, tax, restructuring and governance segments, he has led several successful capital raising assignments (project recourse and general corporate purposes) and has excellent relationships with leading banks and multilateral finance agencies across the globe.

Before joining NIIF, Mr. Rajiv Dhar was Executive Director with Omzest Group, One of the most diversified and respected Group, based out of Oman. At Omzest, Rajiv was responsible for managing strategy and finance functions for the holding company and was on the Board and Committees of crucial portfolio companies of the Group.

Before Omzest, Rajiv worked with the TATA Group for 15 years with different entities across various management and leadership roles in various Tata group companies.
He is a commerce graduate, and is a member of the Institute of Chartered Accountants of India. He has also completed the Executive Development Program at Wharton Business School andLeadership Management Program at Harvard Business School.

Mr. A K T Chari
(Nominee Director of National Investment and Infrastructure Fund II)

Mr. A.K.T Chari was Head/Advisor, Infrastructure Finance, in IDFC Limited. A keen Project Finance Specialist, he has over 40 years of experience in Finance Sector. Prior to joining IDFC, Mr. Chari worked with the Industrial Development Bank of India (IDBI) for 25 years where he held the position of Chief General Manager/Adviser-Project/Infrastructure and Corporate Finance. In this role, his responsibilities included appraisal of projects - infrastructure and industrial, project monitoring and portfolio management in the SME and venture capital sectors. He has been on the Board of Directors of various companies as Independent Dirctor/Nominee Director.

BOARD OF DIRECTORS

Ms. Ritu Anand
(Independent Director)

Ms. Ritu Anand has over 35 years of extensive experience in working with financial institutions, multilateral development agencies and government and regulatory authorities in the areas of economics and public policy. She was Group Head, Chief Economist and Principal Advisor at IDFC Limited. She served as Chief Economic Advisor and Deputy Managing Director at State Bank of India. Ms. Anand served as Lead Economist at The World Bank, Washington DC, U.S.A. She was Officer on Special Duty at the RBI and Consultant on the Sixth Finance Commission, GOI. She has been a member of and contributed to various government committeess. She also has several publications and papers on macroeconomic, infrastructure and financial sector issues.

Ms. Anand holds a Masters degree in Economics from the London School of Economics and Bachelor degree in Arts from Wellesley College, Massachusetts, USA and St. Xavier's College, Mumbai.

Mr. Ashwani Kumar
(Independent Director)

Mr. Ashwani Kumar is a seasoned banker having an experience of around 37 years. He was the Chairman and Managing Director of Dena Bank for a term of 5 years w.e.f. 1.1.13 to 31.13.17. Before being elevated to the post of CMD Dena Bank he was an Executive Director in Corporation Bank. He was appointed by the Government of India as a Director on the Board of Life Insurance Corporation of India (LIC) where he was a Director for a little more than 5 years. He was also the Chairman Audit Committee and Risk Management Committee, Member of Investment Committee, Executive Committee of LIC. As the Chairman of Indian Banking Association (Sept 2015- Oct 2016), Mr. Kumar effectively liaisoned with the Reserve Bank of India, Government of India and other Statutory bodies to promote sound and progressive banking practices. He was the President of Indian Institute of Banking & Finance (IIBF), Chairman of Institute of Banking Personnel Selection (IBPS). He was also a member of Board of Supervision NABARD.

Currently, he is on Board of a few Companies and is the Chairman of the External Review Committee of CARE Rating Limited. He is also a member of Settlement Advisory Committee of Airport Authority of India. He is empaneled as an Independent External Monitor (IEM) by Central Vigilance Commission of India and is currently IEM for Bank of India, Union Bank of India and Kamarajar Port Ltd.

Mr. Ashwani Kumar is a Certified Associate of the Indian Institute of Bankers. He holds a Masters degree in Science from Lucknow University. He has attended number of training programmes notably at Kellogg School of Management Chicago, NIBM and other reputed institutions. He has also attended on the job training in Bullion at Nova Scotia London and Societe Generale Paris.

MANAGEMENT TEAM

Mr. Sadashiv S. Rao
Chief Executive Officer

Mr. Sadashiv S. Rao is the CEO of NIIF Infrastructure Finance Limited (NIIF IFL). He has over 34 years of experience in project finance, investment banking and advisory services. In his previous roles at IDFC, he held the positions of Chief Risk Officer, Chief Credit Officer, Senior Director - Corporate Finance, Head - Operations (North) and Vice President - Operations (Energy Sector).

Mr. Rao has been involved in evaluating, advising, structuring and raising monies for over 500 proposals through debt, equity and mezzanine finance. He was also a member of the committee constituted by the Government of India for setting up the Power Trading Corporation.

Prior to joining IDFC, Mr. Rao served Reliance Capital Ltd. as Head of the Investment Banking division. In his previous experience, he also held key positions with ICICI Ltd., Hindustan Petroleum Corporation Ltd. and Procter and Gamble.

Mr. Rao holds an MBA from the Indian Institute of Management, Bangalore and a B.Tech. degree from Indian Institute of Technology, Kanpur.

Mr. Debabrata Mukherjee
Chief Business Officer

Debabrata joined the Company in August 2015. He is primarily responsible for business development, fund raising, overseeing the evaluation and delivery of investment and credit proposals and portfolio performance.

In a career spanning over 27 years in financial services, Debabrata has worked with leading Indian and global institutions across corporate and project finance, special situation investments, advisory services and investment banking. He has worked on all forms of capital - debt, mezzanine and equity and has been involved in evaluating, advising, structuring and funding of projects with capital outlay of over US$ 10 billion. In his previous role, Debabrata was a Senior Director in the project finance business of IDFC, where he led debt and structured investments across diverse sectors in the infrastructure domain including transport, social infrastructure, hospitality, industrial and commercial real estate. He also worked on special situation investments and corporate advisory transactions in IDFC, advising infrastructure developers in power, transport and telecom sectors on business plan and investment opportunities, bidding for PPP projects, risk mitigation and financial structuring. Prior to joining IDFC, Debabrata worked in the areas of corporate finance and investment banking and held key positions in ASK Raymond James, BNP Paribas and SBI Capital Markets. He led and managed transactions for several Indian business houses and multinational clients across a wide range of products spanning M&A, equity and debt capital markets and financial engineering. Debabrata holds a Post Graduate Diploma in Business Management from Indian Institute of Management, Bangalore and a Bachelor's degree in Mechanical Engineering from Jadavpur University, Kolkata.

Mr. Dhananjay Yellurkar
Chief Risk Officer

Dhananjay joined the company in January 2016. He is the Chief Risk Officer of the company and responsible for developing and implementing NIIF IFL's risk management framework, ensuring a sound risk awareness culture and monitoring the risk management activities in the company, in order to build and safeguard a healthy portfolio of infrastructure project assets. He has over three decades of experience in the financial services sector with leading institutions in India in the areas of risk management, project finance and advisory services.

Before moving into his current role, Dhananjay was Head – Risk and Asset Monitoring Group at L&T Infrastructure Finance Company Ltd. and was responsible for overseeing the risk function for the wholesale finance platform of L&T Financial Services. Prior to his 5 year stint with L&T Infrastructure Finance Company Ltd., Dhananjay held key positions in the areas of infrastructure advisory and corporate finance with CRISIL Risk & Infrastructure Solutions Limited, Ernst &Young and ICICI Ltd.

Dhananjay holds a Master in Business Administration degree from Northeastern University, Boston and a Bachelor's degree in Electronics & Communications Engineering from Karnatak University, Dharwad.

MANAGEMENT TEAM

Mr. Srinivas Upadhyayula
Head - Legal & Compliance

Srinivas Upadhyayula is presently the Head Legal, Compliance and Secretarial of NIIF Infrastructure Financial Limited. Prior to this assignment Srinivas has worked as a Senior Director (Legal) in the Special Situations Management Group (SSMG) of IDFC Ltd. Srinivas has around 30 years of rich experience in legal, documentation of project & non-project finance, corporate finance and infrastructure finance documentation, including litigation management & recovery management in the Banking and Financial sector. He is having expertise in leading the delinquent accounts, recovery planning and in regular reviewing of the non-performing assets of the loan portfolio to identify trends and significant changes for effective recovery and financial restructuring and a structuring of the loans.

Prior to IDFC Limited, Srinivas was working with Asset Reconstruction Company (India) Ltd (Arcil) (the first Asset Reconstruction Company established in India and is a prominent player in the Distressed Assets) as Senior Vice - president & Group Head - Legal.

Srinivas started his career as an Advocate on Civil and Labour side in the District Courts of Vizianagaram and Visakhapatnam. He then worked with Sterling Tree Magnum (India) Ltd (a Sterling group company), and as Law officer in Canara Bank & as DGM (Legal) IDBI Bank Ltd.

He completed his Bachelor of Laws with specialisation in Company Law and Banking Law from Andhra University. He has also completed his CAIIB.

His interests include tracking the stock market & reading of various magazines and articles on litigation.

Mr. Sanjay Ajgaonkar
Chief Financial Office

Sanjay Ajgaonkar has over 25 years of experience in finance, accounting and compliance. Prior to joining NIIF IFL team, Sanjay was associated with IDFC Alternatives, Blue River Capital, HBL Global Pvt. Ltd. (a group company of HDFC Bank Limited), Infrastructure Leasing & Financial Services Limited (IL&FS) and Tata Finance Limited.

Sanjay is a Chartered Accountant, Cost Accountant and Company Secretary and holds a Bachelor's degree in Commerce from Mumbai University.

BUILDING A BETTER WORLD

COMMUNITY EMPOWERMENT AND SOCIAL UPLIFTMENT IS OUR PRIORITY

Our Corporate Social Responsibility Endeavors

Health Care

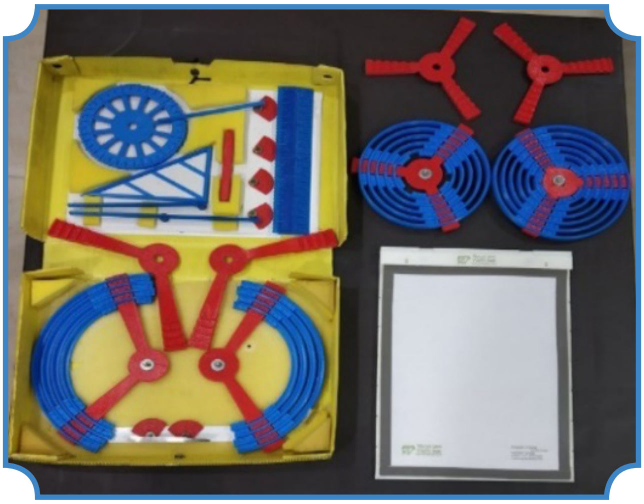
Provided financial support to Tata Memorial Centre to provide emergency financial support for 100 poor kids to ensure timely investigations are done, and immediate supportive treatment is provided so that cancer directed therapy can be started early and not delayed;

Education

- Joined hands with 17000 ft foundation to provided support to enhance e-learning in schools of Laddakh for the underprivileged students.
- Provided support to seven schools serving the underprivileged children through Isha Foundation

BUILDING A BETTER WORLD

Uplifting Underprivileged



- Empowering individuals with visual impairment and multiple disabilities by enabling access to appropriate assistive technology solutions for education, work and independent living in an affordable and sustainable manner by disseminating “Tactile Mathematics Kit” to 300 Students with Visual Disabilities for the academic year 2021-22;
- Provided support for employment related online training to 200 youths with disabilities to help them move from their present vicious cycle of poverty to the virtual cycle of opportunity; Through these programs NIIF IFL aims to provide high-quality school education and employment opportunities to underprivileged students and youth to enable them to have a dignified life.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Surya Prakash Rao Pendyala
Chairman (Nominee of NIIF II)

Mr. Rajiv Dhar
Non- Executive Director (Nominee of NIIF II)

Mr. A K T Chari
Non- Executive Director (Nominee of NIIF II)

Ms. Ritu Anand
Independent Director

Mr. Ashwani Kumar
Independent Director

MANAGEMENT TEAM

Mr. Sadashiv S. Rao
Chief Executive Officer

Mr. Debabrata Mukherjee
Chief Business Officer

Mr. Dhananjay Yellurkar
Chief Risk Officer

Mr. Srinivas Upadhyayula
Head- Legal & Compliance

Mr. Sanjay Ajgaonkar
Chief Financial Officer

KEY MANAGERIAL PERSONNEL

Mr. Sadashiv S. Rao
Chief Executive Officer

Mr. Sanjay Ajgaonkar
Chief Financial Officer

Ms Shweta Laddha
(appointed w.e.f May 19, 2021)
Company Secretary and
Compliance Officer

STATUTORY COMMITTEES OF THE BOARD

AUDIT COMMITTEE

1. **Mr. Ashwani Kumar**
2. **Mr. Rajiv Dhar**
3. **Ms. Ritu Anand**

NOMINATION AND REMUNERATION COMMITTEE

1. **Mr. Ashwani Kumar**
2. **Mr. Prakash Rao**
3. **Mr. Rajiv Dhar**
4. **Ms. Ritu Anand**

IT STRATEGY COMMITTEE

1. **Ms. Ritu Anand**
2. **Mr. Rajiv Dhar**
3. **Mr. Sadashiv S. Rao**
4. **Mr. Dhananjay Yellurkar**
5. **Mr. Sanjay Ajgaonkar**
6. **Mr. Madhusudan Warrier**

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

1. **Mr. Ashwani Kumar**
2. **Mr. Prakash Rao**
3. **Ms. Ritu Anand**

RISK MANAGEMENT COMMITTEE

1. **Mr. Ashwani Kumar**
2. **Mr. Rajiv Dhar**
3. **Mr. AKT Chari**

ASSET- LIABILITY COMMITTEE

1. **Mr. Sadashiv S. Rao**
2. **Mr. Debabrata Mukherjee**
3. **Mr. Dhananjay Yellurkar**
4. **Mr. Sanjay Ajgaonkar**
5. **Mr. Amit Ruparelia**

STATUTORY AUDITORS

S.R. Batliboi & Co. LLP
Chartered Accountants

SECRETARIAL AUDITORS

Rathi & Associates,
Practicing Comapny Secretary

INTERNAL AUDITORS

KPMG India

REGISTRAR & SHARE TRANSFER AGENT

FOR EQUITY SHARES

Link Intime India Pvt. Ltd
C 101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083
Tel: +91 22 4918 6000
Toll Free no: N/A
E-mail: equityca@linkintime.co.in

FOR DEBENTURES

MCS Share Transfer Agent Limited
209-A, C Wing, 2nd Floor,
Gokul Industrial Estate, Sagbaug,
Marol Co-op Industrial Area,
B/H Times Square, Andheri (E),
Mumbai - 400 059.
Tel: +91 9833472293
Toll Free no: N/A
E-mail: cprabhu@mcsregistrars.com

REGISTERED & CORPORATE OFFICE

NIIF Infrastructure Finance Limited
(Formerly IDFC Infrastructure Finance Limited)
3rd Floor, UTI Tower, North Wing,
GN Block, Bandra Kurla Complex,
Bandra (E), Mumbai - 400051
Tel: 022- 68591300
CIN: U67190MH2014PLC253944
E-mail: info@niififl.in
Website: www.niififl.in

DEBENTURE TRUSTEES

IDBI Trusteeship Services Limited,
Registered Office: Asian Building,
Ground Floor, 17, R. Kamani Marg,
Ballard Estate, Mumbai - 400001
Contact : 022-40807007

BOARD'S REPORT

Dear Members,

The Board of Directors of NIIF Infrastructure Finance Limited ("***your Company***" or "***the Company***" or "***NIIF IFL***") is pleased to present the 8th (eighth) Annual Report and the Audited Financial Statements of the Company for the financial year ended March 31, 2021 ("***financial year under review***").

FINANCIAL SUMMARY AND HIGHLIGHTS

Your Company's financial performance for the financial year ended March 31, 2021 as compared to the previous financial year ended March 31, 2020 is summarised below:

(₹ in crore)

Particulars	For the Financial Year ended	
	March 31, 2021	March 31, 2020
Interest Income	**704.45**	512.54
Less: Finance Cost	**532.78**	380.29
Net Interest Income (NII)	**171.67**	132.25
Other operating income	**11.23**	8.76
NII and other operating income	**182.90**	141.01
Less: Total Operating Expenses	**51.15**	28.47
Operating Profit	**131.75**	112.54
Less: Impairment, if any	-	-
Profit Before Tax	**131.75**	112.54
Less: Tax Expenses	-	108.01
Profit / (Loss) after Tax	**131.75**	4.53
Other Comprehensive Income	**(0.35)**	0.006
Total comprehensive income	**132.10**	4.52
Transfer to Special Reserve	**26.42**	0.91
Transfer to General Reserve	-	-

The above figures are extracted from the Annual Audited Financial Statements prepared in accordance with Indian Accounting Standards as notified under Sections 129 and 133 of the Companies Act, 2013 ("***the Act***") read with the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015and other relevant provisions of the Act.

The detailed Financial Statements as stated above are available on the Company's website at www.niififl.in/investor-information/Financial-Results.aspx

RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

Highlights of the Company's performance for the financial year ended March 31, 2021 are as under:

- Total Revenue: ₹ 715.68 Crore (Growth of 37% over last year)
- Gross sanctions: ₹ 5,664 crore (Growth of 45% over last year)
- Loan book: ₹ 8,432 crore (Growth 32% over last year)
- Healthy asset quality with nil Non-Performing Assets (NPAs)

MATERIAL EVENTS DURING THE YEAR

During the year, the Company has raised:

- Equity share capital of ₹ 250 crores (including securities premium) from existing shareholders on Rights basis;
- Equity share capital of ₹ 470 crores (including securities premium) from existing shareholders on private placement basis;
- Preference share capital by way of compulsorily convertible preference shares (CCPS) of ₹ 185 crores (including securities premium) from Government of India (GoI);

- The CCPS infusion from the Government of India is the first tranche of its commitment to make direct investment in the Company, which was announced in the Union Budget for FY 2020-21 and Atmanirbhar Bharat Scheme 3.0.

Impact of COVID-19 on the Business Continuity and Operations of the Company

The COVID-19 pandemic, which has spread rapidly throughout the world has had an impact on almost all entities either directly or indirectly. World Health Organisation ("WHO") has declared Covid-19 as a pandemic in March 2020.

Your Company's main business is providing loans for Infrastructure projects. Due to government imposed lockdowns and various policies preventing public travel, your Company swiftly devised and implemented a work-from-home policy, ensuring no business disruption. To mitigate the immediate consequences of the nationwide lockdown, the Company provided its personnel with laptops, systems, and Internet access to ensure easy and productive work environment for employees.

Your Company has maintained Business Continuity seamlessly while facilitating employees to work from home. All operations and business went on as usual despite challenges posed by Covid-19 and lockdown. Brief summary of impact of Covid 19 on operations and business of the company is given below:

- **On Operations**: The Company remained fully operational throughout the year with necessary precautions for the safety of employees and customers. It has neither downsized its employee strength nor effected pay cuts.
- **On Capital & Financial Resources**: The Company is well capitalised and there is no impact on the Company's capital and financial resources.
- **On Liquidity and debt servicing**: Company's liquidity position is good and adequate to serve debt obligations and servicing.
- **Impact on internal financial reporting and control**: The Company has a proper internal financial control and reporting system and the same is reviewed by the internal auditors periodically and reviewed by the Audit Committee on a quarterly basis. The Company has apprised the Board of Directors on the operations during the Lockdown period and adequate measures taken to ensure the safety of the customers and the staff.

HOLDING/SUBSIDIARIES/JOINT VENTURES/ASSOCIATES COMPANIES

HOLDING COMPANY

Your Company does not have any Holding Company.

National Investment and Infrastructure Fund II (an Alternative Investment Fund established in the form of Trust) is the majority shareholder of the Company holding 54,63,50,979 shares (59.66%).

Aseem Infrastructure Finance Limited is the Sponsor of your Company holding 30,93,79,182 shares (33.79%) in your Company.

SUBSIDIARY COMPANY

Your Company does not have any subsidiary.

JOINT VENTURES/ASSOCIATES COMPANY

During the financial year under review, there was no Joint Venture/Associate Company of your Company.

TRANSFER TO RESERVES

An amount of ₹ 26.42 Crore was transferred to Special Reserve in terms of Section 45IC of the RBI Act during the financial year under review. No amount was transferred to General Reserve during the financial year under review.

DIVIDEND

Your directors do not recommend any dividend for the financial year under review.

REVISION OF FINANCIAL STATEMENT

There was no revision of the financial statements for the year under review.

SHARE CAPITAL

Authorised Share Capital

During the year under review the Company has increased its Authorized Share Capital from ₹ 8,00,00,00,000/- (Rupees Eight Hundred Crores only) divided into 80,00,00,000 (Eighty Crore) Equity Shares of ₹ 10/- (Rupees Ten only) each to ₹ 20,00,00,00,000/- (Rupees Two Thousand Crores only) divided into 181,50,00,000 (One Eighty One Crore Fifty Lakh) Equity Shares of ₹ 10/ (Rupees Ten only) each and 8,80,95,238

(Eight Crore Eighty Lakh Ninety Five Thousand Two Hundred Thirty Eight) Preference Shares (including CCPS) of ₹ 21/ (Rupees Twenty One only) each.

Paid Up Share Capital

As on March 31, 2021, paid up equity share capital of the Company was ₹ 915,73,01,610 comprising of 91,57,30,161 Equity Shares of ₹ 10 each and paid-up preference share capital was ₹ 1,846,482,897 comprising of 87,927,757 CCPS of ₹ 21 Each.

During the year, your Company made Rights Issue of Equity Shares and Private Placement of Equity and CCPS. Details are placed as under:

Date of Issue	Date of Allotment	No. of Shares	Face Value	Issue Price	Nature of Allotment	Allotment made to
24-April-20	21-May-20	Equity Shares 15,23,46,131	10	16.41	Right Issue	Existing Shareholders
10 March 21	30-March 21	Equity Shares 22,33,84,030	10	21.04	Private Placement	Existing Shareholders
10-March-21	30- March 21	CCPS - 8,79,27,757	21	21.04	Private Placement	Government of India - President

DEPOSITORY

As on March 31, 2021, 100% of the Company's Equity Shares, Preference Shares and Non-Convertible Debentures (NCD's) were held in dematerialized mode.

RESOURCE MOBILISATION

During the year, the Company raised ₹ 2,264 crore from banks, insurance companies, retirement benefit funds, mutual funds through Non-Convertible Debentures (NCDs).

As on 31st March 2021, the outstanding amount of NCDs is ₹ 7,133 crore.

The Company has raised capital of ₹ 905 crores via issuance of equity shares and compulsory convertible preference shares.

CREDIT RATING

The CARE Ratings Limited (CARE) and CRISIL Limited (CRISIL) have reaffirmed highest rating for the various facilities availed / to be availed by the Company, details of which are given below:

Facility	Name of Rating Agency - CARE Rating Limited	Name of Rating Agency - ICRA Limited	Amount
Non-Convertible Debentures	AAA	AAA	₹ 12,000 crores
Commercial Papers	A1+	A1+	₹ 600 crores
Date of rating	October 06, 2020	September 04,2020	

With the above rating affirmations, the Company continues to enjoy high credit quality rating for its debentures and commercial papers.

PUBLIC DEPOSITS

The Company is registered as non-deposit accepting NBFC-IDF and not permitted to accept public deposits. Hence, no deposit was accepted from the public for the year ended March 31, 2021.

PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEES GIVEN OR SECURITY PROVIDED

Pursuant to provisions of Section 186 (11) of the Act, your Company being an non-banking finance company – Infrastructure Debt Fund registered with the RBI and engaged in the business of giving loans, is exempted from the provisions of the said Section. Accordingly, the disclosures of the loans given as required under the aforesaid Section are not being given in this Report.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

The Company being an NBFC - IDF, is not involved in any industrial or manufacturing activities. The Company's activities involve very low energy consumption and has no particulars to report pursuant to Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

However your company has deployed Oracle Financials application in terms of technological adoption and efforts. Database and application versions that were nearing the end of their support lives were upgraded during the year. To provide a stable environment with the requisite support, steps were taken to upgrade the programme versions. Additionally, during this pandemic, all staff were allowed to work from home and made use of conferencing tools to interact, meet, and debate action plans. Secure connections to the data centre were accessible to access apps, and VC softwares and apps were utilised extensively for video conference meetings.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings/ outgo during the financial year under review as well as during the previous financial year.

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details, as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is attached as **Annexure III** to this report.

Details as required under Section 197(12) of the Act, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, with respect to information of employees of the Company are disclosed in Annexure A and shall be provided upon request by a Member.

In terms of the provisions of Section 136(1) of the Act, the Report and Accounts, as set out therein, are being sent to all the Members of your Company whose email address(es) are registered with the Company / Depository Participants. via electronic mode, excluding the aforesaid Annexure which shall be made available for inspection by the Members via electronic mode. If any Member is interested in obtaining a copy thereof, the Member may write to the Company Secretary at the Registered Office of the Company in this regard or email the Company Secretary at shweta.laddha@niifl.in.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments, affecting the financial position of the Company from the end of the financial year up to the date of this Report.

CHANGE IN NATURE OF BUSINESS

During the financial year under review, there has been no change in business of the Company.

EMPLOYEE STOCK OPTION PLAN

Your Company doesn’t have any ESOP plan/ scheme as on March 31, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the financial year under review, prepared as per requirements of RBI’s Non-Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, is presented as a separate section, which forms part of this Annual Report as **Annexure I**.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain the highest standards of Corporate Governance and adhering to the Corporate Governance requirements set out by the Securities and Exchange Board of India, Companies Act and Reserve Bank of India. Corporate Governance principles form an integral part of the core values of the Company. Corporate Governance Report forming part of Board’s Report for the year under review is attached separately as **Annexure II.**

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARY /JOINT VENTURES/ ASSOCIATES

Your Company does not have any Subsidiary, Joint Venture and Associates.

RISK MANAGEMENT FRAMEWORK

The risk management objective of the company is to balance the trade-off between risk and return. An independent risk management function ensures that the risk is managed through a risk management framework as well as through policies and processes approved by the Board of Directors encompassing independent identification, measurement, and management of risks across the company. The Board has appointed a

Chief Risk Officer (CRO) to function independently with specific roles and responsibilities to ensure that the highest standards of risk management are met. The CRO ensures that the company follows a maker-checker principle with the risk team playing the checker role independently.

The risk management processes are guided by well-defined policies appropriate for the various risk categories viz. credit risk, market risk, operational risk, liquidity risk, E&S (environmental & social) risk supplemented by periodic monitoring through the Board and Management level committees such as Credit Committee (CC), Asset-Liability Committee (ALCO), Risk Management Committee (RMC), etc. The Risk Management Committee (RMC), a committee constituted by the Board, approves policies related to risk and oversees all risks in the company as per the defined risk framework. The Audit Committee of the Board (ACB) supervises functions and operations of the company, which ultimately enhances the risk and control governance framework within the company.

Credit Risk

Over and above the prudential limits set by the RBI for IDF-NBFCs, the company has set internal limits for exposure in various infrastructure sectors/sub-sectors, minimum credit rating for borrowers, etc. The Credit policy along with the Risk policy of the company ensure that the risk appetite of the company is prudent and in line with the company strategy. As part of the sanctioning process, each borrower is rated internally, and disbursement is done as per the well laid out norms. Covenant testing, monitoring, and re-rating of each borrower is conducted annually, and findings are presented to the Risk Management Committee for further action, if any. Portfolio concentration risk is managed by analyzing counterparty, industry, sector, geographical region, single and group borrower limits. Periodic scenario analysis of the credit portfolio is also reviewed, and necessary corrective measures are implemented.

E&S Risk

NIIF IFL is a responsible financial institution and recognizes E&S (environmental and social) risks associated with infrastructure projects it funds, should be avoided, prevented and/or mitigated. The Company has rolled out E&S Risk Policy in order to ensure E&S integration in the credit appraisal and loan disbursal, as well as post lending monitoring phases.

NIIF IFL is in the process of adopting IFC - PS (International Finance Corporation-Performance Standards) framework for conducting Environmental & Social Due Diligence (ESDD) at the time of credit appraisal.

Market & Liquidity Risk

The ALM policy of the company provides the framework to monitor and manage the market and liquidity risks. The policy also defines the structural liquidity limits beyond the buckets prescribed by RBI. ALCO of the company reviews the liquidity risk and the interest rate sensitivity profile of the organization on a regular basis. The market and liquidity risk arises mainly out of the regulatory requirement which restricts IDF-NBFCs to mainly borrow NCDs with a minimum five-year maturity. Monitoring and management of Liquidity (Asset-Liability and Interest Rate) and Market Risk is carried out using quantitative techniques, such as sensitivity analysis, duration analysis and quantifying earnings at risk.

Operational Risk

The Company has a Board approved Operational Risk Management framework. Ongoing monitoring of Key Risk Indicators (“KRI”) is done and corrective actions are implemented on KRI exceptions. An oversight committee of Senior Management representatives viz. the Operational Risk Management Committee, meets periodically to review the operational risk profile of the organization.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the financial year under review, all transactions entered by the Company with related parties were in the ordinary course of business and on an arm’s length basis and were not considered material as per the provisions of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Related Party Policy of the Company. Hence, disclosure in form AOC-2 under Section 134(3)(h) of the Act, read with the Rule 8 of the Companies (Accounts of Companies) Rules, 2014, is not applicable.

Omnibus approval of the Audit Committee is obtained for Related Party Transactions (“RPTs”) which are of a repetitive nature and entered in the ordinary course of business and at arm’s length. A statement on RPTs specifying the details of the transactions, pursuant to each omnibus approval granted, is placed on a quarterly basis for review by the Audit Committee.

The details of contracts and arrangements with related parties of your Company for the financial year under review, are given in notes to the Standalone Financial Statements, which forms part of this Annual Report.

The Company has Board Approved related party policy which is enclosed as **Annexure V** and is also placed on the website of the Company. The Related Party Policy is available on the Company’s website at https://www.niififl.in/investor-information/Corporate-Governance.aspx

INTERNAL FINANCIAL CONTROLS

The Company has laid down a set of standards, processes and structure which enables implementation of Internal Financial controls across the organization with reference to Financial Statements and that such controls are adequate and are operating effectively.

Assurance on the effectiveness of internal financial controls is obtained through management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by the internal auditors during their audit. During the year under review, no material or serious observation has been received from the Auditors of the Company, citing inadequacy of such controls.

The internal control systems are regularly assessed and strengthened in terms of standard operating procedures. Your Company also periodically engages outside experts to carry out independent reviews of the effectiveness of various business processes. The observations and best practices suggested are reviewed by the Management and Audit Committee and appropriately implemented to strengthen internal controls.

INTERNAL AUDIT

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the organization's risk management, internal control, and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations.

The scope of internal audit and the responsibilities of the internal audit function are formally defined in the internal audit engagement & scope document which is periodically reviewed, and any key amendments are presented to the Board for approval. To provide for the independence of the internal audit function, the internal auditors report to the Audit Committee.

The internal audit plan is developed based on the risk profile of business activities of the organization. The audit plan covers process audits, compliance with the policies, standard operating procedures and regulations & follows risk-based approach. The audits are carried out by an independent external firm. The audit plan is approved by the Audit Committee, which regularly reviews the compliance to the plan.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act and to the best of their knowledge and belief and according to the information and explanations obtained from the operating management, Directors of your Company make the following statement:-

i) in the preparation of the Annual Accounts for the financial year ended March 31, 2021, the applicable accounting standards have been followed and there were no material departures from the same;

ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of March 31, 2021 and of the profit~~/loss~~ of the Company for financial year ended on that date;

iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) The Annual accounts have been prepared on a 'Going Concern Basis';

v) the Directors have laid down Internal Financial Controls and such Internal Financial Controls were adequate and were operating effectively; and

vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

APPOINTMENT/RESIGNATION OF DIRECTORS

As on March 31, 2021, the Board of Directors comprises of 5 (five) Directors out of which 2 (two) are Independent Directors (including 1 Woman Director). The Board of Directors had appointed Mr. Ashwani Kumar (DIN: 02870681) as the Additional Director – (Category – Independent) of the Company with effect from September 30, 2020.

Mr. Ashwani Kumar fulfills the criteria of Independence and possesses appropriate skills, experience, and knowledge for being appointed as an Independent Director.

In view of above, based on the recommendation of Nomination and Remuneration Committee (NRC), Board of Directors of the Company recommend appointment of Mr. Ashwani Kumar as Independent Director to the Shareholders of the Company. The proposed resolution for the appointment of Mr. Ashwani Kumar forms part of the notice of the AGM.

Mr. Gautam Kaji, Independent Director (DIN: 02333127) resigned w.e.f July 19, 2020 and Mr. Suresh Menon, Nominee Director of HDFC Limited has resigned from the Board w.e.f March 30, 2021, during the financial year under review.

The Board placed on record its deep appreciation and gratitude for the contribution and guidance given by Mr. Gautam Kaji and Mr. Suresh Menon during their tenure as an Independent Director and Non-Executive - Nominee Director of the Company respectively

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company.

RETIREMENT BY ROTATION

As per the provisions of the Companies Act, 2013, Mr. Prakash Rao (DIN: 02888802) retires from the Board by rotation this year and being eligible, offers himself for re-appointment at the 8th Annual General Meeting of the Company.

A detailed profile of the Directors seeking re-appointment is provided in the Notice of the 8th Annual General Meeting of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

Pursuant to Section 149(7) of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, the Company had received declarations from all the Independent Directors of the Company confirming that they meet the 'criteria of Independence' as prescribed under Section 149 (6) of the Act, have submitted their respective declarations as required under Section 149 (7) of the Act and also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct.

The Independent Directors met one time during the financial year ended 31st March, 2021 on May 21, 2020. The matters considered and discussed there at, inter-alia, included those prescribed under Schedule IV to the Act

KEY MANAGERIAL PERSON

In terms of the provisions of Sections 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Sadashiv S Rao, Chief Executive Officer (CEO) and Mr. Sanjay Ajgaonkar, Chief Financial Officer (CFO) are the Key Managerial Personnel of your Company as on March 31, 2021.

During the year under review, the Board of Directors have approved extension of term of appointment of Mr. Sadashiv S Rao as Chief Executive Officer (CEO) of the Company w.e.f. 1st July, 2020 to 30th June, 2022

Mr. Amol Ranade, Company Secretary resigned w.e.f February 12, 2021.

Ms. Shweta Laddha has been appointed as Company Secretary and Compliance officer of the Company w.e.f May 19, 2021.

ANNUAL PERFORMANCE EVALUATION

The evaluation framework for assessing the performance of the Directors of your Company comprises of contributions at the Meeting(s) and strategic viewpoint or inputs regarding the growth and performance of your Company, amongst others.

Pursuant to the provisions of the Act and in terms of the Framework of the Board Performance Evaluation, the NRC and the Board of Directors have carried out an annual performance evaluation of the Board itself, performance of various Committees of the Board, Individual Directors and the Chairman.

An evaluation mechanism has been adopted for evaluating the performance of the Board, the Committees thereof, individual Directors and the Chairman of the Board. The evaluation is based on criteria which include, amongst others, providing strategic perspective, Chairmanship of Board and Committees, attendance, time devoted and preparedness for the Meetings, quality, quantity and timeliness of the flow of information between the Board Members and the Management, contribution at the Meetings, effective decision-making ability, role and effectiveness of the Committees. The Directors completed questionnaires providing feedback on functioning of the Board, Committees and Chairman of the Board.

OUTCOME OF THE EVALUATION

The Board of your Company was satisfied with the functioning of the Board, its committees, Chairman and individual directors. The committees are functioning well and besides the respective committee's terms of reference, as mandated by law, important issues are brought up and discussed in the committee meetings. The Board was also satisfied with the contribution of directors, in their respective capacities, which reflects the overall engagement of the individual directors.

MEETINGS OF THE BOARD AND ITS COMMITTEES

BOARD

The Board meets at regular intervals to discuss and decide on the Company's performance and strategies. During the financial year under review, the Board met seven times.

The meetings of the Board were held on April 24, 2020, May 21, 2020, July 23, 2020, October 29, 2020, February 23, 2021, March 10, 2021, and March 30, 2021.

Further details on the Board Meetings are provided in the Corporate Governance Report, which forms part of this Annual Report.

AUDIT COMMITTEE

During the financial year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of your Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control system of your Company. The Committee also reviewed the procedures laid down by your Company for assessing and managing risks.

Further details on the Audit Committee are provided in the Corporate Governance Report, which forms part of this Annual Report.

During the financial year under review, all recommendations made by the Audit Committee were accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE

Your Company has a duly constituted Nomination and Remuneration Committee ("NRC"), with its composition, quorum, powers, role and scope in line with the applicable provisions of the Act.

Further details on the NRC are provided in the Corporate Governance Report, which forms part of this Annual Report.

The NRC has formulated a policy on remuneration under the provisions of Section 178(3) of the Act, which is attached as **Annexure VI** to the Board's Report and the same is uploaded on the website of the Company at www.niifl.in/investor-information/Corporate-Governance.aspx.

OTHER COMMITTEES

Board has constituted various other committee as stipulated in the Act, Listing Regulations and RBI Master Directions. Details of such Committees are provided in the Corporate Governance Report, which forms part of this Annual Report.

ANNUAL RETURN

The Annual Return in form MGT-7 for the Company is also available on the Company's website at - NIIF Infrastructure (niifl.in)

AUDITORS

STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, as amended, In 4th AGM of the Company, M/s Price Waterhouse & Co Chartered Accountant LLP (Firm Registration No.: 304026E/E-300009) had been appointed as Statutory Auditors of the Company for a term of 5 (five) years i.e. till the conclusion of 9th Annual General Meeting of the Company.

M/s Price Waterhouse & Co Chartered Accountant LLP (Firm Registration No.: 304026E/E-300009) had resigned w.e.f July 18, 2020.

The Shareholders in Extra Ordinary General Meeting held on September 22, 2020, appointed S.R. Batliboi & Co., LLP (FRN 301003E/E300005) to fill in the casual vacancy arising out of the resignation of M/s Price Waterhouse & Co Chartered Accountant LLP (Firm Registration No.: 304026E/E-300009) for a term of One Year i. e. till the Conclusion of 8th Annual General Meeting.

The Board of Directors now recommend to appoint Lodha & Co (Firm Registration Number 301051E) as Statutory Auditors for the term of 3 (Three) years commencing from the date of 8th AGM of the Company

The Company has received a letter from Lodha & Co. confirming that they are willing and eligible act as a Statutory Auditor of the Company.

There are no observations made in the Auditor's reports for the financial year ended March 31, 2021. Hence the same do not call for any further comments under Section 134(3)(f) of the Act.

SECRETARIAL AUDIT REPORT

Pursuant to the requirements of Section 204(1) of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Rathi & Associates, Practicing Company Secretaries, to conduct the Secretarial Audit for the financial year under review. The Secretarial Audit Report in Form MR-3 for the financial year under review, as received from M/s. Rathi & Associates., Company Secretaries, is attached as **Annexure VII** to the Board's Report.

The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, there were no material or serious instances of fraud falling within the purview of Section 143 (12) of the Companies Act, 2013 and rules made thereunder, by officers or employees reported by the Statutory Auditors, Secretarial Auditors and Internal Auditors of the Company during the course of the audit conducted.

COST RECORDS AND AUDITORS

The provisions of Cost Records and Cost Audit as prescribed under Section 148 of the Companies Act, 2013 are not applicable to the Company.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with Section 135 of the Act, your Company has a Corporate Social Responsibility (CSR) Committee.

In accordance with CSR Amendment Rules 2021 The CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") which includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan. Same has been duly approved by the Board.

The CSR Policy is available on the Company's website at www www.niifl.in/investor-information/Corporate-Governance.aspx

As a part of its initiatives under CSR, the Company has undertaken projects in the areas of promoting education, health care, relief measures and vocation training. The projects are also in line with the statutory requirements under the Companies Act, 2013 and it's CSR Policy. During the year under review, the Company has spent /contributed ₹ 2.11 crore towards CSR projects.

The required disclosure as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules 2014 is attached as **Annexure IV** to this report**.**

WHISTLE BLOWER POLICY / VIGIL MECHANISM

In compliance with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company has formulated a Whistle blower policy/ vigil mechanism for Directors and Employees to report concerns, details of which are covered in the Corporate Governance Report, which forms part of this Annual Report.

The said policy is available on the Company's website at www.niifl.in/investor-information/Corporate-Governance.aspx

POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company has in place an appropriate policy which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints, if any, received regarding sexual harassment of women. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. We further state that during the financial year under review, there were no complaints received/cases filed / cases pending under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

We confirm that the Company has complied with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

HUMAN RESOURCES

During the financial year under review, due to the emergence of Covid-19 pandemic your Company had to ensure sufficient support to the employees for them to work from home efficiently, keep engagement and morale high so that all employees contribute to the performance and goals of the organization. The Human Resource continued to initiate programs and activities that encouraged collaboration, communication and engagement through virtual platforms during these critical times to motivate employees. The Company also supported the health and well-being of employees and their families by providing on-time health insurance, on call doctor facilities and organizing programs and workshops that focused on health and wellbeing.

The Human Resource department continued to acquire and onboard quality talent to enable growth of the Company.

With majority of the team working from home due to the pandemic managing employee performance has been of utmost priority during the last one year. The Company ensured consistent and regular communication with its employees on the organization's goals and objectives. The management and Human resources spent considerable amount of time on each employee to review performance and mentor at regular intervals.

Over the last one year, the focus has been significantly on developing talent and therefore the Human Resource of the Company initiated intervention for learning and growth of the employees. These interventions comprised of developing functional and leadership skills through webinar, online learning modules and on the job training to enable the employees to constantly upgrade their skills that are relevant for the Company's growth.

The Company's total workforce stood at 27 as on March 31, 2021 against 24 as on March 31, 2020.

SECRETARIAL STANDARDS OF ICSI

Your Company is in compliance with the Secretarial Standards specified by the Institute of Company Secretaries of India ("ICSI") on Meetings of the Board of Directors (SS-1), General Meetings (SS-2).

OTHER DISCLOSURES

In terms of applicable provisions of the Act and SEBI Listing Regulations, your Company discloses that during the financial year under review that:

i. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme

ii. There was no Scheme for provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.

iii. There was a private placement of Compulsory Convertible Preference Shares and Equity Share, details of which are provided in the Share Capital Section.

iv. There was no Issue of shares with differential rights

v. There was no transfer of un-paid or unclaimed amount to Investor Education and Protection Fund (IEPF)

vi. There was no significant or material orders were passed by the Regulators or Hon'ble Courts or Tribunals which impact the going concern status and Company's operations in future.

vii. There was no proceeding for Corporate Insolvency Resolution Process initiated Under the Insolvency and Bankruptcy Code, 2016

viii. There was no failure to implement any Corporate Action

ix. Since the Company has not gone though one time settlement the question of difference between the amount of the valuation done at the time of one-time settlement and valuation while taking loan from banks or Financial Institutions does not arise

ACKNOWLEDGEMENTS

Your Board of directors place on record their appreciation for the exemplary contribution made by the employees of the Company at all levels. Their dedicated efforts and enthusiasm have been pivotal to your Company's growth.

Your Board of directors take this opportunity to express their appreciation for the support and co-operation extended by NIIF Fund II and Sponsors of the Company.

Your Board of directors would like to take this opportunity to thank and express the gratitude to the shareholders, customers, employees, bankers, non-bank lenders, mutual funds, financial institutions, debenture trustee, R&T agent, credit rating agency, auditors, Reserve Bank of India, Ministry of Corporate Affairs, Government of India, Securities and Exchange Board of India and other Regulatory authorities for their co-operation and continued support to the Company during the pandemic. We look forward to their continued patronage and encouragement in all our future endeavours.

By order of the Board of Directors

For NIIF Infrastructure Finance Limited

Surya Prakash Rao Pendyala
Chairman
DIN No. 02888802

Mumbai, August 18, 2021

Management Discussion and Analysis

(A) Industry Structure and Developments

Infrastructure sector has been recognized as one of the key pillars for the revival of the Indian economy amidst the ongoing Covid crisis. The sector is crucial for propelling India's overall development and enjoys intense focus from Government. While the first wave of Covid-19 had an impact on some segments of the Indian economy and the financial sector, the measures taken by the Government of India (GoI) under AtmaNirbhar Bharat scheme and steps taken by the RBI including allowing moratorium on term loans to affected borrowers and infusing liquidity in the financial system through Targeted Long Term Repo Operations (TLTRO) have helped in providing relief to the affected sectors.

NIIF IFL has been at the forefront of financing operational infrastructure projects across sectors including renewable power, transmission, roads, SEZs, logistics, hospitals, and education. Despite a challenging year due to Covid-19, NIIF IFL has achieved robust increase of 32% in its lending business with total loan book of ` 8,461 crores at the end of March 31, 2021.

In line with RBI guidelines, NIIF IFL has implemented the policy of granting moratorium to eligible borrowers for payment of principal and interest instalments due between March 01, 2020 to August 31, 2020. While a few borrowers have availed of the moratorium, NIIF IFL's portfolio quality continues to remain resilient and healthy.

As part of AtmaNirbhar Bharat 3.0 initiative, the Union Government approved equity infusion of Rs 6,000 crores over a period of next 2 years in the debt platforms of National Investment and Infrastructure Fund (NIIF). As part of this scheme, NIIF IFL received the 1st tranche of capital of Rs 185 crore from the Government of India. The confidence reposed by the Government in NIIF IFL and the capital support will provide a fillip to the growth prospects of the company going forward. NIIF IFL also received further capital of Rs 470 crore from its sponsor Aseem Infrastructure Finance Ltd. (AIFL) and NIIF Fund II.

(B) Opportunities and Threats

Opportunities:

Investments in the infrastructure sector is expected to drive the revival of the Indian economy. The Government of India has announced several packages to make infrastructure as the main growth driver for the country. According to the National Infrastructure Pipeline ("NIP") report, the Government of India will invest Rs.111 lakh crore in the infrastructure sector during fiscal 2020-2025. According to NIP, it is expected that ~ Rs. 10 lakh crores are going to be invested in renewable energy sector, Rs.20 lakh crore in road infrastructure, Rs. 3 lakh crores in telecom sector and Rs. 4 lakh crores in social infrastructure. 39.0% of the total investments are expected to be from the private sector entailing an outlay of Rs. 23.31 lakh crore. The completion of these projects will provide a strong pipeline of refinancing opportunities for NIIF IFL.

Development of green power continues to remain a thrust area of the Government. By FY 2022, India aims to achieve a total of 175 GW of installed renewable energy capacity, comprising 100 GW from solar power, 60 GW from wind energy, 10 GW from biomass and 5 GW from small hydro power projects. The renewable energy space in India has also become very attractive for global investors and has received FDI inflows of US$ 8.06 billion between June 2019 and April 2000. The robust growth of the renewable sector will provide large refinancing opportunities for NIIF IFL going forward. In the roads sector, the National Highways Authority of India propose to monetize several operational highways through the Toll-Operate-Transfer model. Further, the Government of India has also announced the launch of a National Monetization Pipeline of operating public infrastructure assets in several sectors including roads, power transmission, airports, railways, pipelines, and warehousing. An appropriate enabling regulatory framework facilitating NBFC-IDFs to participate in the financing of the monetized assets will significantly add to the business opportunities of NIIF IFL.

The increased capital base of NIIF IFL post infusion of funds by NIIF, AIFL and the Government of India will help the company to finance larger amounts in operational infrastructure projects and grow faster.

With regards to liabilities, the Union Budget of FY 2021-22 announced by the finance minister on February 01, 2021, proposed amendments to section 2 (48) of Income Tax Act, 1961 ("IT Act"), that will make CBDT notified IDF-NBFCs (IDFs) eligible to raise funds by issuing zero coupon bonds. This will enable NBFC-IDFs to diversify its investor base by tapping into newer class of investors like high-net-worth individuals and family offices.

Threats:

Availability of easy liquidity in the financial markets may lead some borrowers to avail financing from the domestic and offshore bond markets which would affect the opportunities available for refinancing by NBFC-IDFs. Also, with limited credit growth and abundant liquidity available, commercial banks are likely to aggressively lend to operational infrastructure projects posing competition to the NBFC-IDFs. New investment platforms like InVITs in matured sectors such as roads, renewables and transmission can affect the pipeline of operating assets available for refinancing by NIIFIFL.

On the liabilities front, limited liquidity in the corporate bonds market for tenor of 5 years and above will pose challenge in raising large quantum of funds from the domestic bond market.

(C) Segments Wise and Operational Performance of the Company

Even amidst the Covid-19 pandemic, NIIF IFL grew its loan book significantly from ` 6,389 Crores to ` 8,432 crores at the end of FY21 by refinancing several operational infrastructure projects across multiple sectors. Gross disbursements made were Rs 3,120 crore. NIIF IFL was able to increase its exposure in sectors like solar power, power transmission, education, telecommunication infrastructure, ports, pipelines and other commercial infrastructure projects.

On the liabilities side, NIIF IFL has maintained strong ties with various investors including banks, insurance companies, mutual funds etc. The outstanding borrowing of NIIF IFL as at March 31, 2021 stood at ` 7,133 crores after adjusting for the principal repayments made during the year. All the issuances were rated "AAA" by the rating agencies ICRA and CARE. The issuances were subscribed by a wide variety of investors including banks, insurance companies, pension funds, provident funds and mutual funds.

The business of the Company continues to be resilient despite the challenges posed by the Covid pandemic. Asset quality remains healthy with nil Non-Performing Assets (NPAs). The capitalization of the company is comfortable with a Capital Adequacy Ratio of 23.4% as on March 31, 2021.

(D) Outlook

The Company is well positioned to embark on a robust growth path over the next few years. The strategy going forward would be to significantly increase the loan book with focus on asset quality and maintain a balanced and diversified portfolio across multiple sectors in the infrastructure domain.

The growth would be underpinned by strong credit appraisal and structuring skills, disciplined risk and asset management practices and continuous monitoring of portfolio.

On the liabilities side, the Company will continue its endeavor to build long term debt lines from a diversified base of investors and optimize borrowing cost.

Risks and Concerns

Details of Risk and Concerns emanating out of the Company's business model and present economic conditions and risk management framework are placed in Board's Report

Internal control systems and their adequacy

The Company has laid down a set of standards, processes and structure which enables implementation of Internal Financial controls across the organization with reference to Financial Statements and that such controls are adequate and are operating effectively. During the year under review, no material or serious observation was observed for inefficiency or inadequacy of such controls. More details are placed in Internal Control and Internal Audit section of Board's Report.

Human Resources

As on March 31, 2021, workforce of the Company stood at 27. Further details are placed in Board's Report.

Report on Corporate Governance

Philosophy of Corporate Governance:

Corporate Governance is essentially the management of an organisation's activities in accordance with policies that are value-accretive for all stakeholders. At NIIF IFL Corporate Governance is a continuous process. It is about commitment to values and ethical business conduct. Systems, policies, and frameworks are regularly upgraded to meet the challenges of rapid growth in a dynamic external business environment.

Being a professionally run enterprise with effective board oversight and sound Corporate Governance practices are fundamental to the Company's quest of delivering long-term value to all its stakeholders.

The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees & communities, transparency in decision making process, fair & ethical dealings with all and accountability to all stakeholders.

As per the provisions of the Act and SEBI (LODR) Regulations 2015, various disclosures are required to be made in the Boards' Report of which the disclosures relating to the Directors, the Board, its committees and their meetings are given herein below:

Board of Directors ("Board")

The Directors are elected by shareholders of the Company with a responsibility to set strategic objectives for the management and to ensure that the long-term interests of all stakeholders are served by adhering to and enforcing the principles of sound corporate governance.

The Board members have diverse areas of knowledge and expertise, which is necessary in providing an independent and objective view on business issues and assesses them from the standpoint of the stakeholders of the Company. The Board is independent from the management.

Composition of the Board and Details of Directorships/Committee memberships of Directors:

The Board comprises of 5 (five) directors as on date, of which 2 (two) are Independent directors including one woman director. As per the provisions of the Act, the Company has appointed a Chief Executive Officer and Chief Financial Officer who is not a part of the Board of Directors.

The details of other Directorships/ Chairmanships and Memberships* of Committees held by Directors of the Company as on 31st March, 2021 is given below:

Name of Director	Category	No. of Directorshipsin other Public Cos	No. of Committee Memberships ofother Public Cos$#	Chairpersonship in Committeesof other Public Cos$
Mr. Prakash Rao	Non-Executive Director	1	-	-
Mr. Rajiv Dhar	Non Executive Director	2	1	-
Mr. A K T Chari	Non-Executive Director	2	2	-
Ms. Ritu Anand	Independent Director	1	1	1
Mr. Ashwani Kumar *(Appointed w.e.f September 30, 2020)*	Independent Director	4	2	-

Note: * *The above list of other directorships includes Public Companies (listed and unlisted) but does not include Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.*

$ It includes Chairmanship or Membership of the Audit Committee and Stakeholders' Relationship Committee of Public Companies (listed and unlisted) only

 # excluding Chairpersonship which is mentioned in the next column.

Mr. Gautam Kaji and Mr. Suresh Menon resigned as Director of the Company with effect from July 17, 2020 and March 30, 2021 respectively.

The Board of Directors is of the opinion that all Independent Directors of the Company fulfill the conditions of independence as prescribed under Section 149(6) and other applicable provisions of the Companies Act, 2013 hereby confirm that they are independent of the management.

A. Board Meetings

i) Agenda and Minutes

The Company Secretary receives details on the matters which require the approval of the Board / Board Committees, from various departments of the Company in advance, so that they can be included in the Board/ Board Committee agenda. All material information is incorporated, in the agenda papers for facilitating meaningful and focused discussions at the meetings.

In compliance of the statutory requirements, the following minimum information is supplied to the Board in the agenda of every quarterly/annual Board Meeting:

- Minutes of meetings of previous Board and Committee meetings
- Noting of Circular resolution(s)
- Financial results of the Company
- Compliance certificate
- Status of Action on items of the previous Board meeting
- Business requirements
- Outstanding borrowings and investments
- Approval of policies
- Approval of fees of Auditors

The Company is in compliance with the provisions of the notified Secretarial Standards on the subject.

ii) Attendance of directors

As a good practice the Company ensures optimum presence of the Directors at each meeting.

During the FY 2020-21, seven Board meetings were held on April 24, 2020, May 21, 2020, July 23, 2020, October 29, 2020, February 23, 2021, March 10, 2021 and March 30, 2021.

The attendance of the Directors at the above Board meetings and at the last Annual General Meeting is given in the table below:

Name of Directors	No. of Board meetings during FY 2020-21		Attendance in the last AGM dated June 24, 2020 Yes/ No
	Held	Attended	
Mr. Prakash Rao	7	7	No
Mr. Rajiv Dhar	7	6	No
Mr. A K T Chari	7	7	No
Ms. Ritu Anand	7	7	No
Mr. Ashwani Kumar *(Appointed w.e.f September 30, 2020)*	4	4	NA
Mr. Gautam Kaji *(Resigned w.e.f. July 17, 2020)*	2	2	Yes
Mr. Suresh Menon *(Resigned w.e.f. March 30, 2021)*	7	7	No

B. Code of Conduct

The Company has designed and implemented a Code of Conduct for the employees and Directors of the Company. The employees including the senior management of the Company is governed by this Code of Conduct. The salient features of the said Code of Conduct policy are as under:

- Maintain highest degree Corporate Governance practices
- confidentiality of information

- Accuracy of Company Records and Reporting
- Protecting Company's Assets
- Responsibilities
- Fairness in workplace
- Ensure compliance with laws

II) <u>Other Committees of the Company</u>

For ensuring smooth business activities and as per the requirements of the Act and RBI Directions, the Company has constituted certain Board Committees and Executive/Management Committees. The Core Committees constituted by the Board of Directors of the Company under the requirements of the Act, SEBI LODR and RBI Directions, are as under:

A. Audit Committee

The Company has in place the Audit Committee in accordance with the provisions of the Companies Act 2013 and RBI Guidelines as amended from time to time. The terms of reference of the Audit Committee are in accordance with the relevant provisions of the Companies Act, 2013**.**

All the members are financially literate and at least one member has accounting or financial management expertise. The CFO and the representatives of the Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary of the Company acts as the Secretary to the Audit Committee. The Audit committee charter is in line with the Companies Act 2013.

i. Composition of Audit Committee

Our Audit Committee comprises of 3 (three) members viz. Mr. Ashwani Kumar, Ms. Ritu Anand and Mr. Rajiv Dhar. Out of the above, two members viz Mr. Ashwani Kumar and Ms. Ritu Anand are Independent Directors. Mr. Ashwani Kumar is the Chairman of the Audit Committee.

All members of the Audit Committee are financially literate and have the necessary accounting and related financial management expertise.

The Chief Executive Officer, the Chief Financial Officer, Head-Business, Chief Risk Officer, Head – Legal & Compliance , the Statutory Auditors and the Internal Auditors of the Company are invited for each of the Audit Committee meeting of the Company.

The Company Secretary acts as the Secretary to the Committee.

ii. Meetings of Audit Committee and attendance of Audit Committee members

During the FY 2020-21, the Audit Committee met four times on May 21, 2020, July 23, 2020, October 29, 2020 and February 23, 2021.

The attendance of the Audit Committee members at the Audit Committee meetings during the FY 2020-21 is given in the table below:

Name of the Committee member	No. of Audit Committee meetings	
	Held	Attended
Mr. Ashwani Kumar *(Appointed w.e.f. September 30, 2020)*	1	1
Ms. Ritu Anand	4	4
Mr. Rajiv Dhar	4	4
Mr. Gautam Kaji *(Resigned w.e.f. July 17, 2020)*	1	1

B. Risk Management Committee

The Risk Committee reviews and monitors risks across the organization, credit risk, market risk, operational risk and portfolio level risk. As per the documented charter duly approved by the Board of Directors, the primary function of the Risk Management Committee *inter-alia* is to ensure that risk taking be within clearly defined risk limits and boundary parameters as defined in the Board approved Credit Policy, Asset Liability Management (ALM), and Operational Risk Management (ORM) Policy of the Company and adequate processes are implemented to identify, measure, monitor and mitigate the risks.

Composition of Risk Management Committee

The Risk Management Committee comprises of following members as on March 31, 2021 viz.:

- Mr. Prakash Rao - Chairman
- Mr. Rajiv Dhar
- Mr. A K T Chari

The Company at its Board Meeting held May 19, 2021 reconstituted the Risk Management Committee. The composition of the said Committee as on date is as under:

- Mr. Ashwani Kumar - Chairman
- Mr. Rajiv Dhar
- Mr. A K T Chari

i. **Meetings of Risk Management Committee and attendance of Risk Management Committee members**

During the FY 2020-21, the Risk Management Committee met four times on May 21, 2020, July 23, 2020, October 28, 2020 and January 8, 2021 The attendance of the Risk Committee members at the Risk Committee meetings during the FY 2020-21 is given in the table below:

Name of the Committee Member	No. of Risk Committee Meetings	
	Held	Attended
Mr. Prakash Rao	4	4
Mr. Rajiv Dhar	4	4
Mr. A K T Chari	4	4

C. Asset - Liability Committee (ALCO)

The ALCO is a decision making body responsible for integrated balance sheet management from risk-return perspective and includes the strategic management of interest rate and liquidity risks. Primary function of the ALCO inter-alia includes balance sheet planning from risk-return perspective including the strategic management of interest rate and liquidity risks, review the results of and progress in implementation of the decisions made in the previous meetings and articulate the current interest rate view and base its decisions for future business strategy on this view.

i. **Composition of ALCO Committee**

The Asset Liability Management Committee comprises of the following members as on date viz.:

- Mr. Sadashiv S. Rao
- Mr. Debabrata Mukherjee
- Mr. Dhananjay Yellurkar
- Mr. Sanjay Ajgaonkar
- Mr. Amit Ruparelia

Mr. Mahusudan Warrier (Head – Information Technology) is the permanent invitee of the Committee.

ii. **Meetings of ALCO Committee and attendance of ALCO Committee Members**

During the FY 2020-21, the ALCO met six times on August 10, 2020, September 15, 2020, October 19, 2020 and December 15, 2020, February 17, 2021 and March 16, 2021.

The attendance of the Asset Liability Management Committee members at the Asset Liability Management Committee meetings during the FY 2020-21 is given in the table below:

Name of the Committee member	No. of Asset Liability Management Committee meetings	
	Held	Attended
Mr. Sadashiv S. Rao	6	6
Mr. Debabrata Mukherjee	6	6
Mr. Dhananjay Yellurkar	6	6
Mr. Sanjay Ajgaonkar	6	6
Mr. Amit Ruparelia	6	6

D. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed to recommend to the Board the appointment of Directors, senior management and Key Managerial Personnel. The Committee also decides the remuneration payable to Directors and Manager. The Committee further ensures fit and proper status of existing / proposed directors. The Committee is formed as per the provisions of the Act and the RBI Directions.

i. Composition of Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of the following Members:

- Mr. Ashwani Kumar (Chairman)
- Mr. Prakash Rao
- Mr. Rajiv Dhar
- Ms. Ritu Anand

ii. Meetings of Nomination and Remuneration Committee (NRC) and attendance of NRC members

During the FY 2020-21, the Nomination and Remuneration Committee met two times on May 21, 2020 and December 28, 2020. The attendance of the Nomination and Remuneration Committee members at the NRC meetings during the FY 2020-21 is given in the table below:

Name of the Committee member	No. of Nomination and Remuneration Committee meetings during the FY 2020-21	
	Held	Attended
Mr. Prakash Rao	2	2
Mr. Rajiv Dhar	2	2
Mr. Ashwani Kumar *(Appointed w.e.f. September 30, 2020)*	1	1
Ms. Ritu Anand	2	2
Mr. Gautam Kaji *(Resigned w.e.f. July 17, 2020)*	1	1

E. Corporate Social Responsibility (CSR) Committee

The Company believed that profitability must be complemented by a sense of responsibility towards all stakeholders. The CSR Committee, as mandated under Section 135 (3) of the Companies Act, 2013 formulated and recommended to the Board, a CSR Policy which indicates the activities to be undertaken by the Company as specified in Schedule VII of the Act and recommends the amount of expenditure to be incurred on the said activities. The CSR Committee had been constituted pursuant to the provisions of Section 135 of the Act.

i. Composition of CSR Committee

The CSR Committee comprises of the following Members:

- Mr. Ashwani Kumar (Chairman)
- Mr. Prakash Rao
- Ms. Ritu Anand

The Company Secretary acts as the Secretary to the Committee.

ii. Meeting(s) of CSR Committee and attendance of CSR Committee members

During the FY 2020-21, the CSR Committee met 5 times on May 21, 2020, November 26, 2020, December 17, 2020, January 21, 2021, and February 19, 2021. The attendance of the CSR Committee members at the CSR meetings during the FY 2020-21 is given in the table below:

Name of the Committee member	No. of CSR Committee meetings during theFY 2020-21	
	Held	Attended
Mr. Ashwani Kumar*(Appointed w.e.f September 30, 2020)*	4	4
Mr. Prakash Rao	5	5
Ms. Ritu Anand	5	5
Mr. Gautam Kaji*(Resigned w.e.f July 17, 2020)*	1	1

F. IT Strategy Committee

The IT Strategy Committee has been constituted as per the requirements of RBI's master directions on Information technology.

i. Composition of IT Strategy Committee

The Committee, at present, comprises of the following members:

- Ms. Ritu Anand - Chairperson
- Mr. Rajiv Dhar
- Mr. Sadashiv S. Rao
- Mr. Dhananjay Yellurkar
- Mr. Sanjay Ajgaonkar
- Mr. Madhusudan Warrier

ii. Meetings of the Committee and attendance of the Committee members

During the FY 2020-21, the IT Strategy Committee met twice on April 16, 2020 and October 15, 2020. The attendance of the IT Strategy Committee members at the meetings during the FY 2020-21 is given in the table below:

Name of the Committee member	No. of IT Strategy & Information Security Steering Committee meetings during the FY 2020-21	
	Held	Attended
Ms. Ritu Anand	2	2
Mr. Rajiv Dhar	2	2
Mr. Sadashiv S. Rao	2	2
Mr. Dhananjay Yellurkar	2	2
Mr. Sanjay Ajgaonkar	2	2
Mr. Madhusudan Warrier	2	2

A) Remuneration of Directors

Based on the recommendation of the Nomination & Remuneration Committee, all decisions relating to remuneration of Directors are taken by the Board of your Company in accordance with the shareholder's approval, wherever necessary. Apart from sitting fees, travelling, lodging and other incidental expenses with respect to attending Meetings of Board / Committees payable to the Independent Directors, no other remuneration is being paid to any of the Directors of the Company.

Your Company pays sitting fees to the Independent Directors for attending meetings as per the following:

Attending Meeting of	Amount in ₹
Board	50,000 per meeting
Other Committees	25,000 per meeting

Details of sitting fees paid to the Independent Directors during the FY 2020-21 are given in the table below:

(Amount in ₹)

Name of the Director	Board Meeting	Committee				
		Independent Directors	Audit	Nomination & Remuneration	CSR	ITStrategy
Ms. Ritu Anand	3,50,000	25,000	1,00,000	50,000	1,25,000	50,000
Mr. Ashwani Kumar *(Appointed w.e.f September 30, 2020)*	2,00,000	-	25,000	25,000	1,00,000	-
Mr. Gautam Kaji *(Resigned w.e.f. July 17, 2020)*	1,00,000	25,000	25,000	25,000	25,000	-

B) Shareholders & General information

a) General Body Meetings

The particulars of the last three Annual General Meetings (AGMs) of the Company are provided in the below Table:

AGM	Year	Date of the AGM	Time	Venue
5th AGM	2017-18	June 21, 2018	11.30 a.m.	Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East) Mumbai – 400 051.
6th AGM	2018-19	September 20, 2019	3.30 pm	3rd Floor, North Wing, UTI Tower, GN Block, Bandra Kurla Complex Mumbai 400051.
7th AGM	2019-20	June 24, 2020	5.00 p.m.	Through Video Conferencing on MS Teams

b) General Shareholder Information

Date, Time and Venue of the 8th Annual General Meeting	Tuesday, September 21, 2021 at 2 P.M at MS Teams
Year	2020-21
Corporate Identification Number (CIN) / Registration no. of the Company as perCompanies Act with the Registrar of Companies	U67190MH2014PLC253944
Permanent Account Number (PAN)	
Address for correspondence	North Wing, 3rd Floor, UTI Tower, GN Block, Bandra Kurla Complex Mumbai 400 051
Registration / license/ authorization, obtained from other financial sector regulators	RBI's certificate of Registration no. N.13.02078 dated September 22, 2014
Area and country of operation	India

Annexure III

NIIF Infrastructure Finance Limited

Details to be included in the Board report as per Section 197(12) & Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for Financial Year 2020-21

1. Ratio of remuneration of each Director to median remuneration of the employees of the company for the financial year:

   Not Applicable

2. Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, in the FY 2020-21:

   Nil*

3. Percentage increase in median remuneration of employees in the FY:

   Nil*

4. No. of permanent employees on rolls of the Company:

   27 employees as on March 31, 2021

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

   Nil*

6. It is hereby affirmed that the remuneration paid is as per the remuneration policy of the Company

** The Company has not given increment in the financial year 2020-21 barring making corrections to salary of few employees.*

ANNUAL CSR REPORT OF THE COMPANY FOR THE FINANCIAL YEAR 2020-2021

1. Brief outline on CSR Policy of the Company:

NIIF Infrastructure Finance Limited("NIIF IFL" or "Company") believes that profitability must be complemented by a sense of responsibility towards all stakeholders with a view to make a material, visible and lasting difference to the lives of disadvantaged sections of the society, preferably in the immediate vicinity in which the Company operates but at the same time ensure widespread spatial distribution of its CSR activities all over India befitting its status as a conscientious corporate citizen.

The CSR activities shall be undertaken by NIIF IFL as per the Companies (CSR Policy) Rules 2014, Companies (CSR Policy) Amendment Rules, 2021 and circulars related to CSR issued by the Ministry of Corporate Affairs from time to time.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Ashwani Kumar *(Appointed w.e.f September 30, 2020)*	Independent Director - Chairman	4	4
2.	Mr. Prakash Rao	Nominee Director of NIIF Fund II - Member	5	5
3.	Ms. Ritu Anand	Independent Director - Member	5	5
4.	Mr. Gautam Kaji (Resigned w.e.f July 17, 2020)	Independent Director	1	1

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

CSR Policy - CSR Policy.pdf (niififl.in)

CSR Projects & Committee - CSR Report FY 2020.pdf (niififl.in)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) – **Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any – **Not Applicable**

6. Average net profit of the company as per section 135(5) - ₹ 105,68,79,970/-

7. (a) Two percent of average net profit of the company as per section 135(5) - ₹ 211,37,599/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - NIL

(c) Amount required to be set off for the financial year, if any - NIL

(d) Total CSR obligation for the financial year (7a+7b- 7c) - ₹ 211,37,599/-

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
2,11,40,089	-	-	-	-	-

(b) Details of CSR amount spent against **ongoing projects** for the financial year: **Nil**

(c) Details of CSR amount sspent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation on - Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR registration number
1.	Support provided to enhance e-learning in schools for the underprivileged children.	Promoting education	NO	Union Territory of Ladakh	Leh & Kargil districts	3916964	NO	17000 Ft Foundation	-
2.	Support provided to procure and distribute 300 tactile mathematical kits to blind students	Promoting education	NO	Across schools for the visually challenged children located in various states of India		2456125	NO	Saksham Trust	-
3.	Support provided for employment related training to disabled youths	Employment enhancing vocation skills	NO	Telangana	Hyderabad	2000000	NO	Youth4Jobs Foundation	-
4.	Support provided to seven schools serving the underprivileged children	Promoting education	NO		Tamil Nadu	1013000	NO	Isha Education	-
5.	Emergency financial support for cancer treatment of 100 underprivileged children	Promoting health care including preventive health care	YES	Maharashtra	Mumbai	5000000	NO	Tata Memorial Centre	-
6.	Contribution to Fund set up by Central Government	Relief and assistance	National Relief			6754000	NO	Prime Minister's National Relief Fund	-
	TOTAL					21140089			

* **Note:** as per Companies (CSR Policy) Amendment Rules 2021, this is applicable only for CSR activities/ projects done or approved on or after 01 April 2021

(d) Amount spent in Administrative Overheads - Nil

(e) Amount spent on Impact Assessment, if applicable - Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - ₹ 2,11,40,089

(g) Excess amount for set off, if any - **Not Applicable**

9. (a) Details of Unspent CSR amount for the preceding three financial years : **Nil**

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s) : **Nil**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details)** **: Nil**

(a) Date of creation or acquisition of the capital asset(s) : **-**

(b) Amount of CSR spent for creation or acquisition of capital asset : **-**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : **-**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : **-**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) – Not Applicable

Sd/-	Sd/-
Sadashiv Rao Chief Executive Officer	**Ashwani Kumar** Chairman - CSR Committee

NIIF IFL Policy on Related Party Transactions

1. BACKGROUND

1.1 Related party transactions that companies may seek to execute may present potential or actual conflicts of interest, which would be inconsistent with the best interest of the company and its shareholders. The Master Directions (*as defined below*) as well as Section 188 of the Companies Act, 2013 read with the Rules framed thereunder, provide compliance and approval requirements regarding the related party transactions. Considering these requirements, NIIF Infrastructure Finance Limited ("**NIIF IFL**" or "**Company**") has formulated this Policy for related party transactions ("**Policy**") to regulate of the Company's Related Parties, and define a framework for the identification process, the proper approval, conduct, reporting and documentation of its Related Party Transactions.

1.2 Accordingly, the Board of directors ("**Board**") of NIIF IFL shall adopt the following Policy and replace the earlier Policy. This Policy applicable from the date on which it is approved by the Board. The Audit Committee of NIIF IFL shall review this Policy, annually and propose any modifications, based on the changes that may be brought about due to any regulatory amendments or otherwise, to the Board for approval.

2. DEFINITIONS

(i) **Act** means Companies Act, 2013 and the rules made thereunder, as may be amended from time to time.

(ii) **Board** means the Board of Directors of the Company.

(iii) **Audit Committee** or **Committee** means the audit committee constituted by the Board as per provisions of the Act.

(iv) **Chief Financial Officer** means the person who is appointed by the Company to perform the functions of a chief financial officer under the Act.

(v) **Company Secretary** means the person who is appointed by the Company to perform the functions of a company secretary under the Act.

(vi) **Key Managerial Personnel** includes –

- (i) the Chief Executive Officer or the Managing Director or the Manager.
- (ii) the Company Secretary.
- (iii) the Whole-Time Director.
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed under the Companies Act, 2013.

(vii) **Management Team** means the respective functional heads of various departments of the Company (i.e. accounts and finance, legal and compliance, resource, etc.) business heads and any other concerned person who is authorized to enter into a transaction, arrangement, contract or agreement with any party.

(viii) **Master Directions** means the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank)

Directions, 2016, issued by the Reserve Bank of India, as may be amended from time to time.

(ix) **Material RPT** means any RPT, which individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of NIIF IFL as per the Company's last audited financial statements.

Provided that, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 2 % (two) percent of the annual consolidated turnover of the bank as per the last audited financial statements of the bank.

(x) **Related Party –** Related Party shall mean a person or entity that is related to the company as defined under Section 2(76) of the Companies Act, 2013. Related Party with reference to Company means

- (i) A director or his relative.
- (ii) A Key Managerial Personnel or his relative.

(iii) A firm, in which a director, manager or his relative is a partner

(iv) a private company in which a director or manager is a member or director

(xi) **Related Party Transaction** or **RPT** means any transaction, directly or indirectly with Related Parties, including transactions as specified under clause (a) to (g) of sub- section (1) of Section 188 of the Act.

(xii) **Relative** means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- they are members of the hindu undivided family
- they are husband and wife; or
- Father (including step-father)
- Mother (including step-mother)
- Son (including step-son)
- Son's wife
- Daughter
- Daughter's Husband
- Brother (including step- brother)
- Sister (including step-sister)

(xiii) **Rule** means the rules of the Companies (Meetings of Board and its Powers) Rules, 2014, as may be amended from time to time.

Any other term not defined herein shall have the same meaning ascribed to it under the Act, the Rules, the Master Directions and any other applicable law or regulation.

3. GUIDING STANDARDS

3.1 Arm's Length Transaction means a transaction between 2 (two) Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

3.2 It is hereby clarified that a transaction with a Related Party will be considered to be an Arm's Length Transaction if the key terms, including pricing of the transaction, taken as a whole, are comparable with those of similar transactions, if they would have been undertaken with unrelated parties.

3.3 Factors that may be considered to decide whether an activity is in the **Ordinary Course of Business**, include:

(i) activities that are undertaken by the Company in its normal day-to-day operations,

(ii) usual transactions, customs and practices of the Company that are necessary and incidental to its business,

(iii) common practices and customs of commercial transactions,

(iv) activity is covered in the Objects clause of the Memorandum of Association,

(v) activity is in furtherance of the business,

(vi) activity is repetitive/frequent,

(vii) the income, if any, earned from such activity/transaction is treated as business income in the company's books of account,

(viii) transactions are common in the particular industry,

(ix) whether there is any historical practice to conduct such activities,

(x) financial scale of the activity with regard to the operations of the business,

(xi) revenue generated by the activity, and

(xii) resources committed to the activity.

(xiii) Whether the activity is normal or otherwise routine for particular business

It is hereby clarified that the abovementioned criteria are not exhaustive and the Audit Committee/Board, under Clause 4.7 below, will have to assess whether each RPT is in the Ordinary Course of Business, considering its specific nature and circumstances.

4. IDENTIFICATION OF RELATED PARTIES

4.1 Obligations of Chief Financial Officer: The Chief Financial Officer of the Company, at the beginning of every financial year, shall provide to the Company Secretary a list of Related Parties of the Company. Compliance with Rule 2(f) of the Income Tax Rules, 1962 shall be adhered to get exemption under Section 10(47) of the Income Tax Act, 1961**.**

4.2 Obligations of directors and KMP: Each director and KMP of the Company shall disclose to the Company Secretary in form MBP-1, (i) at the time of appointment, (ii) in the beginning of every financial year and (iii) subsequently whenever there is any change in the disclosure so made, about all persons, entities, firms in which he/she is related, whether directly or indirectly within 30 (thirty) days of such change.

4.3 Obligations of Company Secretary:

(a) The Company Secretary shall determine if common directors have been appointed on the Board and the boards of any companies in which the Company may propose to hold or currently holds equity or debt investments ("**Portfolio Company**"), which may be incorporated as a private limited company. Further, the Company Secretary shall determine if common directors have been appointed on the Board and the boards of any Portfolio Companies, which may be incorporated as a public company, and such common directors hold more than 2% (two percent) of the paid up share capital in such Portfolio Companies. The Company Secretary shall make a list of such public and private Portfolio Companies.

(b) The Company Secretary shall engage in discussions with the company secretary of National Infrastructure Investment Fund Limited/ Aseem Infrastructure Finance Limited, periodically to identify any Portfolio Companies that may qualify as Related Parties of the Company.

4.4 The Company Secretary shall compile the information received or collected pursuant to paragraph 4.1 to 4.3 above and forward the same to the Chief Financial Officer, the Board and the Management Team, at the beginning of every financial year, and subsequently whenever there is any change in the information so compiled. The information so compiled shall be updated and revised every quarter by the Company Secretary.

4.5 The Company Secretary shall maintain a database of Related Parties containing the names of individuals and companies identified based on the definition of Related Party and Declarations provided by the Directors, including any revisions therein, and intimate the Management as soon the Company Secretary has been intimated of such changes in Related Party. The list of Related Party shall be updated whenever necessary, shall be reviewed on a timely basis and would be communicated to the functional departments. All sister concerns and subsidiaries of the Company shall be maintained in the database as well.

4.6 Details of the Related Parties needs to be periodically informed by the Company Secretary to the operation and finance teams, to monitor processing of transactions.

4.7 The Management Team shall forward to the Company Secretary and the Chief Financial Officer, the details of any proposed transaction with any Related Party along with the draft terms and conditions and other related information pertaining to the proposed transaction. The Company Secretary shall forward the same to the Audit Committee for determination of whether the proposed transaction is in Ordinary Course of Business and whether it is an Arm's Length Transaction. The Audit Committee may decide whether the proposed transaction is in the Ordinary Course of Business and is an Arm's Length Transaction, and such decision may be based on the factors set out in Clause 3 above. Subsequently the Audit Committee may proceed to approve the proposed RPT as set out in Paragraph 5 below.

4.7.1 Any proposed modification(s) in the RPTs already entered into shall be intimated to the Company Secretary and Chief Financial Officer by the Management Team, which shall be placed by the Company Secretary before the Audit Committee for its prior approval and further action, under paragraph 5 below.

5. APPROVALS OF THE AUDIT COMMITTEE

5.1 All RPTs, even if in the Ordinary Course of Business and on Arm's Length Transactions, must be reported to the Audit Committee for its approval.

5.2 Any director having a potential interest in any RPTs will not participate in discussions and voting on the approval of the RPTs.

5.3 Prior Approval of the Audit Committee

(a) Any RPT (other than transactions as specified under clause (a) to (g) of sub-section (1) of Section 188 of the Act) entered into by the Company with (a) a company of which NIIF IFL is a wholly owned subsidiary; or (b) NIIF IFL's wholly owned subsidiary, shall not require Audit Committee approval.

(b) Where the Audit Committee does not approve an RPT other than transactions as specified under clause (a) to (g) of sub-section (1) of Section 188 of the Act, it shall make recommendations to the Board.

(c) In case any RPT involving any amount not exceeding INR 1,00,00,000 is entered into by a director or officer of NIIF IFL, without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within 3 (three) months from the date of the transaction, such RPT shall be voidable at the option of the Audit Committee. Further, if the RPT is with the Related Party to any director or is authorized by any other director, the director concerned shall indemnify NIIF IFL against any loss incurred by the Company.

(d) Any member of the Audit Committee who has potential interest in any Related Party Transaction will recluse themselves and shall abstain from discussion and voting on the approval of Related Party Transaction.

5.4 Omnibus Approval of the Audit Committee

(a) The Audit Committee may also make omnibus approval for RPTs proposed to be entered into by NIIF IFL subject to conditions specified in Rule 6A.

(b) The Audit Committee shall, after obtaining approval of the Board of directors, specify the criteria for making the omnibus approval which shall include the following, namely:

- (i) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year.
- (ii) the maximum value per transaction which can be allowed.
- (iii) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.
- (iv) review, at such intervals as the Audit Committee may deem fit, RPT entered into by NIIF IFL pursuant to each of the omnibus approval made.
- (v) transactions which cannot be subject to the omnibus approval by the Audit Committee.

(c) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:

- (i) repetitiveness of the transactions (in past or in future);
- (ii) justification for the need of omnibus approval and that such approval is in the interest of the Company.

(d) The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of NIIF IFL.

(e) The omnibus approval shall contain or indicate the following:

- (i) name of the Related Parties.
- (ii) nature and duration of the transaction.
- (iii) maximum amount of transaction that can be entered.
- (iv) the indicative base price or current contracted price and the formula for variation in the price, if any; and
- (v) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

(f) Where the need for RPT cannot be foreseen and aforesaid details are not available, Audit Committee may make omnibus approval for such transactions subject to their value not exceeding INR 1,00,00,000 per transaction.

(g) The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered by the Company pursuant to each of the omnibus approvals given.

(h) Omnibus approval shall be valid for a period not exceeding 1 (one) financial year and shall require fresh approval after the expiry of such financial year.

(i) Omnibus approval cannot be provided for transactions in respect of selling or disposing of any undertaking of NIIF IFL.

6 APPROVAL OF THE BOARD OF DIRECTORS

6.1 Upon approval by the Audit Committee, RPTs as specified under clause (a) to (g) of sub- section (1) of Section 188 of the Companies Act, 2013 which, as decided by the Audit Committee, are either not in the Ordinary Course of Business or are not Arm's Length Transactions, shall require prior approval of the Board.

6.2 Approval of the Board for RPTs is required to be taken at a Board Meeting and cannot be taken through resolution by way of circulation.

6.3 Agenda of the Board meeting at which the resolution for the approval of a RPT is proposed to be moved shall disclose:

(a) the name of the related party and nature of relationship.

(b) the nature, duration of the contract and particulars of the contract or arrangement.

(c) the material terms of the contract or arrangement including the value, if any;

(d) any advance paid or received for the contract or arrangement, if any;

(e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract.

(f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and

(g) any other information relevant or important for the Board to take a decision on the proposed transaction.

6.4 Any director having a potential interest in any RPTs requiring the approval of the Board will not be present (whether physically or through electronic mode), nor participate in discussions and vote on the approval of the RPTs.

6.5 In case any RPT involving any amount not exceeding INR 1,00,00,000 is entered into by a director or officer of NIIF IFL, without obtaining the approval of the Board and it is not ratified by the Board within 3 (three) months from the date of the transaction, such RPT shall be voidable at the option of the Board. Further, if the RPT is with the related party to any director or is authorized by any other director, the director concerned shall indemnify NIIF IFL against any loss incurred by the Company.

7. APPROVAL OF SHAREHOLDERS OF NIIF IFL

7.1 Upon approval by the Board, under Rule 15(3), Material RPTs, which, as decided by the Audit Committee, are either not in the Ordinary Course of Business or are not Arm's Length Transactions, require approval of shareholders of the Company by way of a resolution.

7.2 The explanatory statement to be annexed to the notice of a general meeting convened for the purpose of *inter alia*, approval of the RPT shall contain the following particulars, namely:

(i) name of the related party.

(ii) name of the director or KMP who is related, if any;

(iii) nature of relationship.

(iv) nature, material terms monetary value and particulars of the contract or arrangement.

(v) any other information relevant or important for the shareholders to take a decision on the proposed resolution.

7.3 Any RPT entered into by the Company with (a) a company of which NIIF IFL is a wholly owned subsidiary; or (b) NIIF IFL's wholly owned subsidiary, shall not require shareholder approval.

7.4 No shareholder of NIIF IFL shall vote on such resolution, to approve any transaction which may be entered into by NIIF IFL, if such shareholder is a Related Party, in the context of the RPT for which the said resolution is being passed.

7.5 In case any RPT involving any amount not exceeding INR 1,00,00,000 is entered into by a director or officer of NIIF IFL, without obtaining the approval of the shareholders of NIIF IFL and it is not ratified by the Board within 3 (three) months from the date of the transaction, such RPT shall be voidable at the option of the shareholders of NIIF IFL. Further, if the RPT is with the Related Party to any director or is authorized by any other director, the director concerned shall indemnify NIIF IFL against any loss incurred by the Company.

8. TREATMENT OF RELATED PARTY TRANSCTIONS WHICH DID NOT TAKE PRIOR APPROVAL UNDER THIS POLICY

8.1 In the event NIIF IFL becomes aware of an RPT with a Related Party that has not been approved under this Policy prior to its adoption, the matter shall be reviewed by the Audit Committee/ Board and/ or Shareholders as required under applicable law. The Audit Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to NIIF IFL, including ratification, revision or termination of the RPT. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy and shall take any such action it deems appropriate. In the event where NIIF IFL is not able to take prior approval from Audit Committee, the Board and/ or shareholders of NIIF IFL , such transactions shall not be deemed to violate such policy, or be invalid or unenforceable, as long as approval is obtained promptly. In any case, where the Audit Committee determines not to ratify an RPT that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of an RPT, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

8.2 All existing Material RPTs entered into prior to the date of adoption of this Policy and which may continue beyond such date, shall be placed for approval of the shareholders of the Company in the first General Meeting subsequent to adoption of this Policy.

8.3 This Policy will be communicated to all operational employees and other concerned persons of NIIF IFL.

9. EVALUATION PROCESS OF RPTs

9.1 To approve an RPT, the Audit Committee/ Board/ shareholders, as may be applicable, shall be provided all relevant material information of such transaction, including the terms and such other details as required under the Act, or by the Audit Committee/ Board/ shareholders, as the case may be. While approving an RPT, the Audit Committee/ Board/ shareholders will consider the following factors, among others, to the extent relevant:

(a) whether the terms on which RPT is proposed are fair to the Company and whether the transaction is an Arm's Length Transaction;

(b) whether the RPT would affect the independence of an independent director or an independent member;

(c) whether the RPT includes any potential reputational risk that may arise as a result of or in connection with the proposed transaction; and

(d) whether the RPT would present conflict of interest for any director or member of a committee or KMP of the Company.

9.2 Whenever there is any doubt with regard to transaction(s) with Related Party(ies) and/or the applicable corporate governance requirements, the Audit Committee/ Board/ shareholders shall be entitled to seek a legal opinion/clarification for the same.

9.3 In the event any director, KMP or any other employee becomes aware of any RPT(s) that has been omitted to be approved by the Audit Committee/ Board/shareholders or is in deviation of this Policy, such person shall promptly notify the Company Secretary of the Company, of such transaction, who shall ensure that such transaction is brought to the notice of the Audit Committee/ Board/ shareholders, as may be applicable, at the earliest.

9.4 The Audit Committee/ Board/ shareholders shall evaluate such transaction(s) and may decide as it considers appropriate, subject to the Act, necessary action to be taken, including ratification, revision or termination of the RPT.

10. REPORTING OF RELATED PARTY TRANSACTIONS

10.1 Section 134(3) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 requires all companies to disclose in the Board's report, particulars of contracts or arrangements with Related Parties in Form AOC-2.

10.2 The Board's annual report shall disclose the following RPTs as specified under clause (a) to (g) of sub-section (1) of Section 188 of the Act, in accordance with section 134(3)(h) of the Act:

(a) RPTs which are not Arm's Length Transactions;

(b) Material RPTs which are Arm's Length Transactions.

(c) RPTs which are not in the Ordinary Course of Business and justification for entering into such transactions

10.3 The Board shall also make relevant disclosures under the Master Directions/ Companies Act 2013 in the annual report and on the website of the Company.

10.4 As per the Reserve Bank of India guidelines on prudential norms on systematically important non-banking financial company, the Related Parties information shall be stated in Schedule to the Balance Sheet of a non-deposit taking non-banking financial company.

10.5 The auditor's report on the financial statements of the Company, shall include a statement on whether all transactions with Related Parties are in compliance with Sections 177 and 188 of the Act, where applicable, and that the details have been disclosed in the financial statements.

11. ADOPTION & REVIEW OF THE POLICY AND COMPLIANCE

11.1 Upon adoption by the Board, the Policy shall be displayed on the website of the Company. Relevant disclosures relating to the adoption of the Policy shall be made in the Board's annual report as required under the Master Directions/ Companies Act.

11.2 The Audit Committee of the Company shall review this policy from time to time, but atleast once in 3 (three) years and may recommend amendments to the same for the approval of the Board.

11.3 The Board shall ensure strict compliance of the Policy, subject to applicable law, including the Act and Rules.

11.4 The Board shall conduct annual sensitization sessions and create awareness among members of the Management Team regarding compliances under the Policy, during its term.

Annexure VI

NIIF IFL – Remuneration policy for directors, key managerial personnel, senior management personnel and other employees

1. Preamble

The remuneration policy provides a framework for the remuneration of the Directors, Key Managerial Personnel (**"KMP"**), Senior Management Personnel (**"SMP"**) and other employees of NIIF Infrastructure Finance Limited (**"NIIF IFL"** or **"the Company"**).

Categories of Employees covered under this policy:

a) Directors which includes Whole Time or Executive Directors and Non-Executive or Nominee Directors or Independent Directors

b) Key Managerial Personnel as defined under Section 2 (51) of the Act

c) Senior Management

As per Companies Act 2013:

"Key Managerial Personnel"(KMP) , in relation to a company, means—

(i) the Chief Executive Officer or the managing director or the manager;

(ii) the company secretary;

(iii) the whole-time director;

(iv) the Chief Financial Officer;

(v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

(vi) such other officer as may be prescribed.

***"Senior Management" (SMP)** includes officers or personnel of the Company who are members of the core management team of the Company excluding the Directors and normally comprising of all the members of management one level below the Chief Executive Officer/Managing Director/Whole-Time Director

The major principles and objectives of the Company's Remuneration Policy for Directors are as under:

a. To ensure that remuneration is competitive, enabling the Company to attract and retain Whole Time Directors capable of meeting the Company's needs and service delivery obligations;

b. All Whole Time Directors, of the Company are recognized and rewarded for their performance in a fair and equitable manner;

c. To ensure that relationship of remuneration to performance is clear and meets organization's performance goals while creating shareholder value;

d. Compensate Whole Time Directors adequately for the efforts put in by them for the growth of the Company taking into consideration their significant professional expertise and rich experience across a wide spectrum of functional areas, time commitment, ensuring compliance with various statutory requirements and current competitive business environment.

The major principles and objectives of the Company's Remuneration Policy for KMP, SMP and other employees are as under:

A. Help attract and retain employees:

i. Company recognizes that the industry landscape is competitive and therefore, the Company requires to provide competitive remuneration to ensure that high caliber key managerial personnel and employees are hired and retained to run the company in meeting its performance objectives.

ii. The remuneration policy to have differentiated benefit programs that build and reinforce organization values and loyalty

B. Foster a culture of meritocracy

i. Reward meritocracy, where differentiation is based on superior and consistent performance

ii. Rewards not just based on quantitative (financial) parameters but also on how performance is achieved, including processes adopted, prudent judgment and controls exercised

C. Evaluate and Reward Performance over Time

i. The remuneration plan ensures balance between short term and long-term financial performance and health of the organization

ii. Drive long term commitment and ownership through Long Term Incentive Plan (LTIP) and/or equity awards with deferred vesting schedules.

D. Market competitive and mix of Fixed and Variable component

i. Fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience

ii. Short term incentives in the form of annual incentive/bonus and long-term Incentives/equity based plan/deferred incentives ensure achievement of both short and long term company performance.

The remuneration shall be market competitive

2. Remuneration to Nominee Directors/ Independent Directors

The Nominee Directors shall not be entitled to any remuneration in their capacity as Directors of the company (except any remuneration payable under his/her employment of service contract, if any).

The remuneration of Independent Directors will be by way of sitting fees, subject to overall limit as prescribed in the Companies Act, 2013 & Rules made there, and any regulatory provisions applicable to the Company and/or its' business.

In addition to the Sitting Fees, Independent Directors(not appointed as an Nominee Director) will be paid travelling expenses including airfare, hotel stay and car on rental basis for attending the meetings and such other expenses as are incurred by the directors and allowed to be reimbursed as per the provisions of the Companies Act, 2013 and any regulatory provisions applicable to the Company and/or its' business.

D&O Policy

All Directors shall be covered under the Directors and Officers Liability Insurance (**"D&O"**) Policy.

Remuneration of SMP, KMP (including whole-time directors) and other employees

The key components of remuneration package of the KMPs, SMPs and other employees of the Company shall comprise of fixed salary, perquisites, allowances, retirals and variable pay in the form of annual performance bonus, and long-term performance bonus/equity based plans/deferred bonus as may applicable.

The remuneration, performance appraisal and rewards to KMPs, SMPs and other employees, shall be in line with the stated objectives.

The annual increments for the SMPs, KMPs and other employees shall be linked to their overall performance, performance of the Company and as decided by the CEO in consultation with their reporting managers, if any and Human Resources Department.

Employees must conduct themselves to ensure that no breach of Code of Conduct is committed. Any such breach will have a direct bearing on their performance appraisal and rewards and shall also attract appropriate disciplinary action.

3. Disclosures in the Board's Report

The disclosures as required under the relevant provisions of the Companies Act, 2013, the rules made thereunder, to the extent applicable, shall be made with regards to the remuneration details of the Directors, KMPs, SMPs and other employees.

4. Policy review

This Policy may be amended, modified or supplemented, from time to time, to ensure compliance with any amendment, modification or supplementation to the Companies Act, 2013 and Rules made there under, RBI regulations/guidelines or any other law and any regulatory provisions applicable to the Company and/or its' business relating to employee/directors' compensation, issued from time to time.

Any such amendment shall be recommended by Nomination and Remuneration Committee (NRC) and approved by the Board of Directors.

Annexure VII

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

To
The Members
NIIF Infrastructure Finance Limited
(Formerly IDFC Infrastructure Finance Limited)
Mumbai

Dear Sirs,

We have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate governance practices by NIIF Infrastructure Finance Limited *(Formerly IDFC Infrastructure Finance Limited)* (hereinafter called **"the Company"**). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 31st March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the Financial Year ended on 31st March, 2021, according to the provisions of:

   (i) the Companies Act, 2013 ("the Act") and the rules made there under;

   (ii) the Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):

   (i) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

   (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR");

   (iii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

3. Other laws as applicable specifically to the Company:

   (i) Infrastructure Debt Fund-Non-Banking Financial Companies (Reserve Bank) Directions, 2011;

   (ii) Master Direction - Non-Banking Financial Company - Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

4. The provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report:-

   (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (ii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

   (iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

   (iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (v) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; and

   (vi) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

5. The provisions and guidelines prescribed under the Securities Contracts (Regulation) Act, 1956 ('SCRA') and rules made thereunder were not applicable to the Company during the Financial Year under report.

6. The provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings were not applicable to the Company during the Financial Year under report.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India;

(ii) The Listing Agreement entered into by the Company with the National Stock Exchange of India Limited ("NSE"), the Stock Exchange on which the Company's Non-Convertible Debentures are listed;

During the Financial Year under report, the Company has generally complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Secretarial Standards etc. as specified above.

We further report that:

The Board of Directors of the Company is duly constituted and the Company only has Non- Executive Directors and Independent Directors including one woman director in compliance with the provisions of the Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Except in case of meetings convened at a shorter notice, adequate Notice was given to all Directors to schedule the Board meetings and the agenda and detailed notes on agenda was sent atleast seven days in advance. However, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings, the decisions of the Board were taken with requisite majority.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under report, the following event had a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. referred to above:

(a) Issue of Secured Non-Convertible Debentures ("NCD's) of the face value of Rs. 10,00,000/- each through Private placement basis as under:

Sr. No.	Date of Allotment	No. of NCD'sallotted	Amount raised from issueof NCDs (Rs. in Crores)
1.	April 23, 2020	5000	500
2.	June 1, 2020	2500	250
3.	June 12, 2020	1250	125
4.	September 29, 2020	2450	245
5.	December 31, 2020	1050	105
6.	January 29, 2021	2500	250
7.	February 4, 2021	750	75
8.	February 4, 2021 (Re-issuance)	290	29
9.	March 22, 2021	1250	125
10.	March 30, 2021	5600	560
	Total	22640	2264

(b) During the year under review, the following securities were issued and allotted by the Company:

(i) 15,23,46,131 Equity Shares of the face value of INR 10/- per share at a premium of INR 6.41 per share aggregating to INR 250,00,00,010/- on Rights basis as under on May 21, 2020:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Total consideration (in INR)
1.	National Investment and Infrastructure Fund II	10,09,29,312	165,62,50,010
2.	Aseem InfrastructureFinance Limited	5,14,16,819	84,37,50,000
		15,23,46,131	250,00,00,010

(ii) 22,33,84,030 Equity Shares of the face value of INR 10/- per share at a premium of INR 11.04 per share aggregating to INR 469,99,99,992/- on private placement basis as under:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Total consideration (in INR)
1.	National Investment and Infrastructure Fund II	12,74,21,667	268,09,51,874
2.	Aseem InfrastructureFinance Limited	9,59,62,363	201,90,48,118
		22,33,84,030	469,99,99,992

and

8,79,27,757 0.001% Compulsory Convertible Preference Shares (CCPS) of face value of INR 21/- per share at a premium of 0.04 paisa aggregating to INR 185,00,00,007 on private placement basis to President of India, represented by and acting through the Secretary, Department of Economic Affairs, Ministry of Finance, Government of India on March 30, 2021.

For RATHI & ASSOCIATES COMPANY SECRETARIES

NEHA R LAHOTY,
PARTNER
FCS 8568
COP No. 10286

Place: Mumbai
Date: August 18, 2021

Note: This report should be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.

Annexure

To
The Members
NIIF Infrastructure Finance Limited
(Formerly IDFC Infrastructure Finance Limited)
Mumbai

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of NIIF Infrastructure Finance Limited (Formerly IDFC Infrastructure Finance Limited) (the Company). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices that we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test check basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **RATHI & ASSOCIATES COMPANY SECRETARIES**

NEHA R LAHOTY
PARTNER
FCS 8568
COP No. 10286

Place: Mumbai
Date: August 18, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
NIIF Infrastructure Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of NIIF Infrastructure Finance Limited (formerly known as IDFC Infrastructure Finance Limited) (the "Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended (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, 2021, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
<u>Impairment of financial instruments including provision for expected credit losses):</u> (Refer notes 2 (H) to accounts of the financial statements and note 35.3 of the notes to the financial statements)	
Loans and Investments amount to ₹ 842,342 lacs (net of expected credit loss) at March 31, 2021 as disclosed in the accompanying financial statements. Ind AS 109 Financial instruments (Ind AS 109) requires the Company to provide for impairment of its financial instruments (designated as amortised cost or fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles mentioned in the standard. In the process of applying such principles and other requirements of the standard, a significant degree of judgement has been applied by the management in respect of following matters: a) Determining the staging of loans. b) Determining probability of default (PD) using history of default for long term rated loans by leading credit rating agencies and considering the impact of macroeconomic factors. c) Estimation of management overlay to determines the forecasted PD d) Estimation of loss given default (LGD) based on haircuts and recovery percentages as suggested in Basel regulations.	- Our audit procedures included considering the Company's board approved policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109. - We understood the ECL estimation process and tested the design and operating effectiveness of key controls around data extraction and validation. - We tested the operating effectiveness of the controls for staging of loans and advances based on their past-due status. - We, along with the help of auditor's expert, tested the assumptions used by the Company along with testing of inputs for staging of loan portfolio and default buckets for determining the PD and LGD rates. - We have checked the completeness and accuracy of the source data used and tested the reasonableness of the key assumptions used along with appropriateness of collateral values basis the latest financial statements available. Performed inquiries with the Company's management and its risk management function to assess the impact of Covid-19 on the business activities of the Company and its loans portfolio.

Key audit matters	How our audit addressed the key audit matter
Further, in light of the business disruption caused due to COVID-19, the management has done an assessment of the impact on the ECL on the abovementioned financial assets. The management using certain assumptions and estimates, applied management overlays to arrive at a probable impact of COVID-19 on the ECL provision. These assumptions and estimates used have an inherent uncertainty of the actual impact of COVID-19 and the actual impact may be different from these estimates. Given the complexity and significant judgements involved and the uncertain impact of the COVID-19 pandemic in the estimation of ECL on loans and investments, we have considered this area as a key audit matter.	- Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic) and assessed the reasonableness thereof. - We tested the arithmetical accuracy of the computation of ECL provision performed by the Company in spreadsheets. - We assessed the disclosures included in the financial statements with respect to the ECL estimate in accordance with the requirements of Ind AS 109 and Ind AS 107 Financial Instruments: Disclosures.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report (which includes the Board's report, CSR report and Secretarial audit report), but does not include the financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Financial Statements

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference

to financial statements in place and the operating effectiveness of such controls.

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

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Company for the year ended March 31, 2020, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 21, 2020.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure II" to this report;

(g) The provision of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2021; and

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- refer Note 31 to the financial statements;

ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and

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 & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

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per Rutushtra Patell
Partner
Membership No.: 123596
UDIN: 21123596AAAACL3958

Place: Mumbai
Date: May 19, 2021

Annexure I referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements on our report of even date

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management and audit procedures performed by us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (the "Act"). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of this clause are not applicable to the Company. The Company is registered as a Non-Banking Financial Company – Infra Debt Fund with the RBI. Thus, the provision of Section 186 except sub-section (1) of the Act is not applicable to the Company. In our opinion and according to the information and explanations given to us, during the year, the Company has not made any investments through more than two layers of investment companies as mentioned in sub-section (1) of section 186 of the Act.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, income-tax, good and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in one instance.

(b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' income-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. The provisions related to state insurance, service tax, sales-tax, duty of custom, duty of excise, value added tax, are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, goods and service tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to debenture holders. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government during the year.

(ix) In our opinion and according to the information and explanations given by the management and audit procedures performed by us, the Company has utilized the monies raised by way of debt instruments in the nature of Non-Convertible Debentures for the purposes for which they were raised. According to the information and explanations given by the management and audit procedures performed by us, the Company has not raised any money way of initial public offer or 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 / material 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 provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(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 and audit procedures performed by us, transactions with the related parties are in compliance with section 177 and 188 of the Act 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 by the management and audit procedures performed by us, the Company has complied with provisions of section 42 of the Act in respect of the preferential allotment and private placement of shares. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any allotment of fully or partly convertible debentures during the year.

(xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us and audit procedures performed by us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Rutushtra Patell
Partner
Membership No.: 123596
UDIN: 21123596AAAACL3958

Place: Mumbai
Date: May 19, 2021

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF NIIF INFRASTRUCTURE FINANCE LIMTED

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 with reference to financial statements of NIIF Infrastructure Finance Limited (formerly known as IDFC Infrastructure Finance Limited) (the "Company") as of March 31, 2021 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls with Reference to these Financial Statements

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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 issued by the ICAI.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

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per Rutushtra Patell
Partner
Membership No.: 123596
UDIN: 21123596AAAACL3958

Place: Mumbai
Date: May 19, 2021

BALANCE SHEET AS AT MARCH 31, 2021

(₹ in lakhs)

	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
I Financial assets			
(a) Cash and cash equivalents	3	74,006	25,730
(b) Loans	4	842,342	640,744
(c) Other financial assets	5	52	11
		916,400	666,485
II Non Financial assets			
(a) Current tax assets (Net)	6	8,475	4,243
(b) Property, plant and equipment	7	338	620
(c) Other non-financial assets	8	125	103
		8,938	4,966
Total assets		**925,338**	**671,451**
LIABILITIES AND EQUITY			
LIABILITIES			
I Financial liabilities			
(a) Payables			
(I) Trade payables	9		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		60	47
(II) Other payables	10		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(b) Debt Securities	11	736,993	586,523
(c) Borrowings (Other than debt securities)	12	242	416
(d) Other financial liabilities	13	440	594
		737,735	587,580
II Non-Financial liabilities			
(a) Provisions	14	87	19
(b) Other non-financial liabilities	15	518	507
		605	526
EQUITY			
(a) Equity share capital	16A	91,573	54,000
(b) Instruments Entirely Equity in Nature	16A	18,465	-
(c) Other equity	16B	76,960	29,345
		186,998	83,345
Total liabilities and equity		**925,338**	**671,451**

The accompanying notes are an integral part of these financial statements (See notes 1 to 44)

This is the Balance Sheet referred to in our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Rutushtra Patell
Partner
Membership Number : 123596

Place : Mumbai
Date : May 19, 2021

For and on behalf of the Board of Directors of
NIIF Infrastructure Finance Limited

Surya Prakash Rao Pendyala
Chairman

Rajiv Dhar
Director

Sadashiv S Rao
Chief Executive Officer

Sanjay Ajgaonkar
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

		Notes	For year ended March 31, 2021	For year ended March 31, 2020
	Revenue from operations			
	Interest income	17	70,445	51,254
	Net gain on fair value changes	18	-	941
	Net gain on derecognition of financial instruments under amortised cost category	19	1,030	-
I	**Total revenue from operations**		**71,475**	**52,195**
II	Other income	20	93	(65)
III	**Total income (I+II)**		**71,568**	**52,130**
	Expenses			
	Finance costs	21	53,278	38,029
	Fees and commission expense	22	38	41
	Impairement on financial instuments	23	2,764	683
	Employee benefits expenses	24	1,368	1,139
	Depreciation, amortisation and impairement	7 & 25	281	212
	Other expenses	26	664	772
IV	**Total expenses**		**58,393**	**40,876**
V	**Profit before tax (III - IV)**		**13,175**	**11,254**
VI	**Income Tax expense**			
	Current tax		-	10,801
	Deferred tax		-	-
	Total tax expenses		**-**	**10,801**
VII	**Profit for the year (V - VI)**		**13,175**	**453**
VIII	**Other comprehensive income**			
A	(i) Items that will not be reclassified to profit or loss			
	Remeasurements of post-employment benefit obligations		35	(1)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B	(i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Other comprehensive income (A+B)		**35**	**(1)**
IX	**Total comprehensive income for the year (VII + VIII) (Comprising profit and other comprehensive income for the year)**		**13,210**	**452**
X	**Earnings per equity share (nominal value of share ₹ 10 each) (not annualised)**			
	Basic (₹)		**1.96**	**0.08**
	Diluted (₹)		**1.96**	**0.08**

The accompanying notes are an integral part of these financial statements (See notes 1 to 44)

This is the Profit and Loss referred to in our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Rutushtra Patell
Partner
Membership Number : 123596

Place : Mumbai
Date : May 19, 2021

For and on behalf of the Board of Directors of
NIIF Infrastructure Finance Limited

Surya Prakash Rao Pendyala
Chairman

Rajiv Dhar
Director

Sadashiv S Rao
Chief Executive Officer

Sanjay Ajgaonkar
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2021

A1 Equity Share Capital (₹ in lakhs)

	Note	Number	Amount
As At March 31, 2019	16A	540,000,000	54,000
Issued during the year		-	-
As At March 31, 2020		540,000,000	54,000
Issued during the year	16A	375,730,161	37,573
As At March 31, 2021		915,730,161	91,573

A2 Compulsorily Convertible Preference Share Capital (₹ in lakhs)

	Note	Number	Amount
As At March 31, 2020		-	-
Issued during the year	16A	87,927,757	18,465
As At March 31, 2021		87,927,757	18,465

A3 Other Equity (₹ in lakhs)

	Reserves and surplus						
	Securities Premium	Special reserve u/s. 45-IC of the RBI Act, 1934	Impairment Reserve	Surplus in the statement of profit and loss	General Reserve	ESOP contribution from parent	Total
As At March 31, 2019	**-**	**6,050**	**-**	**22,755**	**-**	**88**	**28,893**
Profit for the year	-	-	-	453	-	-	453
Other comprehensive income	-	-	-	(1)	-	-	(1)
Total Comprehensive Income for the year	-	-	-	452	-	-	452
Share based payments:	-	-	-	-	-	-	-
i) Employee stock option expense for the year	-	-	-	-	-	-	-
ii) Vested options cancelled during the year	-	-	-	-	-	-	-
iii) Options exercised during the year	-	-	-	-	-	-	-
iv) Options lapsed during the year	-	-	-	-	-	-	-
v) Options cancelled during the year	-	-	-	-	88	(88)	-
Transfers to Special reserve u/s. 45-IC of the RBI Act, 1934	-	91	-	(91)	-	-	-
Transfers to Impairment Reserve	-	-	4	(4)	-	-	-
As At March 31, 2020	**-**	**6,141**	**4**	**23,112**	**88**	**-**	**29,345**
Profit for the period/year	-	-	-	13,175	-	-	13,175
Other comprehensive income	-	-	-	35	-	-	35
Total Comprehensive Income for the period/year	-	-	-	13,210	-	-	13,210
Premium on shares issued	34,462	-	-	-	-	-	34,462
Transfers to Special reserve u/s. 45-IC of the RBI Act, 1934	-	2,642	-	(2,642)	-	-	-
Share capital issue expenses	(25)	-	-	(32)	-	-	(57)
Transfers to Impairment Reserve	-	-	-	-	-	-	-
As at March 31, 2021	**34,437**	**8,783**	**4**	**33,648**	**88**	**-**	**76,960**

The accompanying notes are an integral part of these financial statements (See notes 1 to 44)

This is the Statement of Changes in Equity referred to in our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Rutushtra Patell
Partner
Membership Number : 123596

Place : Mumbai
Date : May 19, 2021

For and on behalf of the Board of Directors of
NIIF Infrastructure Finance Limited

Surya Prakash Rao Pendyala
Chairman

Rajiv Dhar
Director

Sadashiv S Rao
Chief Executive Officer

Sanjay Ajgaonkar
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in lakhs)

		Notes	For year ended March 31, 2021	For year ended March 31, 2020
A.	**Cash flow from operating activities**			
	Profit before tax		13,175	11,254
	Adjustments for:			
	Depreciation and amortisation	7 & 25	281	212
	Interest on Debt Security - EIR Adjustments		105	30
	Interest on Loan - EIR adjustement		(379)	(401)
	Net (gain) / loss on sale of property, plant and equipments	20	(2)	65
	Interest on Borrowings other than debt securities (Ind AS 116 impact)		42	33
	Impairment on financial instruments	23	2,764	683
	Operating profit before working capital changes		**15,986**	**11,876**
	Changes in working capital:			
	(Decrease)/Increase in trade payables	9	(15)	28
	(Increase)/Decrease in other financial assets	5	(41)	(11)
	(Decrease)/Increase in other financial liabilities	13	(154)	(180)
	Increase/(Decrease) in Provision	14	68	10
	Increase/(Decrease) in other non financial liabilities	15	11	112
	Interest/(Decrease) accrual on debt securities	11	5,031	4,518
	(Increase)/Decrease in non-financial assets	8	12	(16)
	(Increase)/Decrease in loans	4	(203,983)	(172,020)
	Decrease/(Increase) in Investments at fair value through profit and loss	3	-	6,107
	Cash flow generated from/(used in) operations		**(183,085)**	**(149,576)**
	(Payment) of tax (net)	6	(4,232)	(7,546)
	Net Cash flow generated from/(used in) operations (A)		**(187,317)**	**(157,122)**
B.	**Cash flows from investing activities**			
	Purchase of property, plant and equipment/intangible assets	8	(10)	(234)
	Sale of property, plant and equipments		2	-
	Net cash flow generated from/(used in) investing activities (B)		**(8)**	**(234)**
C.	**Cash flows from financing activities**			
	Proceeds from issuance of equity share capital		72,000	-
	Proceeds from issuance of CCPS	16A-16B	18,500	-
	Share Issue expense		(29)	-
	Proceeds from debt securities issued (Net of arranger fees)		225,835	179,840
	Repayment of debt securities		(80,500)	-
	Cash payment for the lease liablitiy	12	(205)	(154)
	Net cash generated from/(used in) financing activities (C)		**235,601**	**179,686**
	Net Increase in cash and cash equivalents (D) = (A + B + C)		**48,276**	**22,330**
	Cash and cash equivalents at the beginning of the period (E)	3	25,730	3,400
	Cash and cash equivalents at the end of the period (F) = (D) + (E)		**74,006**	**25,730**
	Cash and cash equivalents include the following			
	Balances with banks in current account	3	1,003	2,419
	Fixed deposits with maturity less than 3 months	3	73,003	23,311
	Total cash and cash equivalents		**74,006**	**25,730**

The accompanying notes are an integral part of these financial statements (See notes 1 to 44)

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

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

For and on behalf of the Board of Directors of
NIIF Infrastructure Finance Limited

per Rutushtra Patell
Partner
Membership Number : 123596

Surya Prakash Rao Pendyala
Chairman

Rajiv Dhar
Director

Place : Mumbai
Date : May 19, 2021

Sadashiv S Rao
Chief Executive Officer

Sanjay Ajgaonkar
Chief Financial Officer

1 Corporate information

NIIF Infrastructure Finance Limited (Formerly IDFC Infrastructure Finance Limited) ('the Company') is a public limited company, incorporated in India on March 7, 2014, under the provisions of Companies Act, applicable in India and is a Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI'). The registered office of the Company is located at 3rd Floor, UTI Tower, North Wing, GN Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051.

The Company has received a Non-Banking Financial Company (NBFC) license from Reserve Bank of India (RBI) on September 22, 2014. The object of the Company is to undertake infrastructure debt fund activities i.e. re-financing existing debt of infrastructure companies, thereby creating fresh headroom for banks to lend to new infrastructure projects.

The financial statement for the year ended March 31, 2021 were authorised for issue in accordance with a resolution of the directors on May 19, 2021.

As per RBI regulations, the Sponsor of the Company is M/s Aseem Infrastructure Finance Limited, which is NBFC-Infrastructure Finance Company reistered with RBI. The majority shareholder is M/s National Investment and Infrastructure Fund II which is an Alternative Investment Fund registered with the Securities and Exchange Board of India (SEBI).

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A Basis of preparation

(i) Compliance with Ind AS

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) is measured at fair value;
- assets held for sale – measured at fair value less cost to sell;
- defined benefit plans – plan assets measured at fair value;

The financial statement are presented in Indian Currency (INR) and all values are rounded to nearest rupee lakhs except when otherwise indicated.

(iii) Order of liquidity

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Ind AS 1 and amendment to Division III of Schedule III to the Companies Act, 2013 on October 11, 2018, the Company presents its balance sheet in the order of liquidity. This is since the Company does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 35. The Company prepares and present its Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity in the format prescribed by Division III of Schedule III to the Act as amended from time to time. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 'Statement of Cash Flows' as amended from time to time.

B Policy on segment

The Company operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Company operates in a single geographical segment i.e. domestic. The chief operating decision maker (CODM) in the Company to make decisions for performance assessment and resource allocation, is the Chief Executive Officer (CEO). In a manner consistent with the internal reporting provided to the CEO for corporate planning, there are no separate reportable segments (including geographical segments).

C Property plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives of fixed assets.

Vehicles	4 years
Computers	3 years
Office Equipments (mobiles)	2 years
Office Equipments (Others)	5 years
Leasehold Improvements	Tenure of lease
Buildings (Right of use assets)	Tenure of lease
Server/networking equipment	6 years
Furniture and fixtuers	10 years

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss within other gains/(losses).

D Leases

Until FY 2018-19, leases of property, plant and equipment were classified as either finance leases or operating leases. From April 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

E Impairment of non-financial asset

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

F Taxes on Income

The Company is an Infra Debt Fund - Non Banking Finance Company (IDF - NBFC) registered with the Reserve Bank of India on September 22, 2014. The income of the Company, being IDF-NBFC, is exempt under section 10(47) of the Income Tax Act, 1961, with effect from October, 2014. The CBDT has issued a notification dated October 21, 2019 notifying the Company under Section 10(47) of the Income Tax Act w.e.f. Financial year 2019-20 (i.e from the financial year starting 1st April 2019).

The Company has filed a letter with CBDT for review of the said notification with a request to notify it under section 10(47) of Income Tax Act with retrospective effect, i.e. w.e.f. Financial year 2014-15 (the year in which it received RBI registration as NBFC-IDF). In the interim, the tax liability from Financial year 2014-15 till financial year 2018-19 amounting to Rs. 10,801 lakhs was provided for in the financials of year ended March 31, 2020.

This is one time provision pertaining to the past period and given the CBDT notification, the Company is entitled to avail tax exemption from the Financial Year commencing April 01, 2019. No provision for tax & deferred tax asset / liabilities have been recognised since that date.

G Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Initial Recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs are added to, or subtracted from, that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in statement of profit and loss.

Financial assets

Classification and subsequent measurement of financial assets:

Classification of financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit and loss), and
- those measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit and loss or other comprehensive income.

Debt Instruments

For investments in debt instruments, this will depend on the classification of debt instruments depending on:

(i) the Company's business model for managing the asset; and

(ii) the cash flow characteristics of the asset (SPPI).

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the asset's performance and the business model is evaluated and reported to key management personnel
- the risks that affect the performance of the business model and how these risks are assessed and managed
- how managers are compensated.

Solely Payment of Principle and Interest ("SPPI") Assessment

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test, where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit and loss.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company measures all equity investments at fair value through profit and loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit and loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit and loss as other income when the Company's right to receive payments is established Gains and losses on equity investments at FVTPL are included in the statement of profit and loss.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost e.g. Debentures, Bonds etc. The assets held under amoritsed costs are not traded/sold, except for management of concentration risk or for any such similar exigency to protect the value of asset. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in investment income using the effective interest rate method.

Fair value through other comprehensive income: Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit and loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit and loss: Assets that do not meet the criteria for amortised cost or fair value through OCI, are measured at fair value through profit and loss e.g. investments in mutual funds. A gain or loss on a debt investment that is subsequently measured at fair value through profit and loss is recognised in profit and loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises.

Equity instruments

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading.

Interest Income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance). The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and tees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial asset is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit and loss.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest Income from Fixed Deposits placed with banks is recognised on accrual basis by the Company.

Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

(i) if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.

(ii) whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.

(iii) significant extension of the loan term when the borrower is not in financial difficulty.

(iv) significant change in the interest rate.

(v) change in the currency the loan is denominated in.

(vi) insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit and loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit and loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

De-recognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

(i) the Company transfers substantially all the risks and rewards of ownership, or

(ii) the company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit and loss if such gain or loss would have otherwise been recognised in profit and loss on disposal of that financial asset.

Financial liabilities and equity instruments

Classification as debt or equity:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

The Company has issued Compulsorily Convertible Preference Shares (CCPS). The CCPS do not carry any voting rights. The CCPS are not redeemable & each CCPS shall be converted into one equity share of ₹ 10 each upon induction of a new investor or expiry of 3 (Three) years from the date of issuance of First Tranche CCPS (30 March 2021), whichever is earlier. CCPS have liquidation preference over Equity Shares, in accordance with the Insolvency and Bankruptcy Code, 2016.

Classification and subsequent measurement

Financial liabilities are measured at amortised cost.

Financial liabilities (including borrowings and debt securities) are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

Interest expenses on Financials Liabilities

The Interest Expenses on Financial liabilities along with amortisation of transaction costs incurred are recognised as Finance Cost in the Statement of Profit and Loss.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. A substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

Fair Value Measurement

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. The details are available in Note 34 to the financial statements.

H Impairment - Expected Credit Loss Measurement

The Company assesses on a forward looking basis the expected credit losses associated with loans and debentures carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer Note 35 for details of impairment methodology applied by the Company.

I Cash and cash equivalents

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

J Provisions and contingent liabilities

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. These are reviewed at each year end and reflect the best current estimate.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of best estimate of the Management of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

K Employee benefits

Defined contribution benefits include provident fund, superannuation fund. Defined Employee benefits includes gratuity fund, compensated absences and long term incentive plans.

Defined contribution plan

The Company pays contribution to provident fund, superannuation fund and pension fund as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

Defined benefit plan

The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit and loss as past service cost.

Compensated absences

Accumulated leave which is expected to be utilised within next 12 months is treated as short term compensated absences and the accumulated leave which are carried forward beyond 12 months are treated as long term compensated absences Compensated absences are provided for, based on actuarial valuation report as short term and long term compensated absences. The actuarial valuation is done as per projected unit credit method as at the reporting date Actuarial gains/losses are immediately taken to Statement of profit and loss and are not deferred.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

The Company has a long term incentive plan which is paid in three annual tranches. The Company accounts for the liability as per an actuarial valuation report. The actuarial valuation of the long term incentives liability is calculated based on certain assumptions, as per the projected unit credit method made at reporting period. Actuarial gains/losses are immediately taken to Statement of profit and loss and are not deferred.

L Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

M Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except :

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

The Company expenses off 50% of eliglible input tax credit in line with applicable Goods and Services Tax laws.

3 Cash and cash equivalents

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
Balance with bank:		
In current account	1,003	2,419
In deposit account	73,003	23,311
Total	**74,006**	**25,730**
Bank fixed deposit (Maturity exceeding three month)	-	-
Total	**74,006**	**25,730**

The Company has not taken bank overdraft, therefore the cash and cash equivalents for the cash flow statement is same as cash and cash equivalents given above.

4 Loans

(At amortised costs)

(₹ in lakhs)

		As at March 31, 2021	As at March 31, 2020
	Term loans	660,864	465,281
	Debentures and Bonds	182,311	173,642
	Total Loans (*)	**843,175**	**638,923**
	Interest accrued on loans	499	1,935
	Interest accrued on debentures	3,996	2,449
	Receivable on loans	-	-
	Total Gross Loans	**847,670**	**643,307**
	Less: Impairement loss allowance	(5,328)	(2,563)
	Total Net Loans	**842,342**	**640,744**
(*)	The loans outstaning before adjustment of Effective Interest Rate, Premium Amortisation and Discount Accretion	846,120	640,722
(a)	**The above amount includes:**		
(i)	Secured by tangible assets	769,710	604,719
(ii)	Secured by intangible assets	77,960	32,696
(iii)	Covered by Bank / Government guarantees	-	5,892
	Total- Gross	**847,670**	**643,307**
	Less: Impairement loss allowance	(5,328)	(2,563)
	Total- Net	**842,342**	**640,744**

(₹ in lakhs)

		As at March 31, 2021	As at March 31, 2020
(b)(I)	**Loans in India**		
(i)	Public Sector	-	-
(ii)	Others	-	
	Electricity Generation	505,517	354,939
	Roads	73,018	76,488
	Hospitals	62,350	77,048
	Electricity Transmission	88,860	64,462
	Other social and commercial infrastructure	14,761	9,128
	Ports, Airports, Railways etc. (without tripartite)	40,640	23,164
	Bulk Material Transportation	7,468	15,120
	Communication	24,264	11,289
	Education Institutions	30,792	11,669
	Total- Gross	**847,670**	**643,307**
	Less: Impairement loss allowance	(5,328)	(2,563)
	Total- Net	**842,342**	**640,744**
(b)(III)	**Loans outside India**	-	-
	Less: Impairement loss allowance	-	-
	Total- Net	-	-
	Total [b(I)+b(II)]	**842,342**	**640,744**

5 Other financial assets

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
Receivables from Group Company	52	11
Total	**52**	**11**

6 Current tax assets (Net)

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
Advance payment of income tax (Net of current year provision for tax is ₹ 10,924 lakhs, Previous year: March 31, 2020 ₹ 10,924 lakhs)	8,475	4,243
Total	**8,475**	**4,243**

7 Property, plant and equipment

As at March 31, 2021 (₹ in lakhs)

	Gross block				Accumulated depreciation				Net block	
	Balance as at April 1, 2020	Additions	Disposals	Balance as at March 31, 2021	Balance as at April 1, 2020	Depreciation charge for the year	On disposals	Balance as at March 31, 2021	Balance as at March 31, 2021	Balance as at March 31, 2020
Freehold Land (Refer note below)	4	-	-	4	-	-	-	-	4	4
(Previous year)	(4)	-	-	(4)	-	-	-	-	(4)	-
Right of use Assets	537	-	12	525	135	189	-	324	201	402
(Previous year)	-	(537)	-	(537)	-	(135)	-	(135)	(403)	-
Vehicles (owned)	142	-	47	95	107	20	47	80	15	35
(Previous year)	(135)	(14)	(7)	(142)	(93)	(21)	(7)	(107)	(35)	-
Computers	50	8	-	58	13	10	-	23	35	37
(Previous year)	(10)	(40)	-	(50)	(6)	(7)	-	(13)	(37)	-
Office Equipments	10	3	-	13	6	2	-	8	5	5
(Previous year)	(6)	(5)	-	(10)	(4)	(2)	-	(6)	(5)	-
Leasehold Improvements	176	-	-	176	42	59	-	101	75	134
(Previous year)	(84)	(176)	(84)	(176)	(22)	(48)	(28)	(42)	(134)	-
Furniture and Fixtures	4	-	-	4	1	0	-	1	3	3
(Previous year)	(14)	-	(10)	(4)	(1)	(1)	(1)	(1)	(3)	-
Total tangible assets	**923**	**11**	**59**	**875**	**303**	**281**	**47**	**537**	**338**	**620**
(previous year)	**(253)**	**(771)**	**(101)**	**(923)**	**(126)**	**(212)**	**(35)**	**(303)**	**(620)**	

Note: The free hold land has been mortgaged in favour of Debenture Trustees against the secured debentures issued by the Company.

8 Other non-financial assets

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	61	77
Supplier Advance	32	26
Deposits	25	-
Other Advance	7	-
	125	**103**

9 Trade payables

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	60	47
Total	**60**	**47**

10 Other payables

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
	-	-

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of information received from suppliers regarding their status under the said act as available with the Company and relied upon by the auditors, is as follows:

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:	-	-
- Principal amount	-	-
- Interest due thereon	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

11 Debt Securities

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
At Amortised cost		
Debentures (Secured, non convertible) (*)	712,642	567,203
Interest accrued but not due on debt securities	24,351	19,320
Total (A)	**736,993**	**586,523**
(*) The borrowings outstanding before adjustment of unamortised fees under Effective Interest Rate	713,300	567,400
Debt securities in India	736,993	586,523
Debt securities outside India	-	-
Total (B)	**736,993**	**586,523**
Face value per debenture	1,000,000	1,000,000

(a) Interest and repayment terms of debenture and bonds (non convertible) (secured):

(₹ in lakhs)

Series Name	Issuance date	Maturity date	As at March 31, 2021	As at March 31, 2020	No. of NCD (units)	Coupon rate	Payment frequency-Interest	Payment frequency-Principal
IDFC IFL PP 7/2019	27/Mar/2019	27/May/2020	-	10,000	-	8.68%	Annually and on maturity	Bullet repaymet at maturity
IDFC IDF PP 1/2016	29/Sep/2015	29/Oct/2020	-	15,000	-	8.85%	Annually and on maturity	Bullet repaymet at maturity
IDFC IDF PP 2/2016	21/Oct/2015	20/Nov/2020	-	15,500	-	8.65%	Annually and on maturity	Bullet repaymet at maturity
IDFC IDF PP 3/2016	16/Nov/2015	1/Dec/2020	-	7,500	-	8.64%	Annually and on maturity	Bullet repaymet at maturity
IDFC IDF PP 4/2016	9/Dec/2015	8/Jan/2021	-	7,500	-	8.55%	Annually and on maturity	Bullet repaymet at maturity
IDFC IDF PP 5/2016	8/Jan/2016	28/Jan/2021	-	25,000	-	8.65%	Annually and on maturity	Bullet repaymet at maturity
IDFC IDF PP 6/2016	22/Mar/2016	22/Apr/2021	10,300	10,300	1030	8.88%	Annually and on maturity	Bullet repaymet at maturity
IDFC IDF PP 1/2017	14/Jul/2016	27/Jul/2021	20,900	20,900	2090	8.75%	Annually and on maturity	Bullet repaymet at maturity
IDFC IDF PP 2/2017	9/Aug/2016	25/Aug/2021	14,100	14,100	1410	8.60%	Annually and on maturity	Bullet repaymet at maturity
IDFC IDF PP 3/2017	29/Aug/2016	31/Aug/2021	13,600	13,600	1360	8.51%	Annually and on maturity	Bullet repaymet at maturity
IDFC IDF PP 4/2017	1/Sep/2016	7/Sep/2021	2,500	2,500	250	8.51%	Annually and on maturity	Bullet repaymet at maturity
IDFC IDF PP 5/2017	27/Sep/2016	12/Oct/2021	25,500	25,500	2550	8.39%	Annually and on maturity	Bullet repaymet at maturity
IDFC IDF PP 6/2017	17/Nov/2016	30/Nov/2021	2,500	2,500	250	8.10%	Annually and on maturity	Bullet repaymet at maturity
IDFC IDF PP 7/2017	30/Nov/2016	12/Jan/2022	6,000	6,000	600	7.35%	Annually and on maturity	Bullet repaymet at maturity
IDFC IDF PP 8/2017	6/Dec/2016	18/Jan/2022	2,500	2,500	250	7.35%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 6/2019	10/Jan/2019	22/Feb/2022	2,500	2,500	250	9.050%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 9/2017	1/Feb/2017	13/Apr/2022	15,000	15,000	1500	8.00%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 10/2017	22/Mar/2017	24/May/2022	8,100	8,100	810	8.25%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 2/2018	26/Apr/2017	26/May/2022	10,100	10,100	1010	8.01%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 1/2018	19/Apr/2017	19/Jul/2022	8,500	8,500	850	8.04%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 4/2018	12/Jul/2017	11/Aug/2022	10,000	10,000	1000	7.94%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 3/2018	31/May/2017	18/Aug/2022	10,100	10,100	1010	7.97%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 6/2018	19/Sep/2017	10/Nov/2022	34,000	34,000	3400	7.73%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 5/2018	31/Aug/2017	24/Nov/2022	8,200	8,200	820	7.73%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 6 / 2021	29/Jan/2021	27/Jan/2023	25,000	-	2500	5.50%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 8/2018	18/Dec/2017	14/Feb/2023	26,500	26,500	2650	8.08%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 9/2018	6/Feb/2018	21/Feb/2023	5,000	5,000	500	8.48%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 1/2019-Option I	26/Apr/2018	26/May/2023	6,000	6,000	600	8.37%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 10/2018	22/Mar/2018	22/Aug/2023	21,700	21,700	2170	8.49%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 5/2019	12/Oct/2018	23/Nov/2023	1,200	1,200	120	9.120%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 7/2020	4/Mar/2020	15/Jan/2024	15,000	15,000	1500	8.150%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 1/2020	30/Apr/2019	28/May/2024	2,000	2,000	200	9.000%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 4/2019	19/Jul/2018	14/Aug/2024	18,900	18,900	1890	9.255%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 2/2020	4/Jun/2019	19/Aug/2024	5,900	5,900	590	9.000%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 3/2019	5/Jul/2018	27/Aug/2024	4,700	4,700	470	9.21%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 3/2020	20/Jun/2019	29/Aug/2024	8,100	8,100	810	9.00%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 4/2020	27/Sep/2019	7/Nov/2024	39,000	39,000	3900	8.60%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 7/2018	28/Nov/2017	28/Nov/2024	11,500	11,500	1150	7.99%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 5/2020	23/Dec/2019	21/Feb/2025	60,000	60,000	6000	8.65%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 1 / 2021	23/Apr/2020	21/May/2025	50,000	-	5000	8.25%	Annually and on maturity	Bullet repaymet at maturity

(₹ in lakhs)

Series Name	Issuance date	Maturity date	As at March 31, 2021	As at March 31, 2020	No. of NCD (units)	Coupon rate	Payment frequency-Interest	Payment frequency-Principal
IDFC IFL PP 1/2019-Option II	26/Apr/2018	27/May/2025	4,400	4,400	440	8.415%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 2 / 2021	1/Jun/2020	2/Jun/2025	25,000	-	2500	7.50%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 3 / 2021	12/Jun/2020	12/Aug/2025	12,500	-	1250	7.50%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 4 / 2021	29/Sep/2020	28/Nov/2025	24,500	-	2450	7.25%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 5 / 2021	31/Dec/2020	31/Dec/2025	10,500	-	1050	6.45%	Annually and on maturity	Bullet repaymet at maturity
IDFC IFL PP 6/2020	15/Jan/2020	15/Jan/2026	50,000	50,000	5000	8.700%	Annually and on maturity	20% anually starting 15-Jan-26
IDFC IFL PP 2/2019	4/May/2018	15/May/2026	2,600	2,600	260	8.52%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 8 / 2021	22/Mar/2021	22/May/2026	12,500	-	1250	7.25%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 9 / 2021	30/Mar/2021	29/May/2026	56,000	-	5600	7.25%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 7 / 2021	4/Feb/2021	4/Feb/2031	7,500	-	750	7.25%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 7 / 2021-reissuance	18/Feb/2021	4/Feb/2031	2,900	-	290	7.25%	Annually and on maturity	Bullet repaymet at maturity
Total NCDs issued			**713,300**	**567,400**				
Less: Unamortised arranger fees			**658**	**197**				
Net outstanding NCDs			**712,642**	**567,203**				

(b) Ratings assigned by credit rating agencies and migration of ratings during the year

Particulars	As at March 31, 2021		As at March 31, 2020	
	CARE Rating Limited	ICRA Limited	CARE Rating Limited	ICRA Limited
Rating assigned	AAA	AAA	AAA	AAA
Date of rating	October 06, 2020	September 04, 2020	September 30, 2019	September 23, 2019
Rating valid upto	October 06, 2021	September 03 2021	September 29, 2020	September 22 2020

The validity of the rating is subject to periodical revalidation by rating agencies.

(c) There is no Debenture Redemption Reserve (DRR) created as the Non Banking Financial Companies registered with Reserve Bank of India are not required to create DRR for the privately placed debentures.

(d) Details about the nature of the security

The above debt securities are secured by way of mortgage of freehold land and a first floating pari passu charge by way of hypothecation of receivables of the company arising out of its investments, loans, current assets, loans and advances, both present and future, excluding investments in and other receivables from subsidiaries and affiliates of the IDFC group and lien marked assets.

In terms of the RBI circular (Ref No. DNBR .PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016) no borrowings remained overdue as on March 31, 2021 (previous year - Nil).

12 Borrowings (other than Debt Securities)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Finance Lease Obligations	242	416
Total	**242**	**416**

13 Other financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance receipts from borrowers	440	594
Total	**440**	**594**

14 Provisions

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for expenses	18	19
Ptovision for compensated absences	35	-
Provision for long term incentive plan	34	-
Total	**87**	**19**

15 Other non-financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues (PF, Assets GST)	165	122
Payable to gratuity fund	-	32
Payable to NPS/Superannuation fund	2	-
Other liabilities	351	353
Total	**518**	**507**

16A Share capital

	As at March 31, 2021		As at March 31, 2020	
	Number	**(₹ in lakhs)**	**Number**	**(₹ in lakhs)**
Authorised shares				
Equity shares of ₹ 10 each	1,815,000,000	181,500	800,000,000	80,000
Compulsorily convertible preference shares of ₹ 21 each	88,095,238	18,500	-	-
Issued, subscribed & fully paid-up shares				
Equity shares of ₹ 10 each	915,730,161	91,573	540,000,000	54,000
Compulsorily convertible preference shares of ₹ 21 each	87,927,757	18,465	-	-
Total		110,038		54,000

(a) Movements in equity share capital.

	As at March 31, 2021		As at March 31, 2020	
	Number	(₹ in lakhs)	Number	(₹ in lakhs)
Outstanding at the beginning of the year	540,000,000	54,000	540,000,000	54,000
Issued during the year (*)	375,730,161	37,573	-	-
Outstanding at the end of the period/year	**915,730,161**	**91,573**	**540,000,000**	**54,000**

(b) Movements in preference share capital.

	As at March 31, 2021		As at March 31, 2020	
	Number	(₹ in lakhs)	Number	(₹ in lakhs)
Outstanding at the beginning of the year	-	-	-	-
Issued during the year (*)	87,927,757	18,465	-	-
Outstanding at the end of the year	**87,927,757**	**18,465**	**-**	**-**

(c) Terms / rights attached to equity shares

i The Company has equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

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

iii The dividend proposed by the Board of Directors is subject to the approval of shareholders at the ensuing Annual General Meeting, except in case of interim dividend. Such dividend is not recognised as a liability at the Balance Sheet date.

(d) Terms / rights attached to Compulsorily Convertible Preference Shares (CCPS)

i The Company has issued Compulsorily Convertible Preference Shares (CCPS) having a par value of ₹ 21 per share.

ii The CCPS shall carry a pre-determined cumulative dividend rate of 0.001% per annum. In addition to the same, if the holders of Equity Shares are paid dividend in excess of 0.001% per annum, CCPS holders shall be entitled to dividend at such higher rate. The dividend shall be payable, subject to cash flow solvency, in the event the board of directors of the Company declare any dividend for the relevant year, and shall be paid in priority to Equity Shares

iii The Company has issued Compulsorily Convertible Preference Shares (CCPS). The CCPS do not carry any voting rights. The CCPS are not redeemable & each CCPS shall be converted into one equity share of ₹ 10 each upon induction of a new investor or expiry of 3 (Three) years from the date of issuance of First Tranche CCPS (30 March 2021), whichever is earlier. CCPS have liquidation preference over Equity Shares, in accordance with the Insolvency and Bankruptcy Code, 2016.

iv Subject to Section 47(2) of the Companies Act, 2013, the CCPS do not carry any voting rights.

v CCPS shall have liquidation preference over the Equity Shares, in accordance with the Insolvency and Bankruptcy Code, 2016

(e) Details of shares held by the holding entity

	As at March 31, 2021		As at March 31, 2020	
	Number	% of Holding	Number	% of Holding
National Investment and Infrastructure Fund II and its nominees	546,350,979	59.66%	318,000,000	58.89%

(f) Details of shareholders holding more than 5% of the shares in the Company

Equity shares	As at March 31, 2021		As at March 31, 2020	
	Number	% of Holding	Number	% of Holding
National Investment and Infrastructure Fund II and its nominees	546,350,979	59.66%	318,000,000	58.89%
Aseem Infrastructure Finance Limited	309,379,182	33.79%	162,000,000	30.00%
Housing Development Finance Corporation Limited	60,000,000	6.55%	60,000,000	11.11%
0.001% Compulsorily Convertible Preference Shares				
President of India (*)	87,927,757	100.00%	-	0.00%

(*) Represented by and acting through the Secretary, Department of Economic Affairs, Ministry of Finance, Government of India

16B Other Equity

(₹ in lakhs)

		As at March 31, 2021	As at March 31, 2020
(a)	Surplus in the statement of profit and loss	33,648	23,112
(b)	Securities premium (*)	34,437	-
(c)	General Reserves	88	88
(d)	Special reserve u/s. 45-IC of the RBI Act, 1934	8,783	6,141
(e)	Impairment Reserve	4	4
	Total	**76,960**	**29,345**
(a)	**Surplus in the Statement of Profit and Loss**		
	Opening balance	23,112	22,755
	Net profit for the year	13,175	453
	Items of other comprehensive income recognised directly in retained earnings	-	-
	- Remeasurements of post-employment benefit obligations, net of tax	35	(1)
	Transfer to Special Reserve u/s. 45-IC of RBI Act, 1934	(2,642)	(91)
	Transfer to Impairment Reserve	-	(4)
	ESOP cost reversed to reserves	-	-
	Share capital issue expenses	(32)	-
	Closing balance	**33,648**	**23,112**

		As at March 31, 2021	As at March 31, 2020
(b)	**Securities Premium**		
	Opening balance	-	-
	Changes during the year (*)	34,462	-
	Share capital issue expenses	(25)	-
	Closing balance	**34,437**	**-**

		As at March 31, 2021	As at March 31, 2020
(c)	**General Reserve**		
	Opening balance	88	88
	ESOP cost reversed to reserves	-	-
	Closing balance	**88**	**88**

		As at March 31, 2021	As at March 31, 2020
(d)	**Special Reserve u/s. 45-IC of RBI Act,1934**		
	Opening balance	6,141	6,050
	Appropriations during the period/year	2,642	91
	Closing balance	**8,783**	**6,141**

		As at March 31, 2021	As at March 31, 2020
(e)	**Impairment Reserve**		
	Opening balance	4	-
	Appropriations during the period/year	-	4
	Closing balance	**4**	**4**
	Total	**76,960**	**29,345**

(*) During the year, the Company has received equity share capital of ₹ 72,000 lakhs (including serurities premium) from existing shareholders and compulsorily convertible preference shares capital (CCPS) of ₹ 18,500 lakhs (including securities premium) from President of India (Represented by and acting through the Secretary, Department of Economic Affairs, Ministry of Finance, Government of India). The CCPS infusion from Government of India is the first tranche subscribed against its commitment to make direct investment in the Company as announced in the Union Budget for FY 2020-21 and Atmanirbhar Bharat Scheme 3.0.

16C Nature and purpose of reserve

a) Securities premium

Securites premium represents the excess of issue price over face value of equity shares & compulsorily convertible preference shares (CCPS) issue during the year. As per secton 52 (3) expenses on issue of equity share have been adjusted against securities premium.

b) General Reserves

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders. General reserve are created upon cancellation of Employee Stock Options (ESOPS)

c) Special reserves u/s 45-IC of RBI Act, 1934

As per section 45-IC of RBI Act, 1934, every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent (20%) of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company.

d) Impairment Reserve

In terms of RBI circular reference DOR (NBFC) .CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, NBFCs are required to hold expected credit loss allowances in accordance withthe provisions of IndAS 109. In parallel NBFCs are required to compute provisions as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP). Where the expected credit loss allowance computed under IndAS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs are required to appropriate the shortfall from their retained earnings to a separate 'Impairment Reserve', also refer Note 38(o).

17 Interest Income

(₹ in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
On financial assets measured at amortised costs		
Interest on loans (refer note no.41)	68,237	50,633
Interest on deposit	2,208	621
Total	**70,445**	**51,254**

18 Net gain on fair value changes

(₹ in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on financial instruments at FVTPL		
On trading portfolio		
- Investments	-	941
Total	**-**	**941**

19 Net gain on derecognition of financial instruments under amortised cost category

(₹ in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on derecognition of financial instruments under amortised cost category		
- Loans	1,030	-
	1,030	**-**

20 Other Income

(₹ in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Shared Service Cost Recovery	91	-
Profit/(loss) on sale of asset	2	(65)
Total	**93**	**(65)**

21 Finance Costs

On financial liabiities measured at amortised costs

(₹ in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense		
(i) Debt securities	53,114	37,874
(ii) Borrowings (Other than debt securities)	43	33
Other borrowing cost (Rating fee & Other expenses)	121	122
Total	**53,278**	**38,029**

22 Fees and commission expense

(₹ in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Guarantee Commission paid to NHAI	38	41
	38	**41**

23 Impairment on financial instruments

(₹ in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
On financial instruments measured at amortised costs		
Term loans	2,364	496
Debentures and Bonds	400	187
Total	**2,764**	**683**

24 Employee benefits expense

(₹ in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus {Refer note 28)}	1,257	1,016
Contribution to gratuity fund {Refer note 28(c)}	28	31
Contribution to provident and other funds {Refer note 28(b)}	78	75
Staff welfare expenses	5	17
Total	**1,368**	**1,139**

25 Depreciation, amortisation and impairment

(₹ in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment	281	212
Total	**281**	**212**

26 Other expenses

(₹ in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Professional fees	125	134
Rates and taxes	114	99
Repairs & maintenance	48	40
Insurance charges	23	17
Electricity charges	13	14
Travelling and conveyance	-	51
Printing and stationery	1	2
Communication costs	8	6
Stamp duty and registration fees	7	0
Directors' sitting fees	12	7
Shared service cost [see note (a) below]	-	96
Contribution towards corporate social responsibility (CSR) [see note (c) below]	211	218
Donations	-	-
Auditor's remuneration [see note (b) below]	29	30
Advertising & publicity	12	12
Miscellaneous expenses	61	46
Total	**664**	**772**

(a) Shared service cost includes amount paid to fellow associates towards a Service Level Agreement - Nil (previous year amount ₹ 96 lakhs).

(₹ in lakhs)

(b) Breakup of Auditors' remuneration	For the year ended March 31, 2021	For the year ended March 31, 2020
Audit fees	18	22
Tax audit fees	1	1
Other Services	9	6
Out-of-pocket expenses	1	1
	29	**30**

(c) Contribution for corporate social responsibility (CSR)

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year ₹ 211 lakhs (previous year ₹ 183 lakhs). Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 211 lakhs (previous year ₹ 183 lakhs), which comprise of following:

(₹ in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	211	183
(iii) On purposes other than (i) above- unspent balance for FY 2018-19	-	35
Total	**211**	**218**

27 Income tax

a) The components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are:

(₹ in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax	-	10,801
Deferred tax	-	-
Total	**-**	**10,801**

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2021 and March 31, 2020 is, as follows:

(₹ in lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Accounting profit before tax	13,175	11,254
Tax at India's statutory income tax rate of 29.12% (previous year 29.12%)		
Tax effect of the amount which are not taxable in calculating taxable income :		
- Income exempted under section 10(47) of Income Tax Act, 1961 {Refer note (c) below}	13,175	11,254
- Other	-	-
Income tax expense at effective tax rate	-	-
Effective tax rate	0%	0%

c) The Company is an Infra Debt Fund - Non Banking Finance Company (IDF - NBFC) registered with the Reserve Bank of India on September 22, 2014. The income of the Company, being IDF-NBFC, is exempt under section 10(47) of the Income Tax Act, 1961, with effect from October, 2014. The CBDT has issued a notification dated October 21, 2019 notifying the Company under Section 10(47) of the Income Tax Act w.e.f. Financial year 2019-20 (i.e from the financial year starting 1st April 2019).

The Company has filed a letter with CBDT for review of the said notification with a request to notify it under section 10(47) of Income Tax Act with retrospective effect, i.e. w.e.f. Financial year 2014-15 (the year in which it received RBI registration as NBFC-IDF). In the interim, the tax liability from Financial year 2014-15 till financial year 2018-19 amounting to ₹ 10,801 lakhs was provided for in the financial statements for the year ended March 31, 2020.

This is one time provision pertaining to the past period and given the CBDT notification, the Company is entitled to avail tax exemption from the Financial Year commencing April 01, 2019, no provision for tax & deferred tax asset / liabilities have been recognised since that date.

28. Employee benefit obligations

a) Labour Law

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any and account for the same once the rules are notified and become effective.

b) Defined contribution plans

The Company has recognised the following amounts in the statement of profit and loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

(₹ in lakhs)

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Provident fund	49	47
Pension fund	-	1
Superannuation fund	28	27

c) Defined benefit plans

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. As per internal policy gratuity liabilities for all employees is uncapped and ₹ 20 lakhs limit is not applicable.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

i) Balance sheet **(₹ in lakhs)**

	Present value of obligation	**Fair value of plan assets**	**Net amount**
As at March 31, 2019	345	345	-
Current service cost	33	-	33
Interest expense/(income)	18	-	18
Return on plan assets	-	19	(19)
Remeasurements due to actual return on plan assets less interest on plan assets	-	23	(23)
Actuarial loss / (gain) arising from change in financial assumptions	11	-	11
Actuarial loss / (gain) arising from change in demographic assumptions	-	-	-
Actuarial loss / (gain) arising on account of experience changes	12	-	12
Reversal of the liability	(1)	-	(1)
Employer contributions	-	-	-
Benefit payments	(2)	(2)	-
Assets acquired	-	-	-
As at March 31, 2020	416	384	32
Current service cost	33	-	33
Interest expense/(income)	21	-	21
Return on plan assets	-	20	(20)
Remeasurements due to actual return on plan assets less interest on plan assets	-	5	(5)
Actuarial loss / (gain) arising from change in financial assumptions	2	-	2
Actuarial loss / (gain) arising from change in demographic assumptions	-	-	-
Actuarial loss / (gain) arising on account of experience changes	(32)	-	(32)
Reversal of the liability	-	-	-
Employer contributions	-	32	(32)
Benefit payments	-	-	-
Assets acquired	-	-	-
Liabilities assumed on acquisition	(6)	-	(6)
As at March 31, 2021	434	441	(7)

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Present value of plan liabilities	434	416
Fair value of plan assets	441	384
Plan liability net of plan assets	**(7)**	**32**

ii) Statement of profit and loss (₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employee benefit expense	-	-
Losses on acquisition	-	-
Current service cost	33	33
Total	33	33
Finance costs	1	(1)
Gains/(losses) on settlements	(6)	-
Net impact on the profit before tax	**28**	**33**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Remeasurements of the net defined benefit liability:		
Opening amount recognized in OCI outside profit and loss account	10	10
Return on plan assets excluding amounts included in interest expense/income	(5)	(23)
Actuarial loss / (gain) arising from change in financial assumptions	2	11
Actuarial loss / (gain) arising from change in demographic assumptions	-	(1)
Actuarial loss / (gain) arising on account of experience changes	(32)	12
Actuarial gains/(losses) arising from changes in experience	-	-
Net impact on the other comprehensive income before tax	(25)	10

iii) Defined benefit plan assets

Category of assets (% allocation)	As at March 31, 2021	As at March 31, 2020
Insurer managed funds	441	384
Total	**441**	**384**

iv) Actuarial assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.35%	6.50%
Salary escalation rate*	9.00%	9.00%

* takes into account the inflation, seniority, promotions and other relevant factors

vi) Sensitivity

Gratuity (₹ in lakhs)

As at March 31, 2021	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(8)	8
Salary escalation rate	0.50%	8	(8)

As at March 31, 2020	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(8)	9
Salary escalation rate	0.50%	8	(8)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

vi) Maturity

The defined benefit obligations shall mature after year end as follows: **(₹ in lakhs)**

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Within the next 12 months (next annual reporting period)	198	190
Between 2 and 5 years	160	92
Between 5 and 10 years	83	132
Beyond 10 years	148	168
Total expected payments	**589**	**582**

The weighted average duration of the defined benefit obligation is 3.75 years (previous year - 4.03 years)

vii) Provision for long term incentive plan (LTIP) **(₹ in lakhs)**

Particulars	**March 31, 2021**	**March 31, 2020**
Liability for long term incentive plan	34	-

viii) Provision for leave encashment **(₹ in lakhs)**

Particulars	**March 31, 2021**	**March 31, 2020**
Liability for compensated absences	35	-

29. Segment information

The Company is domiciled in India. The Company is engaged in business of financing by way of loans (non banking financial services), which is considered to be only reportable segment (in accordance with Ind AS 108). All other activities revolve around the main business.

a) Segment revenue

The Company operates as a single segment. The segment revenue is measured in the same way as in the statement of income and expenditure.

(₹ in lakhs)

Particulars	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Segment revenue		
- India	71,475	52,195
- Outside India	-	-
Total	**71,475**	**52,195**

* There is no single party who individually contributes more than 10% of total operating revenue of the Company.

b) Segment assets and segment liabilities **(₹ in lakhs)**

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Segment assets		
- India	925,338	671,451
- Outside India	-	-
Segment liabilities		
- India	925,338	671,451
- Outside India	-	-

30. Earnings per share (EPS)

a) The basic earnings per share has been calculated based on the following: **(₹ in lakhs)**

Particulars	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Net profit after tax available for equity shareholders	13,210	452
Weighted average number of ordinary shares for basic earnings per share	672,700,820	540,000,000
Effect of dilution on account of compulsorily convertible preference shares (CCPS)	481,796	-
Weighted average number of ordinary shares adjusted for the effect of dilution	673,182,616	540,000,000

b) The reconciliation between the basic and the diluted earnings per share is as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Basic earnings per share	1.96	0.08
Diluted earnings per share	1.96	0.08

There is no impact of dilution of no of shares on account of compulsorily convertible preference shares (CCPS) on net profit after tax available for equity shareholders.

31. Capital commitments

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Estimated amount of contracts remaining to be executed on capital account (net of advances)	-	
Undisbursed commitments	41,738	-
Total	41,738	-

Contingent liabilities	For the year ended March 31, 2021	For the year ended March 31, 2020
Claims not acknowledged as debts in respect of :		
Income-tax demands under appeal (Refer note 27(c) & note (i) below)	-	-
	-	-

(i) The Company has filed two appeals with Commissioner of Income Tax (Appeals) agsint disallowance of income from liquid investments involving tax demand of ₹ 149 lakhs for Financial year 2014-2015 & ₹ 1,039 lakhs for Financial year 2015-2016, as the income of Company was considered as exempt under Section 10(47) of the Income Tax Act. However, subsequently, on October 21, 2019, the Company was notified as Infrastructure Debt Fund (IDF) with prospective effect, from the period starting Financial year 2019-2020. As such all the income of Company (including income from liquid investments) from Financial year 2014-2015 till Financial year 2018-2019 became taxable. The Company has filed an application with CBDT for review of the said notification with a request to notify it under section 10(47) of Income Tax Act with retrospective effect, i.e. w.e.f. Financial year 2014-15 (the year in which it received RBI registration as NBFC-IDF). As such the appeal filed against disallowance of income from liquid investments for Financial year 2014-2015 and Financial year 2015-2016 is subject to the outcome of the application for revision of the CBDT notification from prospective effect to retrospective effect. In the interim, the entire tax liability from Financial year 2014-15 till financial year 2018-19 amounting to ₹ 10,801 lakhs was provided for in the financial statements for the year ended March 31, 2020 & paid off and as such there is no contingent liability required to be disclosed.

Provident Fund: The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of “Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal” and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees’ Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of “basic wages” of the relevant employees for the purposes of determining contribution to provident fund under the Employees’ Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

32 Capital management

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI) of India. The adequacy of the Company’s capital is monitored using, amongst other measures, the regulations issued by RBI. Company has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Company’s capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The following additional information is disclosed in terms of the RBI circular (Ref No. DNBR .PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016) and RBI circular DNBR(PD) CC No. 053 / 03.10.119 / 2015-16 :

(₹ in lakhs)

Capital to risk assets ratio (CRAR):	For the year ended March 31, 2021	For the year ended March 31, 2020
Tier I capital	186,994	83,341
Tier II capital	5,328	2,563
Total capital	**192,322**	**85,904**
Risk weighted assets		
CRAR (%)	23.38%	15.06%
CRAR - Tier I capital (%)	22.73%	14.61%
CRAR - Tier II capital (%)	0.65%	0.45%
Amount of subordinated debt considered as Tier II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

Regulatory Tier I capital, which comprises share capital, share premium, special reserves, share option outstanding account, retained earnings including current year profit and non-controlling interests less accrued dividends. Certain adjustments are made to Ind AS based results and reserves, as prescribed by the Reserve Bank of India.

Maturity analysis of assets and liabilities

33 The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	74,006	-	74,006	25,730	-	25,730
Loans	64,911	777,431	842,342	48,298	592,446	640,744
Investments	-	-	-	-	-	-
Other financial assets	52	-	52	11	-	11
Non-financial assets						
Income tax assets (Net)	-	8,475	8,475	-	4,243	4,243
Property, plant and equipment	-	338	338	-	620	620
Other non-financial assets	100	25	125	103	-	103
Total assets	139,069	786,269	925,338	74,142	597,309	671,451
Financial liabilities						
Derivative financial instruments	-	-	-	-	-	-
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	60	-	60	47	-	47
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Debt securities	124,751	612,242	736,993	99,820	486,703	586,523
Borrowings (Other than debt securities)	191	51	242	175	241	416
Other financial liabilities	440	-	440	594	-	594
Non-financial Liabilities						
Provisions	28	59	87	19	-	19
Other non-financial liabilities	518	-	518	507	-	507
Total liabilities	125,988	612,352	738,340	101,162	486,944	588,106
Net	13,081	173,917	186,998	(27,020)	110,365	83,345

34 Fair value measurement

a) Financial Instruments by Category

The following table provides categorization of all financial instruments at carrying value except for financial assets and financial liabilities not measured at fair value if, the carrying amount is a reasonable approximation of fair value.

(₹ in lakhs)

As at March 31, 2021	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units	-	-	-
Loans			
- Term loans	-	-	660,864
- Debentures and bonds	-	-	182,311
- Accrued interest on loans, debentures and bonds	-	-	4,495
Cash and Cash Equivalents	-	-	74,006
Other financial assets	-	-	52
Total financial assets	**-**	**-**	**921,728**
Financial Liabilities			
Debt Securities			
- Debentures and bonds	-	-	712,642
- Commercial paper	-	-	-
- Accrued interest on borrowings	-	-	24,351
Borrowings (Other than Debt securities)	-	-	242
Trade payables	-	-	60
Other financial liabilities	-	-	440
Total financial liabilities	**-**	**-**	**737,735**

As at March 31, 2020	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units	-	-	-
Loans			
- Term loans	-	-	465,281
- Debentures and bonds	-	-	173,642
- Accrued interest on loans, debentures and bonds	-	-	4,384
Cash and Cash Equivalents	-	-	25,730
Other financial assets	-	-	11
Total financial assets	**-**	**-**	**669,048**
Financial Liabilities			
Debt Securities			
- Debentures and bonds	-	-	567,203
- Commercial paper	-	-	-
- Accrued interest on borrowings	-	-	19,320
Borrowings (Other than Debt securities)	-	-	416
Trade payables	-	-	47
Other financial liabilities	-	-	594
Total financial liabilities	**-**	**-**	**587,580**

Note: There are no other categories of financial instruments other than those mentioned above. The financial assets are shown gross of provision for Expected Credit Loss.

b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

As at March 31, 2021					**(₹ in lakhs)**
Assets and liabilities measured at amortised cost for which fair values are disclosed	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Loans					
- Term loans	4	-	-	656,632	656,632
- Debentures and bonds	4	-	-	181,215	181,215
- Accrued interest on loans, debentures and bonds	4	-	-	4,495	4,495
Total financial assets		**-**	**-**	**842,342**	**842,342**
Financial liabilities					
Debt securities					
- Debentures and bonds	11	-	-	712,642	712,642
- Commercial papers	11	-	-	-	-
- Accrued interest on borrowings	11	-	-	24,351	24,351
Total financial liabilities		**-**	**-**	**736,993**	**736,993**

As at March 31, 2020					**(₹ in lakhs)**
Assets and liabilities measured at amortised cost for which fair values are disclosed	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Loans					
- Term loans	4	-	-	463,413	463,413
- Debentures and bonds	4	-	-	172,947	172,947
- Accrued interest on loans, debentures and bonds	4	-	-	4,384	4,384
Total financial assets		**-**	**-**	**640,744**	**640,744**
Financial liabilities					
Debt securities					
- Debentures and bonds	11	-	-	567,203	567,203
- Commercial papers	11	-	-	-	-
	11	-	-	19,320	19,320
Total financial liabilities		**-**	**-**	**586,523**	**586,523**

i) There are no transfers between levels 1, 2 and 3 during the year.

ii) The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Company uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

The hierarchies used are as follows:

Level 1: Level 1: The fair value of financial instruments traded in active markets (such as mutual funds) is based on quoted market prices at the end of the reporting period. The mutual funds are valued using the closing NAV. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

c) Valuation technique used to determine fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Specific valuation techniques used to value financial instruments include:

- the fair value of the unquoted mutual fund units is determined using observable NAV representing repurchase price issued by the mutual fund/venture capital fund.
- the fair values of interest rate swaps is calculated as the present value of the estimated future cash flows based on the observable yield curves.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis and the discount rates used were adjusted for counterparty or own credit risk.

d) Valuation Process

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team directly reports to the chief financial officer (CFO) and audit committee (AC). Discussion on valuation processes and result are held between CFO, AC and the valuation team regularly in line with Company's quarterly reporting periods.

e) Fair value of financial assets and liabilities measured at amortised cost **(₹ in lakhs)**

Particulars	**As at March 31, 2021**		**As at March 31, 2020**	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets				
Loans				
Rupee loans	656,632	656,632	463,413	463,413
Debentures and Bonds	181,215	181,215	172,947	172,947
Accrued interest on loans, debentures and bonds	4,495	4,495	4,384	4,384
Total financial assets	**842,342**	**842,342**	**640,744**	**640,744**
Financial liabilities				
Loans				
Debt securities				
Debentures	712,642	760,363	567,203	567,203
Commercial papers	-	-	-	-
Total financial liabilities	**712,642**	**760,363**	**567,203**	**567,203**

Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

They are classified as Level 3 fair value in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The fair values of financial liabilities measured at amortised cost i.e. debt securities issued were calculated based on their cash flows discounted using a current borrowing rate. They are classified as Level 3 fair value in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk. Accordingly, fair value of such instruments is not materially different from their carrying amounts.They are classified as Level 3 fair value in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include, cash and bank balances, trade and other payables, other financial assets and liabilities. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

35 Financial risk management

35.1. Introduction

Risk management is an integral part of the business practices of the Company. The framework of risk management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. The process of risk management is paramount to the Company and each employee is accountable for risks relating to his/her responsibilities. The key risk management tenets adopted by the Company includes maker-checker principle and three levels of defence (first level - employee, second level - risk team, third level - internal audit). The Company is exposed to credit risk, interest rate risk, liquidity risk, price risk and operations risk through its business operations.

35.2. Risk management structure

The Company has set up a robust risk governance framework based on the following key principles:

- The Board has ultimate responsibility for the Company's risk management framework. The board is principally responsible for approving the Company's risk related strategies and policies.
- To ensure that the Company has a sound system of risk management and internal controls in place, the board has established a risk committee. The risk committee assists the board in relation to the oversight and review of the Company's risk management principles and policies, strategies, appetite, processes and controls. The risk committee has direct access to the Company's management and has open communication with them.
- Policies, processes and systems are put in place for effective risk management.
- The Company has an independent risk unit which is entrusted with the responsibility of implementing risk policy and processes for risk identification, assessment, measurement, monitoring and control. It reports to the head risk, who in turn reports directly to the chief executive officer (CEO) of the Company.
- The Company's Resources team is primarily responsible for funding and liquidity risks and is guided by the asset liability management policy. The market risks of the Company are supervised by the asset liability committee.
- The Company's maintains a Risk Register for all its processes. Operational risks of the Company are monitored by business operations risk committee.
- The Business team monitors project assets on regular basis and highlights pending compliances to senior management on quarterly basis. It also conducts annual site visits and monitors financial covenants.
- Annual review of financial and operational performance of projects and their re-rating is conducted by the risk team.
- Risk management processes are also audited quarterly by internal audit and findings and recommendations are provided to the audit committee.

35.3. Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from loans and advances arising from lending activities.

Credit risk is the single largest risk for the Company's business, management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a risk committee which reports regularly to the Board. The company adheres to high standards of credit risk management and mitigation. The lending proposals are subjected to a thorough assessment of promoters; group financial strength and leverage; operational & financial performance track record; cash flows; valuation of collateral. The exposures are subjected to regular monitoring of (i.e. cash flows of the projects, security cover is regularly monitored). The Company manages and controls credit risk by setting limits on the amount of exposure at each sector/sub-sector level it is willing to accept the concentration of risk and by monitoring exposures in relation to each such limits.

35.3.1. Credit risk measurement - loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a loans and advances (including loan commitments) entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations counterparties. The Company measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD). This is similar to the approach used for the purpose of measuring expected credit loss (ECL) under Ind AS 109. The Company's concentration risk is managed at the sector/sub-sector level. These limits are approved by the risk committee and reviewed at regular intervals. The following table shows the risk concentration towards each sector/sub-sector.

Sector/sub-sector	Exposure limit as per risk policy		Exposure as % of total exposure	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Energy Generation - Wind	25%	25%	12.11%	19.21%
Energy Generation - Solar	45%	40%	33.94%	17.16%
Energy Generation - Hydro	15%	25%	0.97%	2.20%
Energy Generation - Other	25%	25%	14.52%	16.67%
Energy Transmission	25%	40%	9.97%	10.02%
Transport - Roads	-	-	8.20%	11.85%
Ports, Airports, Railways etc. (without tripartite)	25%	25%	4.59%	5.95%
Bulk Material Transportation	15%	25%	0.84%	5.95%
Other social and commercial infrastructure	25%	40%	1.66%	1.42%
Hospitals	25%	25%	7.02%	11.97%
Education Institutions	25%	25%	3.46%	1.79%
Communication	15%	15%	2.73%	1.76%
Total			100.00%	100.00%

a) Credit risk grading

The Company uses internal credit risk grading framework that reflects its assessment of the probability of default of individual counterparty. The Company use internal rating model tailored to various categories of counterparties. Borrower and loan specific information collected at the time of initial application and annual re-rating exercise is fed into risk rating model. This is supplemented by external data such as credit bureau scoring information.

The framework is robust and comparable to credit models used by premier credit rating bureaus. The credit rating model considers various parameters (such as promoter strength, operating risk, market risk, financial factors, etc.) and a score is assigned to each parameter between 1 (lowest) to 5 (highest). The internal rating grade is based on the final score derived from the credit rating model.

The Company's internal score scales and mapping of internal rating grades are set out below:

Internal score	Internal rating grades	Description of the grade
5.00 - 4.00	iAAA	Highest Safety
3.91 - 4.00	iAA+	High Safety
3.81 - 3.90	iAA	
3.71 - 3.80	iAA-	
3.61 - 3.70	iA+	Adequate Safety
3.51 - 3.60	iA	
3.41 - 3.50	iA-	
3.11 - 3.40	iBBB+	Moderate Safety
2.81 - 3.10	iBBB	
2.61 - 2.80	iBBB-	
2.25 - 2.60	iBB+, iBB & iBB-	Moderate Risk
1.00 - 2.25	iB, iC & iD	High Risk/ Very High Risk/ Default

As per risk rating policy, the Company does not finance the projects below having internal rating grade below iBBB-, arrived as per the above mentioned risk rating framework. In case of difference between internal rating grade and external credit rating (if any), then lower of the two ratings would be considered while evaluating the minimum rating criteria.

However, at the time of sanction, if the external credit rating is below internal rating grade, but is expected to improve due to various factors (including refinance loan terms), Company may provide financial assistance to such borrowers on the condition that the disbursement would be made only after the minimum investment grade rating as aforesaid is obtained.

An annual review of the loans / debentures (credit substitutes) would be conducted to determine the credit migration and rating of the portfolio. The analysis below summarises the credit quality of the Company's debt portfolio at March 31.

Internal rating grades	% of total customer		% of total outstanding	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
iAAA	0%	1%	0%	0%
iAA+, iAA, iAA-	40%	28%	36%	26%
iA+, iA, iA-	35%	44%	35%	44%
iBBB+	14%	15%	19%	19%
iBBB	6%	9%	9%	11%
iBBB-	4%	2%	1%	0%
Total	**100%**	**100%**	**100%**	**100%**

b) Expected credit loss measurement

Ind AS 109 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Refer note 35(b)(i) below for a description of how the Company determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer note 35(b)(ii) below for a description of how the Company defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Refer note 35(b)(iii) below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with Ind AS 109 is that it should consider forward-looking information.

The following diagram summarises the impairment requirements under Ind AS 109:

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	**Lifetime expected credit losses**	**Lifetime expected credit losses**

i) Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the quantitative, qualitative or backstop criteria have been met.

Quantitative criteria:

The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 61 days past due. Accordingly the financial assets shall be classified as Stage 2, if on the reporting date, it has been more than 61 days past due.

Qualitative criteria:

For all financial instruments held by the Company, if the borrower is on the watch list and/or the instrument meets one or more of the following criteria:

- Internal rating downgrade of two notches or more
- Any event/s of non-cooperation
- Evidence of diversion of funds

Backstop:

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 61 days past due on its contractual payments.

The Company has not used the low credit risk exemption for any financial instruments in the year ended March 31, 2021.

ii) Default and credit-impaired asset

The Company defines a financial asset as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments to be considered in default.

Qualitative criteria:

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- the borrower is in long-term forbearance
- the borrower is insolvent

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), exposure at default (EAD) and loss given default (LGD) throughout the Company's expected loss calculations.

iii) Upgradation from higher stage to lower stage

For upgradation from higher stage to lower stage (i.e. to have cured):

Loan and advances is not moved from higher stage to lower stage immediately after payment of overdue amount, following cooling off period is applied:

From Stage 2 to Stage 1

- Continues in lower than 61 dpd for at least six months

From Stage 3 to Stage 2

- Continues in lower than 90 dpd for at least six months or

- Moves to Zero dpd

This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

iv) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD), and loss given default (LGD), defined as follows:

PD Estimation:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

The lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The credit quality of the portfolio is assessed using internally developed credit rating model. The internal rating grade is determined for every initial application and annual re-rating is also performed for all existing counterparties. In the absence of default/SMA history and limited number of counterparties involved, credit rating data available in public domain has been used to assign PDs to Internal rating grades.

- For Stage 1, 12 month PD are calculated. CRISIL 1 year cumulative default rate data and GDP forecast estimates have been used to arrive at 12 month PD for base case, best case and worst case economic scenarios.
- For Stage 2, Lifetime PD are calculated by considering the survival rate of the counterparty for the remaining maturity. The PD is based on CRISIL average transition matrices based on corporates.
- For Stage 3, Lifetime PD is taken as 100%.

Internal rating grades – 12 month PD Mapping:

Internal rating grades		PD% Base Case	PD% Best Case	PD% Worst Case
Highest Safety	iAAA	0.07%	0.03%	0.28%
High Safety	iAA+	0.10%	0.03%	0.37%
	iAA	0.10%	0.03%	0.37%
	iAA-	0.10%	0.03%	0.37%
Adequate Safety	iA+	0.39%	0.11%	1.23%
	iA	0.39%	0.11%	1.23%
	iA-	0.39%	0.11%	1.23%
Moderate Safety	iBBB+	2.09%	0.79%	4.85%
	iBBB	2.09%	0.79%	4.85%
	iBBB-	2.09%	0.79%	4.85%
Moderate Risk	iBB+	7.98%	4.37%	13.47%
	iBB	7.98%	4.37%	13.47%
	iBB-	7.98%	4.37%	13.47%
High Risk	iB	16.23%	10.30%	24.02%
Very High Risk	iC	34.10%	24.62%	44.72%
Default	iD	100.00%	100.00%	100.00%

Exposure at default:

EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/ refinance assumptions are also incorporated into the calculation.

Loss given default:

Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type and security coverage.

- In case of re-financing of operating road project, the Company enters into a tripartite agreement with the concessionaire and NHAI/any other project authority for ensuring a compulsory buyout with termination payments. The LGD for road project loans is taken as 5% (previous year 'Nil") since the entire credit exposure arising out of loan agreement is secured by way of tripartite agreement with Government authorities.
- In case of re-financing of other operating infrastructure project loans, the primary credit support is cash flow control and additional comfort is taken as project assets as collateral. In absence of actual instances of default and consequential recoveries, the LGD rates under "Foundation IRB approach" as prescribed by RBI, after considering the threshold level of collateralisation and required level of over collateralisation for full recognition of collateral, have been taken as a proxy measure.

ECL computation:

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month).

v) Forward-looking information incorporated in the ECL model

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for portfolio.

Judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided on a regular basis and provide the best estimate view of the economy over the next five years.

The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Company measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The Company has identified the "GDP growth rate" as a key driver for the expected credit loss.

The following table sets out the assumptions used for base case, best case and worst case ECL scenarios, taking GDP growth rate as key driver for expected loss:

Year ended March 31, 2021

ECL Scenario	Assigned probabilities %	2020	2021	2022	2023	2024
Base case	50%	-10.30%	8.80%	8.00%	7.60%	7.40%
Best case	20%	-8.80%	10.30%	9.40%	9.10%	8.90%
Worst case	30%	-11.75%	7.30%	6.50%	6.20%	5.90%

Year ended March 31, 2020

ECL Scenario	Assigned probabilities %	2019	2020	2021	2022	2023
Base case	50%	1.90%	7.40%	8.20%	9.00%	9.00%
Best case	20%	4.40%	10.00%	10.70%	11.50%	11.50%
Worst case	30%	-0.66%	4.89%	5.65%	6.47%	6.47%

The GDP estimates are used to project the grade wise PD for base case, best case and worst case scenario. The final (weighted) ECL is arrived at by assigning 50%, 20% and 30% weights to the base case, best case and worst case ECL respectively.

The GDP estimates are presented for calendar years & not financials years

	Year ended March 31, 2021			Year ended March 31, 2020		
	Base case	Best case	Worst case	Base case	Best case	Worst case
Assigned probabilities %	50%	20%	30%	50%	20%	30%
ECL (₹ in lakhs)	3,558.24	1,267.13	9,052.90	1,002.64	154.80	6,756.67

Scenario weighted ECL as on March 31, 2021 is ₹ 4,748 lakhs (March 31, 2020 ₹ 2,559 lakhs).

vi) Financial assets measured on a collective basis

ECL is calculated on individual basis for all loan assets.

vii) Proposal appraisal

The Company collects relevant project/ corporate documents and initiate appraisal of the proposal. The evaluation process encompasses establishment of viability of proposal including borrower's ability to service the loan. The evaluation is undertaken through a combination of review of project/corporate documents, external rating rationales (if any), meetings with project promoters/key officials, site visits, etc.

Proposals shall be approved by the Board/ Committee of the Board post recommendation by the decision board.

Term loans /debentures can have fixed rate or floating rate of interest linked to the Company's benchmark rate or another agreed benchmark. There may be reset of spreads after defined intervals.

Below is the mix of assets with spread reset dates falling within 1 year and more than 1 year:

Particulars	As at March 31, 2021	As at March 31, 2020
Less than 1 year	7.73%	17.76%
More than 1 year	92.27%	82.24%

viii) Overview of modified and forborne loan

All the loan assets of the Company are categorised under Stage 1 and there are no modified or forborne loans.

c) Credit risk exposure

i) Maximum exposure to credit risk - Loans and debenture measured at amortised subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Company's maximum exposure to credit risk on these assets.

(₹ in lakhs)

Term loans and debentures	As at March 31, 2021			Total
	Stage 1	Stage 2	Stage 3	
Performing				
Highest Safety	-	-	-	-
High Safety	324,648	-	-	324,648
Adequate Safety	311,638	-	-	311,638
Moderate Safety	255,884	-	-	255,884
Non- performing				
Moderate Risk	-	-	-	-
High Risk/ Very High Risk/ Default	-	-	-	-
Total	**892,170**	**-**	**-**	**892,170**

Term loans and debentures	As at March 31, 2020			Total
	Stage 1	Stage 2	Stage 3	
Performing				
Highest Safety	426	-	-	426
High Safety	169,258	-	-	169,258
Adequate Safety	283,714	-	-	283,714
Moderate Safety	189,909	-	-	189,909
Non- performing				
Moderate Risk	-	-	-	-
High Risk/ Very High Risk/ Default	-	-	-	-
Total	**643,307**	**-**	**-**	**643,307**

ii) Maximum exposure to credit risk - Financial instruments not subject to impairment

The Comapny does not have any exposure to Financial instruments not subjected to impairment.

iii) Collateral and other credit enhancement

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The Company employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Company prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types are:

- charges over tangible assets such as property, plant and equipment; and
- charges over book debts, inventories, bank deposits, and other working capital items; and
- charges over financial instruments such as debt securities and equities.

The fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a regular basis.

(₹ in lakhs)

Particulars	Gross Exposure	Impairment allowance	Undrawn amount	EIR Adjustment	Carrying amount	Fair value of collateral held
As at March 31, 2021						
Loans to corporate entities/ individuals:						
- Term loans	705,364	4,212	41,738	2,661	656,752	1,229,665
- Debentures and bonds	182,311	1,089	-	101	181,122	323,625
- Accrued interest on loans, debentures and bonds	4,495	27	-	-	4,468	4,495
Total	**892,170**	**5,328**	**41,738**	**2,762**	**842,342**	**1,557,785**

(₹ in lakhs)

Particulars	Gross Exposure	Impairment allowance	Undrawn amount	EIR Adjustment	Carrying amount	Fair value of collateral held
As at March 31, 2020						
Loans to corporate entities/ individuals:						
- Term loans	465,281	1,854	-	-	463,427	939,047
- Debentures and bonds	173,642	692	-	-	172,950	309,120
- Accrued interest on loans, debentures and bonds	4,384	17	-	-	4,366	4,384
Total	**643,307**	**2,563**	**-**	**-**	**640,744**	**1,252,551**

iv) Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- impacts on the measurement of ECL due to changes made to models and assumptions;
- financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

An analysis of change in the gross carrying amount of the loan portfolio and corresponding loss allowance:

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed below:

(₹ in lakhs)

Term loans and debentures	Year ended March 31, 2021			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	643,307	-	-	643,307
New assets originated or purchased	314,627	-	-	314,627
Assets derecognised or repaid	(110,264)	-	-	(110,264)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance	**847,670**	**-**	**-**	**847,670**

Term loans and debentures	Year ended March 31, 2020			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	472,313	-	-	472,313
New assets originated or purchased	249,110	-	-	249,110
Assets derecognised or repaid	(78,116)	-	-	(78,116)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance	**643,307**	**-**	**-**	**643,307**

The following table explains the changes in the loss allowance between the beginning and at the end of the annual period due to various factors:

(₹ in lakhs)

Term loans and debentures	Year ended March 31, 2021			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	2,563	-	-	2,563
New assets originated or purchased	1,978	-	-	1,978
Assets derecognised or repaid	(693)	-	-	(693)
Net remeasurement of loss allowance	1,480	-	-	1,480
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance	**5,328**	**-**	**-**	**5,328**

Term loans and debentures	Year ended March 31, 2020			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	1,880	-	-	1,880
New assets originated or purchased	995	-	-	995
Assets derecognised or repaid	(313)	-	-	(313)
Net remeasurement of loss allowance	1	-	-	1
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance	**2,563**	**-**	**-**	**2,563**

The origination of new loan assets is the primary factor that contributed to the change in the loss allowance during the period.

35.3.2. Other financial assets

The Company has credit risk exposure in cash and cash equivalents, deposits with banks, and other financial assets. Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions only, therefore credit risk is perceived to be low. The Company has no significant concentration of credit risk.

35.4. Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stressful circumstances. To limit this risk management has adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a monthly basis. The Company has developed internal control processes and contingency plans for managing liquidity risk.

Prudent liquidity risk management implies maintaining liquid investments. In accordance with the Company's policy, the liquidity position is assessed by setting limits on the amount of liquidity exposure and monitoring exposures in relation to each such limits:

a) Liquidity Risk framework

Category	Limits
Limits on cumulative negative gaps, as a % of cumulative outflows [maximum]	- 10% of cumulative outflows for 0 to 7 days, over 7 days to 14 days - 20% of cumulative outflows for 14 days to 1-month - 30% of cumulative outflows for 1-month to 6-months - 40% of cumulative outflows for 6-months to 1-year
Capital adequacy ratio (CRAR) [minimum]	15%
Capital Classification	Tier II Capital shall not exceed Tier I Capital
Borrowings through shorter tenor bonds and commercial papers (CPs)	Up to 10% of total outstanding borrowings
Credit rating [minimum]	A
Liquidity coverage ratio (LCR) [minimum]	0.30
Earnings at risk (EaR) [maximum]	₹ 1,500 lakhs

b) Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that many customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history.

(₹ in lakhs)

As at March 31, 2021	One day to 30/31 days	One month to two months	Two months to three months	Over three to six months	Over six month to 1 year	Between 1 and 3 years	Between 3 and 5 years	> 5 years	Total
Financial assets									
Loans	4,723	3,788	10,142	16,335	29,923	143,524	140,583	493,324	842,342
Total undiscounted financial assets	**4,723**	**3,788**	**10,142**	**16,335**	**29,923**	**143,524**	**140,583**	**493,324**	**842,342**
Financial liabilities									
Debt securities	16,558	866	3,322	60,662	43,343	204,400	287,000	120,842	736,993
Total undiscounted financial liabilities	**16,558**	**866**	**3,322**	**60,662**	**43,343**	**204,400**	**287,000**	**120,842**	**736,993**

As at March 31, 2020	One day to 30/31 days	One month to two months	Two months to three months	Over three to six months	Over six month to 1 year	Between 1 and 3 years	Between 3 and 5 years	> 5 years	Total
Financial assets									
Loans	5,418	2,462	6,975	11,769	21,674	102,355	124,855	365,236	640,744
Total undiscounted financial assets	**5,418**	**2,462**	**6,975**	**11,769**	**21,674**	**102,355**	**124,855**	**365,236**	**640,744**
Financial liabilities									
Debt securities	2,389	10,207	1,685	10,289	75,250	235,900	194,000	56,803	586,523
Total undiscounted financial liabilities	**2,389**	**10,207**	**1,685**	**10,289**	**75,250**	**235,900**	**194,000**	**56,803**	**586,523**

c) Public disclosure on liquidity risk

The disclosure in terms of RBI circular ref. DOR.NBFC(PD)CC.NO.102/03.10.001/2019-20 dated November 04, 2019 on liquidity risk management framework for NBFCs Is provided below-

(i) Funding concentration based on significant counterparty

Sr no	No of significant counterparties	Amount (₹ in lakhs)	% of Total deposits	% of Total Liabilities
1	22	518,480	Not Applicable	70.22%

(ii) Top 20 large deposits - Nil

(iii) Top 10 borrowings: ₹ 3,72,810 lakhs (represent 52.00% of total borrowings)

(iv) Funding concentration based on significa nt instrument/product

Sr no	Name of instrument	Amount (₹ in lakhs)	% of Total Liabilities
1	Non Convertible Debentures	736,993	99.82%

(v) **Stock ratios:**

Sr no	Instrument	As a % of total public funds	As a % of total liabilities	As a % of total assets
(a)	Commercial papers	Nil	Nil	Nil
(b)	Non Convertible Debentures (original maturity <1 year)	Nil	Nil	Nil
(c)	Other short term liabilities	18%	17%	14%

(vi) Institutional set-up for liquidity risk management

The Company has instituted Asset Liability Management Policy under which the Asset Liability Management Committee (ALCO) has been set up for oversight Asset Liability Management (ALM), including liquidity risk management. The overall ALM framework as well as liquidity risk is managed by-

(i) **Board**-which provides the overall direction for the Policy and framework.

(ii) **ALCO**-comprises of Chief Executive Officer (CEO), Chief Risk Officer (CRO), Chief Financial Officer (CFO) and Head Business. It is a decision making body responsible for strategic management of interest rate and liquidity risks.

(iii) **Asset Liability Management Support Group**-which consist of operating staff from Risk, Accounts and Resources group, who analyse/monitor liquidity profile, limits & report to ALCO & RBI.

(iv) **Finance Committee**-comprises of CEO, CRO and CFO which is authorised to borrow monies through various instruments permitted by RBI.

(v) **Resources Group**-which is ALM support group and is responsible for fund raising, maintain appropriate liquidity buffers, provide market related inputs and actively implement ALM strategy.

D) Disclosure on Liquidity Coverage Ratio (LCR) under RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

Particulars		Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#
High Quality Liquid Assets		31-Mar-21		31-Dec-20		30-Sep-20		30-Jun-20	
1	Total High Quality Liquid Assets (HQLA)1	21,061	21,061	27,622	27,622	45,374	45,374	50,922	50,922
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-		
4	Secured wholesale funding	9,502	10,928	22,675	26,076	9,743	11,204	5,743	6,604
5	Additional requirements, of which	-	-	-	-	-	-	-	
(i)	Outflows related to derivative exposures	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	14,159	16,282	5,240	6,026	4,755	5,468	127	146
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	Total Cash Outflows	23,661	27,210	27,915	32,102	14,498	16,672	5,870	6,750

Particulars		Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	28,048	21,036	16,597	12,448	10,925	8,194	8,235	6,176
11	Other cash inflows	23	17	22	17	33	25	50	38
12	Total Cash Inflows	28,071	21,054	16,619	12,464	10,958	8,219	8,285	6,214
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	Total HQLA		21,061		27,622		45,374		50,922
14	Total Net Cash Outflows (Higher of inflow less outflows or 25% of outflows		6,803		19,638	3,624	8,453		1,688
15	LIQUIDITY COVERAGE RATIO (%)		310%		141%		537%		3017%

*Unweighted values calculated as outstanding balances maturing or callable within 30 days(for inflows and outflows).

Weighted values calculated after the application of respective stress factors on inflow (75%) and outflow (115%).

Notes : 1. HQLA includes unencumbered portion of current account balance, short term fixed deposits with scheduled commercial banks

2. The above numbers of quarter end reporting date are simple average values of previous 3 months

35.5. Market Risk

Market the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and mutual fund NAV's.

a) Interest rate risk-lending

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company's main interest rate risk arises from lending with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2021 and March 31, 2020, the Company's lending portfolio at variable rate are mainly denominated in Indian rupees (₹).

The Company's fixed rate lending portfolio is carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

i) Interest rate risk exposure

The exposure of the Company's lending portfolio to interest rate changes at the end of the reporting years are as follows:

(₹ in lakhs)

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Variable rate lending portfolio	65,189	113,471
Fixed rate loans	777,985	525,452
Total	843,175	638,923

As at the end of the reporting period, the Company had the following variable rate lending portfolio outstanding:

As at March 31, 2021	**Weighted average interest rate**	**Balance**	**% of total loans**
Loans	9.45%	65,189	7.7%
Net exposure interest rate risk	9.45%	65,189	7.7%

As at March 31, 2020	**Weighted average interest rate**	**Balance**	**% of total loans**
Loans	9.76%	113,471	17.8%
Net exposure interest rate risk	9.76%	113,471	17.8%

An analysis by maturities is provided in note 35.4. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of debt securities.

ii) Sensitivity

a) Interest rate risk - Loans and debenture

Profit or loss is sensitive to higher/lower interest expense from lending portfolio as a result of changes in interest rates.

Particulars	Impact on profit after tax	
	Year ended March 31, 2021	Year ended March 31, 2020
Interest rates – increase by 100 basis points	652	1,135
Interest rates – decrease by 100 basis points	(652)	(1,135)

* The sensitivity is derived holding all other variables constant

b) Price risk

Since the Company does not hold any equity instruments, it is not exposed to price risk.

c) Foreign currency risk:

The Company does not have any foreign currency exposures in respect of financial assets and financial liabilities as at the balance sheet date that will result in net currency gains or losses in the statement of profit and loss due to change foreign currency exchange rates. This mitigates the foreign currency risk exposure for the Company.

35.6. Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. Operational risk management process comprises of identification, assessment, measurement, monitoring / controlling, reporting and mitigation of operational risk. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit. Periodic Business Operational Risk Committee (BORC) meetings are convened to keep a track of operational risks and mitigation plans across the Company.

36 Related party transactions

a) Holding entity

National Investment and Infrastructure Fund II

b) Associate companies

IDFC Asset Management Company Limited (till March 29, 2020)

IDFC Limited (till March 29, 2020)

Aseem Infrastructure Finance Limited (Sponsor from March 30, 2020)

c) Key management personnel

Sadashiv S. Rao - Chief Executive Officer

Sanjay Ajgaonkar - Chief Financial Officer

Amol Ranade - Company Secretary (till February 12, 2021)

d) Directors

Mr. Surya Prakash Rao Pendyala - Nominee Director, NIIF

Mr. AKT Chari - Nominee Director, NIIF

Ms. Ritu Anand - Independent Director

Mr. Rajiv Dhar - Nominee Director, NIIF

Mr. Ashwani Kumar - Independent Director

Mr. Suresh Menon - Nominee Director, HDFC Ltd (till March 30, 2021)

Mr. Gautam Kaji - Independent Director (till July 16, 2020)

e) Transactions with related parties

The nature and volume of transactions carried out with the above related parties in the ordinary course of business is as follows:

Name of related party , nature of relationship and particulars

(₹ in lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
A Holding entity		
1 National Investment and Infrastructure Fund II		
i Liabilities/Transactions		
Outstanding equity share capital	54,635	31,800
Outstanding equity share premium	20,537	-
Proceeds from issue of equity share capital during year	22,835	-
Proceeds from issue of equity share premium during year	20,537	-

(₹ in lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
B Associate		
1 IDFC Limited (from March 12, 2019 till March 29, 2020)		
i Expense		
Shared services cost expense (*)	-	70

(₹ in lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
2 IDFC Asset Management Company Limited (from March 12, 2019 till March 29, 2020)		
i Expense		
Shared services cost expense (*)	-	26
3 Aseem Infrastructure Finance Limited (from March 30, 2020)		
i Income		
Shared services cost recovery (*)	91	-
ii Reimbursement		
Deputation Cost (*)	15	
iii Liabilities/Transactions		
Outstanding equity share capital	30,938	16,200
Outstanding equity share premium	13,890	-
Proceeds from issue of equity share capital during year	14,738	-
Proceeds from issue of equity share premium during year	13,890	-
iv Assets/Transactions		
Dues against reimbursement of costs (*)	5	7
Recovery against Shared Service Cost (*)	41	-

(*) The amounts exclude Goods and Services tax expensed out in the statement of profit and Loss

C Remuneration to Key management personnel: **(₹ in lakhs)**

Particulars of Remuneration to Key management	Year ended March 31, 2021	Year ended March 31, 2020
Sadashiv S Rao - Chief Executive Officer	325	243
Sanjay Ajgaonkar - Chief Financial Officer	101	100
Amol Ranade - Company Secretary (till February 12, 2021)	36	28
Total	**462**	**371**

D Director sitting fees: **(₹ in lakhs)**

Particulars of Director sitting fees	Year ended March 31, 2021	Year ended March 31, 2020
Ms. Ritu Anand - Independent Director	7	5
Mr. Ashwani Kumar - Independent Director	3	-
Mr. Gautam Kaji - Independent Director (till July 16, 2020)	2	2
Total	**12**	**7**

37 The outbreak of COVID–19 virus which was declared a global pandemic by the World Health Organisation on March 11, 2020 continues to spread across the globe including India, resulting in significant volatility in financial markets and a significant decrease in global and India's economic activities.

The pandemic has impacted lending business, fee income, collection efficiency etc. which in turn may impact customer defaults and consequently impairment allowance. Amongst the various measures announced to mitigate the economic impact arising from the pandemic, the Reserve Bank of India issued circulars dated March 27, 2020 and May 23, 2020 allowing lending institutions to offer a moratorium to borrowers on payment of instalments falling due between March 01, 2020 and August 31, 2020. The Company's Board of Directors approved a policy to offer moratorium to its borrowers in accordance with RBI circular dated August 06, 2020 - "Resolution Framework for Covid-19 related stress". The Company continues to closely monitor the situation and in response to this health crisis has implemented protocols and processes to execute its business continuity plans and help protect its employees and support its clients.

The Company continues to meet its operating and financial obligations, maintained required capital adequacy ratio and has adequate financial resources to run its business as the Company has not experienced any significant disruptions due to this pandemic and has considered any impact on carrying value of assets based on the external or internal information available up to the date of approval of financial statements. However, the extent to which COVID-19 pandemic will continue to impact the Company's business, results of operations, financial position and cash flows will depend on future developments which remains 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. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of the financial assets.. The Company is closely monitoring any material changes to future economic conditions and resultant impacts, if any, on the expected credit loss provisions.

In order to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses, RBI through its circulars dated March 27, 2020 and April 17, 2020, permitted lending institutions to grant a moratorium, on the payment of instalments and / or interest, falling due between March 1, 2020 and May 31, 2020, to their borrowers classified as standard even If overdue, as on February 29, 2020. This period was extended by RBI till August 31, 2020 through its circular dated May 23, 2020. The Company accordingly extended the moratorium option to its borrowers in accordance with its Board approved polices. For all such accounts where the moratorium is granted, the asset classification shall remain standard during the moratorium period .

Particulars	**As at March 31, 2021**
Amounts in SMA/overdue categories, where the moratorium/deferment was extended	-
Amount where asset classification benefits are extended	-
Provision created*	-
Less: Provisions adjusted against slippages*	-
Residual provisions*	-

(*) As per Ind AS 109

38 The following additional information is disclosed in terms of the RBI circular (Ref No. DNBR .PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016) and RBI circular DNBR(PD) CC No. 053 / 03.10.119 / 2015-16 :

(a) Capital to risk assets ratio (CRAR):

	As at March 31, 2021	As at March 31, 2020
i) CRAR (%)	23.38%	15.06%
ii) CRAR - Tier I Capital (%)	22.73%	14.61%
iii) CRAR - Tier II Capital (%)	0.65%	0.45%
iv) Amount of Subordinated Debt considered as Tier-II Capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

Capital adequacy as of 31 March 2020 has been restated based on the revised classification of PPP loan assets

(b) Details of Investments are set out below:

		As at March 31, 2021	As at March 31, 2020
1 Value of Investments			
(i) Gross Value of Investments			
(a) In India		-	-
(b) Outside India		-	-
	(A)	**-**	**-**
(ii) Provision for depreciation			
(a) In India		-	-
(b) Outside India		-	-
	(B)	-	-
(iii) Net Value of Investments			
(a) In India		-	-
(b) Outside India		-	-
	(A-B)	**-**	**-**
2 Movement of provisions held towards depreciation on investments.			
(i) Opening balance		-	-
(ii) Add: Provisions made during the year		-	-
(iii) Less: Write-offs/ write-back of excess provisions during the year		-	-
(iv) Closing balance		-	-

(c) Investor group wise classification of all investments (Current and Long Term) in shares and securities (both Quoted and Unquoted):

Market Value/ Breakup Value / Fair Value / NAV	As at March 31, 2021		As at March 31, 2020	
	Book ValueNet of Provision	Market Value/ Breakup Value / Fair Value / NAV	Market Value/ Breakup Value / Fair Value / NAV	Market Value/ Breakup Value / Fair Value / NAV
1 Related parties	-	-	-	
(a) Subsidiaries	-	-	-	
(b) Companies in the same group	-	-	-	
(c) Other related parties				
2 Other than related parties	-	-	-	-
Total	**-**	**-**	**-**	**-**

(d) Securitisation /Assignment

The Company has not under taken any transactions of Securitisation/Assignment in the current and in the previous year and hence the related disclosures are not applicable to the Company.

(e) Details of non-performing financial assets purchased/sold and accounts subjected to restructuring:

The Company has not undertaken any transactions for purchase/sale of NPA's in the current and in the previous year and hence the related disclosure are not applicable to the Company

(f) Asset Liability Management Maturity pattern of certain items of assets and liabilities

Please refer note 35.4 for the Asset Liability Management maturity patterns

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by auditors.

(g) Exposures to real estate sector (Based on amounts sanctioned):

This disclosure is not applicable to the Company as there are no exposures, direct or indirect to real estate sector as at March 31, 2021 and as at March 31, 2020.

(h) Exposures to Capital Market

This disclosure is not applicable to the Company as there are no exposures to capital market as at March 31, 2021 and as at March 31, 2020.

(i) Details of Single Borrower Limit and Borrower Group Limit exceeded by the Company

During the years ended March 31, 2021 and March 31, 2020, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.

(j) Borrower group-wise classification of assets financed:

	As at March 31, 2021 net of provision (*)	As at March 31, 2020 net of provision (*)
1 Related parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	842,342	640,744
Total	**842,342**	**640,744**

(*) Net of provision for standard assets

(k) Unsecured advances

The Company has not given any unsecured advances in the current year and in the previous year.

(l) Registration obtained from other financial regulators

The Company has not obtained registrations from other financial sector regulators.

(m) Penalties / fines imposed by the RBI

During the year ended March 31, 2021 there was no penalty imposed by the RBI and other regulators (Previous Year ₹ Nil).

	As at March 31, 2021	As at March 31, 2020
Break up of 'Provisions and Contingencies' shown under the head 'Expenses' in the Statement of Profit and Loss	-	-
Provisions for depreciation on Investment	-	-
Provision towards NPA	-	-
Provision made towards Income tax	-	-
Other Provision and Contingencies	-	-
Provision for Standard Assets	5,328	2,563
	5,328	**2,563**

In terms of RBI circular reference DOR (NBFC) .CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, the template of comparison between provisions required under Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 is provided below:-

(₹ in lakhs)

Asset Classification as per RBI norms	Asset Classification as per Ind AS 109	Gross Carrying amount as per Ind AS	Loss Allowance (Provision as required under Ind AS 109)	Net Carrying Amount	Provision as required as per IRACP norms	Difference between Ind AS 109 provisios under IRCAP norms
1	2	3	4	5=3-4	6	7=4-6
Performing Assets						
Standard	Stage 1	847,670	5,328	842,342	3,391	1,937
	Stage 2	-	-	-	-	-
Subtotal		**847,670**	**5,328**	**842,342**	**3,391**	**1,937**
Non Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful- up to 1 year	Stage 3	-	-	-	-	-
1-3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for Doubtful	**-**	**-**	**-**	**-**	**-**	
Loss	-	-	-	-	-	
Subtotal for NPA	-	-	-	-	-	
Other items such as guarantees, loan commitments, etc which are in the scope of Ind AS 109 but not covered under Current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2					
	Stage 3	-	-	-	-	-
Total	**Stage 1**	**847,670**	**5,328**	**842,342**	**3,391**	**1,937**
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	**-**
	Total	**847,670**	**5,328**	**842,342**	**3,391**	**1,937**

(o) Drawdowns from Reserves

The Company has not undertaken any drawdown from reserves during the current year and previous year and hence the related disclosures are not applicable to the Company.

(p) Concentration of Advances

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
Total Advances to twenty largest borrowers/ customers	374,942	306,032
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	44.23%	47.9%

(q) Concentration of Exposures

(₹ in lakhs)

	As at March 31, 2021	As at March 31, 2020
Total Exposure to twenty largest borrowers / customers	382,989	306,032
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	42.92%	47.9%

(r) Concentration of Non Performing Assets (NPAs) /Sectorwise NPAs/ Movement in NPAs

The Company did not have any NPAs in the current year and in the previous year and hence the related disclosures are not applicable to the Company.

(s) The information on Overseas Assets (for those with Joint Ventures and Subsidiaries abroad) is given below:

(₹ in lakhs)

	For the year ended March 31, 2021		
Name of the Joint Venture/ Subsidiary	**Other Partner in the JV**	**Country**	**Total Assets**
	Nil	Nil	Nil

(₹ in lakhs)

	For the year ended March 31, 2020		
Name of the Joint Venture/ Subsidiary	**Other Partner in the JV**	**Country**	**Total Assets**
	Nil	Nil	Nil

(t) The information on off balance sheet SPV sponsored (which are required to be consolidated as per accounting norms):

(₹ in lakhs)

For the year ended March 31, 2021	For the year ended March 31, 2020
Nil	Nil

(u) Debentureholder' complaints :

(a)	No. of complaints pending at the beginning of the year	Nil
(b)	No. of complaints received during the year	Nil
(c)	No. of complaints redressed during the year	Nil
(d)	No. of complaints pending at the end of the year	Nil

The above information is certified by management and relied upon by the auditors.

39 The additional information required to be disclosed in terms of RBI circular (Ref. No. RBI/2009-2010/356/IDMD/4135/11.08.43/2009-10) dated March 23, 2010 is not applicable for the Company.

40 Comparative numbers of March 2020 is audited by another firm of Chartered Accountants.

41 In accordance with the instructions as per RBI circular dated April 07, 2021, the Company shall refund/adjust "Interest on interest" to all borrowers during the moratorium period, irrespective of whether moratorium has been fully or partially availed , or not availed. Pursuant to this instructions, and as per the methodology for calculation of the amount such "interest on interest", the Company has recognised a charge in its Statement of Profit and Loss for the year ended March 31, 2021 and provided for amount of ₹ 45.24 lakhs to be credited or adjusted against customer balance, in case customers account has been closed with the Company, the same shall be refunded to the customers in due course of time.

42 Frauds reported during the year- Nil (Previous year Nil)

43 There are no contingent liabilities as of March 31, 2021 (Previous year Nil)

44 Previous year figures have been regrouped/reclassified wherever necessary to correspond with those of the current year's classification/ disclosure.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Rutushtra Patell
Partner
Membership Number : 123596

Place : Mumbai
Date : May 19, 2021

For and on behalf of the Board of Directors of
NIIF Infrastructure Finance Limited

Surya Prakash Rao Pendyala
Chairman

Rajiv Dhar
Director

Sadashiv S Rao
Chief Executive Officer

Sanjay Ajgaonkar
Chief Financial Officer