Independent auditor's report

To the Members of IDFC Infrastructure Finance Limited

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of IDFC Infrastructure Finance Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. 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 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) 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 opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

Key audit matter	How our audit addressed the key audit matter
I. Assessment of tax position in view of pending application with CBDT for notification of tax exemption under section 10(47). (Refer to note 26(b) to the financial statements) The Company has filed an application with the Central Board of Direct Taxes (CBDT) seeking exemption under section 10(47) of	The audit procedures performed by us to check the exemption under section 10(47) and application to CBDT for notification: • We understood, assessed and tested the design and operating effectiveness of internal controls around assessment of tax position with respect to application of section 10(47).

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Mumbai

Key audit matter	How our audit addressed the key audit matter
Income-tax Act, 1961 (the "IT Act") on March 17, 2015 , contending that it is exempt under the said section being an Infrastructure Debt Fund Non-Banking Financial Company (IDF-NBFC) registered with the Reserve Bank of India (RBI). One of the conditions to obtain the exemption under section 10(47) is to comply with relevant Guidelines and directions issued by RBI including those related adherence to the sponsor holding guidelines limits. Based on the facts and tax consultant's advice obtained, the Management has concluded that in view of adherence to the relevant RBI Guidelines, the Company continues to be entitled to seek tax exemption under section 10(47) of the IT Act. We considered this as a key audit matter given the application with CBDT for notification of tax exemption under section 10(47) is under process.	• We along with our auditor's expert, : ▪ analysed, the management representation and the external tax consultant's opinions obtained by the management; ▪ evaluated the rational provided by the Company and by the assessing authority against the Company, the similar tax legislation, the verdict of the tax court in similar matters and existing jurisprudence to assess the appropriateness of the tax position; ▪ evaluated the income tax assessment orders received by the Company for earlier assessment years. • We also assessed the independence, objectivity, competence and capabilities of the tax consultant engaged by the management. • we assessed the adequacy of the disclosures in the financial statements. Based on the above procedures performed, we did not identify any significant exceptions to the management's assessment of tax position in view of pending application with CBDT for notification of tax exemption under section 10(47) of the Income Act, 1961.
II. Impairment of loans and advances: (Refer to Note 36.3 to the financial statements) The loan balances and the associated impairment allowances are significant to the financial statements and also involves judgement around the calculation of the impairment allowance. Impairment allowances represent management's estimate of the losses incurred within the loan portfolios at the balance sheet date and are inherently judgmental. Impairment, based on Expected Credit Loss (ECL) model, is calculated using two main variables viz. 'Probability of Default' and 'Loss Given Default' as specified under the related	The audit procedures performed by us to check the impairment allowance on loans include the following: • We understood and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions into the impairment models, the identification of impaired loans and key systems reconciliations. • We, along with the help of our auditor's expert, validated the appropriateness of the Company's impairment methodologies used to derive significant variables viz.

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Key audit matter	How our audit addressed the key audit matter
Accounting Standard (Ind AS 109). Quantitative factors like days past due and macro-economic data points and qualitative factors like deterioration in credit quality, reduction in the value of security, uncertainty over realisability of security, nature of loan etc. and related RBI notifications have been taken into account in the ECL computation. There is an inherent risk that qualitative triggers relating to impairment may not be identified on a timely basis. Given the inherent judgmental nature and the complexity of audit procedures involved, we determined this to be a key audit matter.	probability of Default, Loss Given Default, Exposure at default and Staging of Loan etc. • We also checked the completeness and accuracy of source data used and tested the reasonableness of the key assumptions. • We recomputed the impairment provision for sample of loans across the portfolio, to ensure arithmetical accuracy and compliance with the requirements of related accounting standard (Ind AS 109) used in the ECL computation. Based on the procedures performed above, we considered the credit impairment charge and provision recognized by the management to be reasonable.
III. Interest income computed using Effective Interest Rate (EIR) method: (Refer to Note 2F to the financial statements) The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets, other than credit-impaired assets. The EIR is the rate that 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 fees paid or received that are integral to the EIR, such as origination fees.	The audit procedures performed by us to check the interest income computed using EIR method include the following: • We understood and tested the design and operating effectiveness of the Company's spreadsheet controls over computation of EIR. • We considered the expertise of the Company's personnel reviewing the interest income computed using EIR method. • We recomputed the interest income for sample of loans across the portfolio, to ensure arithmetical accuracy and compliance with the requirements of related accounting standards (Ind AS 109). • We, along with the help of our auditor's expert, validated the appropriateness of the Company's

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Key audit matter	How our audit addressed the key audit matter
	EIR methodologies used to compute the interest income. Based on the procedures performed above, we considered the interest income using EIR method, recognized by the management, to be reasonable.

Other Information

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

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

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

6. 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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.

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7. 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

8. 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.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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.

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10. 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.

11. 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.

12. 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 of the current period 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

13. The comparative financial information of the Company for the transition date opening balance sheet as at April 1, 2017 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the year ended March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide report dated April 24, 2017. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

14. The financial information of the Company for the year ended March 31, 2018 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the year ended March 31, 2018 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated April 20, 2018. The adjustments to this financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

    Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

15. 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 B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

16. 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.

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(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 other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement 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.

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2019 on its financial position in its financial statements – Refer Note 30 of the Financial statement.

ii. The Company has made provision as at March 31, 2019, as required under the applicable law or accounting standards, for material foreseeable losses, on long- term contracts. The Company did not have any derivative contracts as at March 31, 2019.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Russell I Parera
Partner
Membership Number: 042190

Place: Mumbai
Date: May 23, 2019

Price Waterhouse & Co Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 16(f) of the Independent Auditors' Report of even date to the members of IDFC Infrastructure Finance Limited on the financial statements for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of IDFC Infrastructure Finance Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to 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 deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to 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 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.

5. 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 system with reference to financial statements.

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Meaning of Internal Financial Controls with reference to financial statements

6. 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

7. 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 controls 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

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

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Russell I Parera
Partner
Membership Number: 042190

Place: Mumbai
Date: May 23, 2019

Annexure B to Independent Auditors' Report

Referred to in paragraph 15 of the Independent Auditors' Report of even date to the members of IDFC Infrastructure Finance Limited on the financial statements as of and for the year ended March 31, 2019

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

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of immovable properties, as disclosed in Note 8 on fixed assets to the financial statements, are held in the name of the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. 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 from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, duty of customs and duty of excise duty, value added tax or goods and service tax as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. crores)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	1.49	FY 2014-2015	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	10.39*	FY 2015-2016	Commissioner of Income Tax (Appeals)

* Of this amount, tax department has adjusted INR 3.72 crores TDS which was claimed by the Company as refund and INR 2 crores has been separately paid by the Company under protest.

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LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Mumbai

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The company does not have an Executive or a Whole-time Director. Accordingly, the provisions of Clause 3(xi) of the Order is not applicable.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non-Banking Financial Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Parera

Russell I Parera
Partner
Membership Number: 042190

Place: Mumbai
Date: May 23, 2019

IDFC INFRASTRUCTURE FINANCE LIMITED

Balance sheet as at March 31, 2019

₹ in lakhs

	Note No.	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS				
1 Financial assets				
(a) Cash and cash equivalents	3	3,400	3,201	322
(b) Loans	4	466,608	419,097	266,404
(c) Investments	5	6,107	15,823	12,533
(d) Other financial assets	6	2,398	1,889	887
		478,513	440,010	280,146
2 Non Financial assets				
(a) Current tax assets (Net)	7	7,499	4,649	1,736
(b) Property, plant and equipment	8	127	68	52
(c) Capital work-in-progress			43	
(d) Other non-financial assets	9	87	89	62
		7,713	4,849	1,850
Total assets		**486,226**	**444,859**	**281,996**
LIABILITIES AND EQUITY				
LIABILITIES				
1 Financial liabilities				
(a) Derivative financial instruments	10	-	-	145
(b) Payables				
(I) Trade payables	11a			
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		19	14	11
(II) Other payables	11b			
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
(c) Debt Securities	12	387,334	359,309	210,323
(d) Other financial liabilities	13	14,802	12,141	6,690
		402,155	371,464	217,169
2 Non-Financial liabilities				
(a) Provisions	14	9	12	11
(b) Other non-financial liabilities	15	1,169	647	480
		1,178	659	491
EQUITY				
(a) Equity share capital	16A	54,000	54,000	54,000
(b) Other equity	16B	28,893	18,736	10,336
		82,893	72,736	64,336
Total liabilities and equity		**486,226**	**444,859**	**281,996**

The accompanying notes are an integral part of these financial statements (See notes 1 to 47)

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

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Russell I Parera
Partner
Membership Number : 42190

Mumbai , May 23, 2019

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

Surya Prakash Rao Pendyala
Director

Rajiv Dhar
Director

Sadashiv S Rao
Chief Executive Officer
Mumbai , May 22, 2019

Sanjay Ajgaonkar
Chief Financial Officer

Amol Ranade
Company Secretary

IDFC INFRASTRUCTURE FINANCE LIMITED MUMBAI

IDFC INFRASTRUCTURE FINANCE LIMITED

Statement of profit and loss for the year ended March 31, 2019

₹ in lakhs

		Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
	Revenue from operations			
	Interest income	17	43,275	32,157
	Net gain on fair value changes	18	778	1,221
I	**Total revenue from operations**		**44,053**	**33,378**
II	Other income	19	12	-
	(i) Interest on income tax refund			
III	**Total income (I+II)**		**44,065**	**33,378**
	Expenses			
	Finance costs	20	31,625	22,747
	Fees and commission expense	21	42	36
	Impairment on financial instruments	22	192	615
	Employee benefits expenses	23	1,262	1,182
	Depreciation, amortisation and impairment	8 & 24	54	32
	Other expenses	25	577	437
IV	**Total expenses**		**33,752**	**25,049**
V	**Profit before tax (III - IV)**		**10,313**	**8,329**
VI	**Income Tax expense**		-	-
	Current tax		-	-
	Deferred tax		-	-
	Total tax expenses		-	-
VII	**Profit for the year (V - VI)**		**10,313**	**8,329**
VIII	**Other comprehensive income**			
A	(i) Items that will not be reclassified to profit and loss			
	Remeasurements of post-employment benefit obligations		(20)	9
	(ii) Income tax relating to items that will not be reclassified to profit and loss		-	-
B	(i) Items that will be reclassified to profit and loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit and loss		-	-
	Other comprehensive income (A+B)		**(20)**	**9**
IX	**Total comprehensive income for the year (VII + VIII) (Comprising profit and other comprehensive income for the year)**		**10,293**	**8,338**
X	**Earnings per equity share (nominal value of share- ₹10 each)**			
	Basic (₹)		**1.91**	**1.54**
	Diluted (₹)		**1.91**	**1.53**

The accompanying notes are an integral part of these financial statements (See notes 1 to 47)

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

For Price Waterhouse & Co Chartered Accountant LLP
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Russell I Parera
Partner
Membership Number : 42190

Mumbai , May 23, 2019

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

Surya Prakash Rao Pendyala
Director

Rajiv Dhar
Director

Sadashiv S Rao
Chief Executive Officer

Sanjay Ajgaonkar
Chief Financial Officer

Amol Ranade
Company Secretary

Mumbai , May 22, 2019

IDFC INFRASTRUCTURE FINANCE LIMITED MUMBAI

Statement of changes in equity

A1 Equity share capital

₹ in lakhs

	Note	Number	Amount
As At April 01, 2017	16A	540,000,000	54,000
Issued during the year			
As At March 31, 2018	16A	540,000,000	54,000
Issued during the year			
As At March 31, 2019		540,000,000	54,000

A2 Other equity

₹ in lakhs

	Reserves and surplus				
	Special reserve u/s. 45-IC of the RBI Act, 1934	Surplus in the statement of profit and loss	Share options outstanding account	ESOP contribution from parent	Total
Balance as at April 01, 2017	2,260	7,914	97	65	10,336
Profit for the year	-	8,329	-	-	8,329
Other comprehensive income	-	9	-	-	9
Total Comprehensive Income for the year	-	8,338	-	-	8,338
Share based payments:	-	-	-	-	-
i) Employee stock option expense for the year	-	-	29	34	63
ii) Vested options cancelled during the year	-	-	-	-	-
iii) Options exercised during the year	-	-	-	-	-
iv) Options lapsed during the year	-	-	-	-	-
Transfers to Special reserve u/s. 45-IC of the RBI Act, 1934	1730	(1,730)	-	-	-
As At March 31, 2018	3,990	14,522	126	99	18,737
Profit for the year	-	10,313	-	-	10,313
Other comprehensive income	-	(20)	-	-	(20)
Total Comprehensive Income for the year	-	10,293	-	-	10,293
Share based payments:	-	-	-	-	-
i) Employee stock option expense for the year	-	-	23	(12)	12
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	-	-	(149)	-	(149)
Transfers to Special reserve u/s. 45-IC of the RBI Act, 1934	2,060	(2,060)	-	-	-
As At March 31, 2019	6,050	22,756	-	87	28,893

IDFC INFRASTRUCTURE FINANCE LIMITED MUMBAI

Price Waterhouse & Co Chartered Accountants LLP
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Chartered Accountants
FRN 304026E/E-300009
Mumbai

The accompanying notes are an integral part of these financial statements (See notes 1 to 47)

This is the statement of changes in equity referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I Parera
Partner
Membership Number : 42190

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IDFC INFRASTRUCTURE FINANCE LIMITED MUMBAI

IDFC INFRASTRUCTURE FINANCE LIMITED

Statement of cash flow for the year ended March 31, 2019

₹ in lakhs

	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from operating activities			
Profit before tax		10,293	8,338
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation, amortisation and impairment	8	54	32
Impairment on financial instruments	24	192	615
Employee share based payment expense		82	63
Employee stock options settled in cash		(219)	-
Interest expense accrued on debt securities	20	31,486	22,618
Interest paid on debt securities		(29,046)	(17,077)
Interest income	17	(43,264)	(32,157)
Interest received		42,754	31,156
Operating profit before working capital changes		**12,332**	**13,588**
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables			
Loans		(47,702)	(153,309)
Other financial assets			
Investments at fair value through profit and loss		9,716	(3,290)
Adjustments for increase/ (decrease) in operating liabilities:			
Trade payables		5	3
Derivatives		-	(145)
(Increase) in other non financial assets		2	(28)
Increase/(Decrease) in other non-financial liabilities		519	168
CASH GENERATED FROM OPERATIONS		(25,128)	(143,013)
Less : Income taxes paid (net of refunds)		(2,850)	(2,912)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES (A)		(27,978)	(145,925)
B. Cash flow from investing activities			
Purchase of property, plant and equipments	8	(70)	(48)
Capital work-in-progress		-	(43)
NET CASH INFLOW/(OUTFLOW)FROM INVESTING ACTIVITIES (B)		(70)	(91)
C. Cash flow from financing activities			
Proceeds from debt securities issued		85,747	205,395
Repayment of debt securities		(57,500)	(56,500)
NET CASH FROM FINANCING ACTIVITIES (C)		28,247	148,895
Net (decrease)/increase in Cash and Bank Balances (A+B+C)		199	**2,879**
Cash and cash equivalents as at the beginning of the year	3	3,201	322
Cash and cash equivalents as at the end of the year	3	3,400	3,201
		199	2,879

This is the Cash flow statement referred to in our report of even date

For Price Waterhouse & Co Chartered Accountant LLP
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Russell I Parera
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IDFC INFRASTRUCTURE FINANCE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED MARCH 31, 2019

1 Corporate information

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 Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

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.

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 comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer note 39 for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

(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; and
- share-based payments.

(iii) Amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 01, 2018:

- Ind AS 109, Financial Instruments
- Ind AS 102, Share-based Payment

(iv) 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 36.

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B Policy on segment

The Company is a NBFC and undertakes infrastructure debt fund activities i.e. re-financing existing debt of infrastructure companies.

The Company's Chief Operating Decisions Maker (CODM), who has the ability to evaluate performance and allocates resources, 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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 01, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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
Leasehold property	Tenure of lease

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 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.

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E Taxes on Income

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the provision of Income Tax Act, 1961 and other applicable tax laws adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

As the income of the Company is exempt under section 10(47) of the Income Tax Act, 1961, no provision for tax expense and deferred tax asset/liability has been recognised from October, 2014, post obtaining registration with RBI as Infrastructure Debt Fund Non - Banking Financial Company (IDF-NBFC).

F 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.

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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.

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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. 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.

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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.

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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.

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.

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.

Derivative financial instruments

The Company enters into derivative financial instruments viz. interest rate swaps to manage its exposure to interest rate risks. The Company does not hold derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit and loss immediately.

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.

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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.

G 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 36 for details of impairment methodology applied by the Company.

H 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.

I 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.

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J Employee benefits

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

Based on the leave rules of the group companies, employees are not permitted to accumulate leave. Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Statement of Profit and Loss for the year. Short term compensated absences are provided based on estimates of availment / encashment of leaves.

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Share-based payments

Share-based compensation benefits are provided to employees via Employee Stock Option Scheme (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / 2014 ('the Guidelines') to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period.

The fair value of options granted under the ESOS is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:
- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of non-market performance vesting conditions (e.g., sales and profitability growth targets)

Fair value is determined by using option valuation models, which take into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. When the options are exercised, the exercise price proceeds together with the amount initially recorded in equity are credited to common shares.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the stock options outstanding reserve.

K 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.

L Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes 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.

M Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

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3 Cash and cash equivalents

₹ in lakhs

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balance with bank:			
In current account	3,400	3,201	322
In deposit account	-	-	-
Total	**3,400**	**3,201**	**322**

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, 2019	As at March 31, 2018	As at March 31, 2017
	Term loans	341,431	289,087	201,779
	Debentures and Bonds	127,057	131,698	65,698
	Total- Gross	**468,488**	**420,785**	**267,477**
	Less: Impairment loss allowance	(1,880)	(1,688)	(1,073)
	Total- Net	**466,608**	**419,097**	**266,404**
(a)	**The above amount Includes:**			
(i)	Secured by tangible assets	364,951	314,890	214,087
(ii)	Secured by intangible assets	94,387	96,910	42,541
(iii)	Covered by Bank / Government guarantees	8,752	8,985	7,311
(iv)	Unsecured	398	-	3,538
	Total- Gross	**468,488**	**420,785**	**267,477**
	Less: Impairment loss allowance	(1,880)	(1,688)	(1,073)
	Total- Net	**466,608**	**419,097**	**266,404**

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Notes forming part of financial statements as at and for the year ended March 31, 2019

₹ in lakhs

		As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
(b)(I)	**Loans in India**			
(i)	Public Sector	-	-	-
(ii)	Others			
	Electricity Generation	178,166	137,949	96,971
	Roads	81,705	85,517	48,973
	Hospitals	70,090	50,211	29,510
	Electricity Transmission	57,206	60,013	19,552
	IT Parks, SEZ	27,979	29,102	29,829
	Airport cargo handling terminal	24,803	25,736	12,271
	Telecom Towers	12,732	13,888	14,500
	Telecom Services	7,444	9,926	7,432
	Education Institutions	8,363	8,443	8,439
	Total- Gross	**468,488**	**420,785**	**267,477**
	Less: Impairment loss allowance	(1,880)	(1,688)	(1,073)
	Total- Net	**466,608**	**419,097**	**266,404**
(b)(II)	**Loans outside India**	-	-	-
	Less: Impairment loss allowance	-	-	-
	Total- Net	-	-	-
	Total [b(I)+b(II)]	**466,608**	**419,097**	**266,404**

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5 Investments (at fair value through profit and loss account)

₹ In lakhs

		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
	Investment in mutual funds (unquoted)			
	269,429.79 units of IDFC Cash Fund-Growth-(Direct Plan) (previous years : Mar18-749,822.27 units, Mar17-634,348.210 units)	6,107	15,823	12,533
	(Face value per unit -₹ 1,000)			
	Total Gross	**6,107**	**15,823**	**12,533**
	Less: Allowance for Impairment loss	-	-	-
	Total Net	**6,107**	**15,823**	**12,533**
(i)	Investments outside India	-	-	-
(ii)	Investments in India	6,107	15,823	12,533
	Total Gross	**6,107**	**15,823**	**12,533**
	Less: Allowance for Impairment loss	-	-	-
	Total Net	**6,107**	**15,823**	**12,533**

Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds
More information regarding the valuation methodologies are disclosed in Note 35

6 Other financial assets

₹ In lakhs

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Interest accrued on loans	438	1,368	714
Interest receivable on debentures	1,933	521	173
Fees receivable	27	-	-
Total	**2,398**	**1,889**	**887**

7 Current tax assets (Net)

₹ In lakhs

	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Advance payment of income tax	7,299	4,649	1,736
(net of provision for tax of ₹ 122 lakhs, Previous year: Mar18 ₹ 122 lakhs, Mar17 ₹ 122 lakhs)			
Income tax demand paid under protest	200	-	-
Total	**7,499**	**4,649**	**1,736**

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Notes forming part of financial statements as at and for the year ended March 31, 2019

8 Property, plant and equipment

As at March 31, 2019

₹ in lakhs

	Gross block				Accumulated depreciation				Net block	
	Balance as at April 1, 2018	Additions	Disposals	Balance as at March 31, 2019	Balance as at April 1, 2018	Depreciation charge for the Period	On disposals	Balance as at March 31, 2019	Balance as at March 31, 2019	Balance as at March 31, 2018
Freehold Land (Refer note below)	4	-	-	4	-	-	-	-	4	4
(Previous year)	(4)	-	-	(4)	-	-	-	-	(4)	-
Vehicles (owned)	124	11	-	135	65	28	-	93	42	59
(Previous year)	(79)	(45)	-	(124)	(37)	(28)	-	(65)	(59)	
Computers	8	2	-	10	4	2	-	6	4	4
(Previous year)	(5)	(2)	-	(8)	(2)	(2)	-	(4)	(4)	
Office Equipments	4	2	-	6	3	1	-	4	2	1
(Previous year)	(4)	(1)	-	(4)	(1)	(2)	-	(3)	(1)	
Leasehold Improvements	-	84	-	84	-	22	-	22	62	-
(Previous year)	-	-	-	-	-	-	-	-	-	-
Furniture	-	14	-	14	-	1	-	1	13	-
(Previous year)	-	-	-	-	-	-	-	-	-	-
Total tangible assets	140	113	-	253	72	54	-	126	127	68
(previous year)	(92)	(48)	-	(140)	(40)	(32)	-	(72)	(68)	-

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

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8 Property, plant and equipment

As at March 31, 2018

₹ in lakhs

	Gross block				Accumulated depreciation				Net block	
	Balance as at April 1, 2017	Additions	Disposals	Balance as at March 31, 2018	Balance as at April 1, 2017	Depreciation charge for the Year	On disposals	Balance as at March 31, 2018	Balance as at March 31, 2018	Balance as at March 31, 2017
Freehold Land (Refer note below)	4	-	-	4	-	-	-	-	4	4
(Previous year)	(4)	-	-	(4)	-	-	-	-	(4)	-
Vehicles (owned)	79	45	-	124	37	28	-	65	59	42
(Previous year)	(62)	(17)	-	(79)	(18)	(19)	-	(37)	(42)	-
Computers	5	2	-	8	2	2	-	4	4	3
(Previous year)	(2)	(3)	-	(5)	(0)	(2)	-	(2)	(3)	-
Office Equipments	4	1	-	4	1	2	-	3	1	3
(Previous year)	(0)	(3)	-	(4)	(0)	(1)	-	(1)	(3)	-
Total tangible assets	92	48	-	140	40	32	-	72	68	52
(previous year)	(68)	(24)	-	(92)	(18)	(22)	-	(40)	(52)	-

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

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9 Other non-financial assets

₹ in lakhs

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Prepaid expenses	70	63	52
Supplier Advance	1	1	1
Balances with government authorities - cenvat credit receivable	16	17	6
Other Advance	0	8	3
	87	**89**	**62**

10 Derivative financial instruments

The Group enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the Company has elected not to apply hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

	Notional amounts- Liabilities	Fair value of liabilities
March 31, 2019	-	-
March 31, 2018	-	-
April 01, 2017		
Interest rate derivatives		
Interest Rate Swaps	8,500	145
Total	**8,500**	**145**

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments is interest rate risk.

The Company's risk management strategy and how it is applied to manage risk are explained in Note 36

Derivatives not designated as hedging instruments

The Company uses interest rate swaps to manage its interest rate risk arising from rupee denominated debt securities. The interest rate swaps are not designated in a hedging relationship and are entered into for periods consistent with exposure of the underlying transactions, generally from 24 months to 60 months. Details of the derivative instrument is given below:

₹ in lakhs

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Interest rate swaps:			
- Derivative liability (at fair value)	-	-	145
- Notional amount	-	-	8,500

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11A Trade payables

₹ In lakhs

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	19	14	11
Total	19	14	11

11B Other payables

₹ In lakhs

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
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, 2019	As at March 31, 2018	As at April 01, 2017
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.	-	-	-

12 Debt Securities

₹ In lakhs

At Amortised cost	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Debentures (Secured, non convertible)	387,334	337,031	191,455
Commercial papers (unsecured) (see note i below)	-	22,278	18,868
Total (A)	387,334	359,309	210,323
Debt securities in India	387,334	359,309	210,323
Debt securities outside India	-	-	-
Total (B)	387,334	359,309	210,323
Face value per debenture	1,000,000		
Face value per commercial paper	500,000		
(i) Commercial papers (unsecured)			
Face value	-	22,500	19,000
Less: Unexpired discount	-	(222)	(132)
	-	22,278	18,868

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, 2019.

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Notes forming part of financial statements as at and for the year ended March 31, 2019

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

₹ in lakhs

Series Name	Issuance date	Maturity date	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	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	-	-	1,000	8.68%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 1/2016	29-Sep-2015	29-Oct-2020	15,000	15,000	15,000	1500	8.85%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 2/2016	21-Oct-2015	20-Nov-2020	15,500	15,500	15,500	1550	8.65%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 3/2016	16-Nov-2015	1-Dec-2020	7,500	7,500	7,500	750	8.64%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 4/2016	9-Dec-2015	8-Jan-2021	7,500	7,500	7,500	750	8.55%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 5/2016	8-Jan-2016	28-Jan-2021	25,000	25,000	25,000	2500	8.65%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 6/2016	22-Mar-2016	22-Apr-2021	10,300	10,300	10,300	1030	8.88%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 1/2017	14-Jul-2016	27-Jul-2021	20,900	20,900	20,900	2090	8.75%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 2/2017	9-Aug-2016	25-Aug-2021	14,100	14,100	14,100	1410	8.60%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 3/2017	29-Aug-2016	31-Aug-2021	13,600	13,600	13,600	1360	8.51%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 4/2017	1-Sep-2016	7-Sep-2021	2,500	2,500	2,500	250	8.51%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 5/2017	27-Sep-2016	12-Oct-2021	25,500	25,500	25,500	2550	8.39%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 6/2017	17-Nov-2016	30-Nov-2021	2,500	2,500	2,500	250	8.10%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 7/2017	30-Nov-2016	12-Jan-2022	6,000	6,000	6,000	600	7.35%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 8/2017	6-Dec-2016	18-Jan-2022	2,500	2,500	2,500	250	7.35%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 6/2019	10-Jan-2019	22-Feb-2022	2,500	-	-	250	9.050%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 9/2017	1-Feb-2017	13-Apr-2022	15,000	15,000	15,000	1500	8.00%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 10/2017	22-Mar-2017	24-May-2022	8,100	8,100	8,100	810	8.25%	Annually and on maturity	Bullet repayment 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 repayment 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 repayment 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 repayment 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 repayment 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 repayment 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 repayment 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 repayment 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 repayment at maturity
IDFC IFL PP 1/2019-Option I	18-Apr-2018	26-May-2023	6,000	-	-	600	8.37%	Annually and on maturity	Bullet repayment 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 repayment at maturity
IDFC IFL PP 5/2019	12-Oct-2018	23-Nov-2023	1,200	-	-	120	9.120%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 4/2019	9-Jul-2018	14-Aug-2024	18,900	-	-	1890	9.255%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 3/2019	27-Jun-2018	27-Aug-2024	4,700	-	-	470	9.21%	Annually and on maturity	Bullet repayment 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 repayment at maturity
IDFC IFL PP 1/2019-Option II	18-Apr-2018	27-May-2025	4,400	-	-	440	8.415%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 2/2019	4-May-2018	15-May-2026	2,600	-	-	260	8.52%	Annually and on maturity	Bullet repayment at maturity
Total NCDs issued			387,400	337,100	191,500				
Less: Unamortised arranger fees			(66)	(69)	(45)				
Net outstanding NCDs			387,334	337,031	191,455				

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(b) Interest and repayment terms of commercial papers:

₹ in lakhs

Series Name	Issuance date	Maturity date	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	Coupon rate	Payment frequency-Interest	Payment frequency-Principal
IDFC IDF 87 CP 3/2017	24-Jan-2017	21-Apr-2017	-	-	5,000	7.25%	Upfront	At maturity
IDFC IDF 87 CP 4/2017	24-Jan-2017	21-Apr-2017	-	-	5,000	7.25%	Upfront	At maturity
IDFC IDF 87 CP 5/2017	22-Mar-2017	22-May-2017	-	-	2,500	7.00%	Upfront	At maturity
IDFC IDF 87 CP 6/2017	22-Mar-2017	21-Jun-2017	-	-	2,500	7.00%	Upfront	At maturity
IDFC IDF 87 CP 7/2017	29-Mar-2017	12-May-2017	-	-	4,000	6.75%	Upfront	At maturity
IDFC IFL 101 CP 9/2018	23-Jan-2018	4-May-2018	-	7,500	-	7.95%	Upfront	At maturity
IDFC IFL 88 CP 10/2018	1-Feb-2018	30-Apr-2018	-	5,000	-	8.15%	Upfront	At maturity
IDFC IFL 89 CP 11/2018	23-Feb-2018	23-May-2018	-	2,500	-	8.15%	Upfront	At maturity
IDFC IFL 89 CP 12/2018	28-Feb-2018	28-May-2018	-	2,500	-	8.05%	Upfront	At maturity
IDFC IFL 91 CP 13/2018	15-Mar-2018	14-Jun-2018	-	5,000	-	7.86%	Upfront	At maturity
IDFC IFL 91 CP 1/2019	25-Apr-2018	24-Jul-2018	-		-	7.15%	Upfront	At maturity
IDFC IFL 100 CP 2/2019	25-Apr-2018	3-Aug-2018	-		-	7.15%	Upfront	At maturity
IDFC IFL 91 CP 3/2019	24-May-2018	23-Aug-2018	-		-	8.65%	Upfront	At maturity
IDFC IFL 91 CP 4/2019	7-Jun-2018	6-Sep-2018	-		-	8.25%	Upfront	At maturity
IDFC IFL 116 CP 5/2019	7-Jun-2018	25-Sep-2018	-		-	8.35%	Upfront	At maturity
IDFC IFL 30 CP 6/2019	18-Dec-2018	17-Jan-2019	-		-	7.40%	Upfront	At maturity
IDFC IFL 87 CP 7/2019	18-Dec-2018	15-Mar-2019	-		-	7.50%	Upfront	At maturity
Total CPs issued			-	22,500.0	19,000.0			
Less: Unexpired discount			-	(222)	(132)			
Less: Unamortised arranger fees			-	(0)	(0)			
Net outstanding CPs			-	22,278	18,868			

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

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	CARE Rating Limited	ICRA Limited	CARE Rating Limited	ICRA Limited	CARE Rating Limited	ICRA Limited
Rating assigned	AAA	AAA	AAA	AAA	AAA	AAA
Date of rating	August 13, 2018	August 03, 2018	July 05, 2017	July 03, 2017	August 23, 2016	June 20, 2016
Rating valid upto	August 12, 2019	August 02, 2019	July 04, 2018	July 02, 2018	August 22, 2017	June 19, 2017

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

(d) 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.

(e) **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, 2019 (previous year - Nil).

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f) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

₹ in lakhs

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Cash and cash equivalents	3,400	3,201	322
Liquid investments	6,107	15,823	12,533
Debt securities	(387,334)	(359,309)	(210,323)
Net debt	**(377,827)**	**(340,285)**	**(197,468)**

Particulars	Cash and cash equivalents	Liquid investments	Debt securities	Total
Net debt as at April 1, 2017	322	12,533	(210,323)	**(197,468)**
Cash flows	2,879	3,290	(143,444)	**(137,275)**
Interest expense	-	-	(22,618)	**(22,618)**
Interest paid	-	-	17,077	**17,077**
Other non-cash movements				-
- Fair value adjustments	-	-	-	-
- Acquisitions/disposals	-	-	-	-
Net debt as at March 31, 2018	**3,201**	**15,823**	**(359,309)**	**(340,285)**
Cash flows	199	(9,716)	(25,585)	**(35,102)**
Interest expense	-	-	(31,486)	**(31,486)**
Interest paid	-	-	29,046	**29,046**
Other non-cash movements				-
- Fair value adjustments	-	-	-	-
- Acquisitions/disposals	-	-	-	-
Net debt as at March 31, 2019	**3,400**	**6,107**	**(387,334)**	**(377,827)**

13. Other financial liabilities

₹ in lakhs

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Interest accrued but not due on debt securities	14,802	12,141	6,690
Total	**14,802**	**12,141**	**6,690**

14. Provisions

₹ in lakhs

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Provision for expenses	9	12	11
Total	**9**	**12**	**11**

15. Other non-financial liabilities

₹ in lakhs

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Advance receipts from borrowers	774	258	166
Statutory dues	45	39	32
Other liabilities	350	350	282
Total	**1,169**	**647**	**480**

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16A Share capital

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Number	₹ in lakhs	Number	₹ in lakhs	Number	₹ in lakhs
Authorised shares						
Equity shares of ` 10 each	800,000,000	80,000	800,000,000	80,000	800,000,000	80,000
Issued, subscribed & fully paid-up shares						
Equity shares of ` 10 each	540,000,000	54,000	540,000,000	54,000	540,000,000	54,000
Total		54,000		54,000		54,000

(a) Movements in equity share capital.

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Number	₹ in lakhs	Number	₹ in lakhs	Number	₹ in lakhs
Outstanding at the beginning of the year	540,000,000	54,000	540,000,000	54,000	540,000,000	54,000
Stock options exercised under the ESOS	-	-	-	-	-	-
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	540,000,000	54,000	540,000,000	54,000	540,000,000	54,000

(b) Terms / rights attached to equity shares

i The Company has only one class of 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. However, no such preferential amounts exists currently. 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.

(c) Shares reserved for issue under options

Information relating to the Employee Stock Option Scheme (ESOS), including details regarding options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note 37

(d) Details of shares held by the holding entity

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Number	% of Holding	Number	% of Holding	Number	% of Holding
National Investment and Infrastructure Fund II and its nominees	318,000,000	58.89%	-	-	-	-
IDFC Financial Holding Company Limited and its nominees	-	-	440,000,000	81.48%	440,000,000	81.48%

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

Equity shares

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Number	% of Holding	Number	% of Holding	Number	% of Holding
National Investment and Infrastructure Fund II and its nominees	318,000,000	58.89%	-	-	-	-
IDFC Financial Holding Company Limited and its nominees	162,000,000	30.00%	440,000,000	81.48%	440,000,000	81.48%
Housing Development Finance Corporation Limited	60,000,000	11.11%	60,000,000	11.11%	60,000,000	11.11%
SBI Life Insurance Company Limited	-	-	40,000,000	7.41%	40,000,000	7.41%

(f) Movement in stock options granted under the ESOS is as under:

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
	Number	Number	Number
Outstanding as at beginning of the year	4,043,000	6,443,000	3,901,000
Add: Granted during the year	-	-	2,542,000
Less: Exercised during the year	-	-	-
Less: Lapsed / forfeited during the year	25,500	2,400,000	-
Less: Cancelled during the year	4,017,500	-	-
Outstanding as at the end of the year	-	4,043,000	**6,443,000**

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16B Other Equity

₹ In lakhs

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Surplus in the statement of profit and loss	22,755	14,522	7,914
Special reserve u/s. 45-IC of the RBI Act, 1934	6,050	3,990	2,260
Share options outstanding account	0	125	97
ESOP contribution from parent	88	99	65
Total	**28,893**	**18,736**	**10,336**

		As at March 31, 2019	As at March 31, 2018
(a)	**Special Reserve u/s. 45-IC of RBI Act,1934**		
	Opening balance	3,990	2,260
	Appropriations during the year	2,060	1,730
	Closing balance	6,050	3,990

		As at March 31, 2019	As at March 31, 2018
(b)	**Surplus in the Statement of Profit and Loss**		
	Opening balance	14,522	7,914
	Net profit for the period	10,313	8,329
	Items of other comprehensive income recognised directly in retained earnings		
	- Remeasurements of post-employment benefit obligations, net of tax	(20)	9
	Transfer to Special Reserve u/s. 45-IC of RBI Act, 1934	(2,060)	(1,730)
	Ind AS opening balance sheet adjustment	-	-
	Closing balance	22,755	14,522

		As at March 31, 2019	As at March 31, 2018
(c)	**Share options outstanding account**		
	Opening balance	125	96
	Employee stock option expense	23	29
	Options vested during the year		
	Vested options cancelled during the year		
	Options cancelled during the year	(149)	
	Closing balance	0	125
(d)	**ESOP contribution from parent**		
	Opening balance	99	65
	Employee stock option expense	(11)	34
	Options vested during the year		-
	Vested options cancelled during the year		-
	Closing balance	88	99
	Total	**28,893**	**18,736**

16C. Nature and purpose of reserve

a) 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 profit and loss account and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company.

b) Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees by the Company under Employee Stock Option Scheme (ESOS) over the vesting period.

c) ESOP contribution from parent

The account is used to recognise the grant date fair value of options issued to the employees of the Company by IDFC Limited (ultimate parent company) under the group share based payment arrangement administered by IDFC Limited.

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17 Interest Income

₹ in lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
On financial assets measured at amortised costs		
Interest on loans	43,264	32,157
Interest on deposit	11	
Total	**43,275**	**32,157**

18 Net gain on fair value changes

₹ in lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Net gain on financial instruments at FVTPL		
On trading portfolio		
- Investments	778	1,076
Others		
Derivatives	-	145
Total	**778**	**1,221**
Fair value changes:		
Realised	771	1,053
Unrealised	7	23
Total	778	1,076

19 Other Income

₹ in lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest on Income Tax refund	12	-
Total	12	-

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20 Finance Costs

On financial liabilities measured at amortised costs

₹ in lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense		
(i) Debt securities	31,486	22,618
(ii) Borrowings (Other than debt securities)	-	-
(iii) Interest on income tax	-	-
Other borrowing cost	140	129
Total	31,625	22,747

21 Fees and commission expense

₹ in lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Guarantee Commission paid to project authorities	42	36
	42	36

22 Impairment on financial instruments

₹ in lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
On financial instruments measured at amortised costs		
Loans	192	615
Total	192	615

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23 Employee benefits expense

₹ in lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	1,055	1,010
Contribution to gratuity fund {Refer note 27(b)}	30	27
Contribution to provident and other funds {Refer note 27(a)}	71	65
Employee share based payment expense	82	63
Staff welfare expenses	24	17
Total	1,262	1,182

24 Depreciation, amortisation and impairment

₹ in lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of property, plant and equipment	54	32
Total	54	32

25 Other expenses

₹ in lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Professional fees	50	33
Rates and taxes	53	38
Repairs & maintenance	35	32
Travelling and conveyance	31	20
Printing and stationery	1	0
Communication costs	3	6
Stamp duty and registration fees	1	0
Directors' sitting fees	18	16
ESOP compensation to Non executive Director	-	20
Shared service cost [see note (a) below]	239	138
Contribution towards corporate social responsibility (CSR)	106	83
Donations	5	-
Auditor's remuneration (b)	29	19
Advertising & publicity	3	3
Miscellaneous expenses	3	29
Total	577	437

(a) Shared service costs includes amount paid to fellow subsidiaries ₹ 107 lakhs towards a Service Level Agreement and amount paid (net of recovery) to ultimate holding company ₹ 132 lakhs (previous year amount recovered ₹ 0.6 lakhs) towards a Service Level Agreement.

(b) **Breakup of Auditors' remuneration**

Audit fees	13	5
Tax audit fees	1	1
Other Services	14	13
Out-of-pocket expenses	1	0
	29	19

Contribution for corporate social responsibility (CSR)

Amount required to be spent by the Group on Corporate Social Responsibility (CSR) related activities during the period ₹ 141 lakhs (previous year ₹ 83 lakhs). Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 106 lakhs (previous year ₹ 83 lakhs), which comprise of following:

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₹ in lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	106	83
Total	106	83

26 Income tax

a) The components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are:

₹ in lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax	-	-
Deferred tax	-	-
Total	-	-

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, 2019 and March 31, 2018 is, as follows:

₹ in lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
Accounting profit before tax	10,313	8,329
Tax at India's statutory income tax rate of 29.12% (previous year 34.608%)		
Tax effect of the amount which are not taxable in calculating taxable income :		
- Income exempted under section 10(47) of Income Tax Act, 1961*	10,313	8,329
- Other	-	-
Income tax expense at effective tax rate	-	-
Effective tax rate	0%	0%

(*) 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 Company has applied to CBDT to get it notified in the Official Gazette as required u/s 10(47) of the Act and are in the process of receiving approval for the same. Accordingly, no income tax is payable on the company's income from October, 2014 and therefore no provision for tax & deferred tax asset / liabilities have been recognised.

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27. Employee benefit obligations

a) Defined contribution plans

₹ in lakhs

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:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Provident fund	41	34
Pension fund	5	3
Superannuation fund	25	22

b) 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.

The following tables summarise the components of net benefit expense recognised in the statement of profit and 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 April 1, 2017	242	245	(3)
Current service cost	27		27
Liabilities assumed on acquisition	9		9
Interest expense/(income)	16	-	16
Return on plan assets	-	17	(17)
Remeasurements due to actual return on plan assets less interest on plan assets		(5)	
Actuarial loss / (gain) arising from change in financial assumptions	(10)		(9)
Actuarial loss / (gain) arising from change in demographic assumptions			0
Actuarial loss / (gain) arising on account of experience changes	(5)		(5)
Employer contributions	-	20	(20)
Benefit payments	(0)	(0)	0
Assets acquired	-	7	(7)
As at March 31, 2018	279	284	(9)
Current service cost	29	-	29
Interest expense/(income)	21	-	21
Return on plan assets	-	22	(22)
Remeasurements due to actual return on plan assets less interest on plan assets		(1)	
Actuarial loss / (gain) arising from change in financial assumptions	22	-	22
Actuarial loss / (gain) arising from change in demographic assumptions			0
Actuarial loss / (gain) arising on account of experience changes	(2)		(2)
Reversal of the liability	-	-	-
Employer contributions	1	45	(44)
Benefit payments	(5)	(5)	0
Assets acquired			0
As at March 31, 2019	345	345	(5)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended April 01, 2017
Present value of plan liabilities	345	279	242
Fair value of plan assets	345	284	245
Plan liability net of plan assets	-	(4)	(3)

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ii) Statement of profit and loss

₹ in lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee benefit expense	1	-
Losses on acquisition	-	2
Current service cost	29	27
Total	30	29
Finance costs	(1)	(1)
Net impact on the profit before tax	29	28

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Remeasurements of the net defined benefit liability:		
Opening amount recognized in OCI outside profit and loss account	(10)	-
Return on plan assets excluding amounts included in interest expense/income	1	5
Actuarial loss / (gain) arising from change in financial assumptions	22	(10)
Actuarial loss / (gain) arising from change in demographic assumptions	-	-
Actuarial loss / (gain) arising on account of experience changes	(2)	(5)
Actuarial gains/(losses) arising from changes in experience		
Net impact on the other comprehensive income before tax	11	(10)

iii) Defined benefit plan assets

Category of assets (% allocation)	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended April 01, 2017
Insurer managed funds	345	284	245
Total	**345**	**284**	**245**

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	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended April 01, 2017
Discount rate	7.20%	7.95%	7.15%
Salary escalation rate*	9.00%	8.00%	8.00%

* takes into account the inflation, seniority, promotions and other relevant factors

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vi) Sensitivity

₹ in lakhs

As at March 31, 2019	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(7)	7
Salary escalation rate	0.50%	7	(7)

As at March 31, 2018	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(6)	6
Salary escalation rate	0.50%	6	(6)

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, 2019	For the year ended March 31, 2018
Within the next 12 months (next annual reporting period)	192	29
Between 2 and 5 years	69	209
Between 5 and 10 years	113	93
Beyond 10 years	123	93
Total expected payments	497	424

The weighted average duration of the defined benefit obligation is 4.03 years (previous year - 4.16 years)

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28. 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. The Company does not have any geographical segment.

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, 2019	Year ended March 31, 2018
Segment revenue		
- India	44,053	33,378
- Outside India	-	-
Total	**44,053**	**33,378**

* 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, 2019	As at March 31, 2018	As at April 1, 2017
Segment assets - India	486,226	444,859	281,996
Segment liabilities - India	486,226	444,859	281,996

29. Earnings per share (EPS)

a) The basic earnings per share has been calculated based on the following:

₹ in lakhs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Net profit after tax available for equity shareholders	10,313	8,329
Weighted average number of equity shares	540,000,000	540,000,000

b) The reconciliation between the basic and the diluted earnings per share is as follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Basic earnings per share	1.91	1.54
Effect of outstanding stock options	-	0.01
Diluted earnings per share	1.91	1.53

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c) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share, after giving the dilutive impact of the outstanding stock options for the respective years.

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Weighted average number of shares for computation of Basic EPS	540,000,000	540,000,000
Dilutive effect of outstanding stock options	-	4,953,027
Weighted average number of shares for computation of Diluted EPS	540,000,000	544,953,027

30. Contingent liabilities

₹ in lakhs

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Claims not acknowledged as debts in respect of:			
- Income-tax demands under appeal (net of provision)	1,188	149	-
Liability for outstanding derivative contracts :			
- Interest rate swaps	-	-	145
Total	**1,188**	**149**	**145**

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31. Capital commitments

₹ in lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended April 01, 2017
Estimated amount of contracts remaining to be executed on capital account (net of advances)	-	21	-
Undisbursed commitments	18,649	26,657	42,006
Total	18,649	26,678	42,006

32. Events occurring after the reporting period

There are no significant event taken place post reporting period

33. 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, 2019	For the year ended March 31, 2018 (*)	For the year ended April 01, 2017 (*)
Tier I capital	82,893	73,887	65,237
Tier II capital	1,880	1,688	1,073
Total capital	**84,773**	**75,575**	**66,310**
Risk weighted assets			
CRAR (%)	20.88%	22.09%	28.96%
CRAR - Tier I capital (%)	20.42%	21.60%	28.49%
CRAR - Tier II capital (%)	0.46%	0.49%	0.47%
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.

*The capital adequacy as at March 31, 2018 & March 31, 2017 are as per the returns filed with RBI for respective periods.

34. Maturity analysis of assets and liabilities

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, 2019			As at March 31, 2018			As at April 1, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets									
Cash and cash equivalents	3,400	-	3,400	3,201		3,201	322		322
Loans	32,762	435,726	468,488	22,574	398,212	420,785	11,528	255,949	267,477
Investments	6,107		6,107	15,823		15,823	12,533		12,533
Other financial assets	2,398		2,398	1,889		1,889	887		887
Non-financial assets									
Income tax assets (Net)		7,499	7,499		4,649	4,649		1,736	1,736
Property, plant and equipment		127	127		68	68		52	52
Capital work-in-progress		-	-		43	43		-	-
Other non-financial assets	87		87	89		89	62		62
Total assets	44,755	443,351	488,106	43,575	402,971	446,546	25,332	257,737	283,069
Financial liabilities									
Derivative financial instruments			-			-	145		145
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	19		19	14		14	11		11
(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	-	387,334	387,334	-	359,309	359,309	-	210,323	210,323
Borrowings (Other than debt securities)	-	-	-	-	-	-	-	-	-
Other financial liabilities	14,803	-	14,803	12,141	-	12,141	6,690	-	6,690
			-			-			-
Non-financial Liabilities			-			-			-
Provisions	9		9	12		12	11		11
Other non-financial liabilities	1,169		1,169	647		647	480		480
Total liabilities	16,000	387,334	403,334	12,814	359,309	372,123	7,337	210,323	217,661
Net	28,755	56,018	84,772	30,762	43,662	74,424	17,995	47,414	65,408

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Notes to financial statement for the year ended March 31, 2019

35. 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.

As at March 31, 2019	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units	6,107	-	-
Loans			
- Term loans	-	-	341,431
- Debentures and bonds	-	-	127,057
Cash and Cash Equivalents	-	-	3,400
Other financial assets	-	-	2,398
Total financial assets	**6,107**	**-**	**474,286**
Financial Liabilities			
Debt Securities			
- Debentures and bonds	-	-	387,334
- Commercial paper	-	-	-
Borrowings (Other than Debt securities)	-	-	-
Trade payables	-	-	19
Other financial liabilities	-	-	14,802
Total financial liabilities	**-**	**-**	**402,155**

As at March 31, 2018	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units	15,823	-	-
Loans			
- Term loans	-	-	289,087
- Debentures and bonds	-	-	131,698
Cash and Cash Equivalents	-	-	3,201
Other financial assets	-	-	12,141
Total financial assets	**15,823**	**-**	**436,127**
Financial Liabilities			
Debt Securities			
- Debentures and bonds	-	-	337,031
- Commercial paper	-	-	22,278
Borrowings (Other than Debt securities)	-	-	
Trade payables	-	-	14
Other financial liabilities	-	-	12,141
Total financial liabilities	**-**	**-**	**371,463**

As at April 1, 2017	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units	12,533	-	-
Loans			
- Term loans	-	-	201,779
- Debentures and bonds	-	-	65,698
Cash and Cash Equivalents	-	-	322
Other financial assets	-	-	6,690
Total financial assets	**12,533**	**-**	**274,489**
Financial Liabilities			
Debt Securities			
- Debentures and bonds	-	-	191,455
- Commercial paper	-	-	18,868
Borrowings (Other than Debt securities)	-	-	-
Trade payables	-	-	11
Other financial liabilities	-	-	6,690
Total financial liabilities	**-**	**-**	**217,024**

Note: There are no other categories of financial instruments other than those mentioned above

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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, 2019 — ₹ in lakhs

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	5	6,107	-	-	6,107
Total financial assets		**6,107**	**-**	**-**	**6,107**

As at March 31, 2019 — ₹ 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	-	-	341,431	341,431
- Debentures and bonds	4	-	-	127,057	127,057
Total financial assets		**-**	**-**	**468,488**	**468,488**
Financial liabilities					
Debt securities					
- Debentures and bonds	12	-	-	387,334	387,334
- Commercial papers	12	-	-	-	-
Total financial liabilities		**-**	**-**	**387,334**	**387,334**

As at March 31, 2018 — ₹ in lakhs

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	5	15,823	-	-	15,823
Total financial assets		**15,823**	**-**	**-**	**15,823**

As at March 31, 2018 — ₹ 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	-	-	289,087	289,087
- Debentures and bonds	4	-	-	131,698	131,698
Total financial assets		**-**	**-**	**420,785**	**420,785**
Financial liabilities					
Debt securities					
- Debentures and bonds	12	-	-	359,309	359,309
- Commercial papers	12	-	-	-	-
Total financial liabilities		**-**	**-**	**359,309**	**359,309**

As at April 1, 2017 — ₹ in lakhs

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	5	12,533	-	-	12,533
Total financial assets		**12,533**	**-**	**-**	**12,533**
Financial liabilities					
Derivative financial instruments					
- Interest rate swaps	10	-	145	-	145
Total financial liabilities		**-**	**145**	**-**	**145**

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As at April 1, 2017

₹ 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	-	-	201,779	201,779
- Debentures and bonds	4	-	-	65,698	65,698
Total financial assets		**-**	**-**	**267,477**	**267,477**
Financial liabilities					
Debt securities					
- Debentures and bonds	12	-	-	210,323	210,323
- Commercial papers	12	-	-	-	-
Total financial liabilities		**-**	**-**	**210,323**	**210,323**

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, 2019		As at March 31, 2018		As at March 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets						
Loans						
Rupee loans	341,431	341,431	289,087	289,087	201,779	201,779
Debentures and Bonds	127,057	127,057	131,698	131,698	65,698	65,698
Total financial assets	**468,488**	**468,488**	**420,785**	**420,785**	**267,477**	**267,477**
Financial liabilities						
Loans						
Debt securities						
Debentures	387,334	387,334	337,031	337,031	191,455	191,455
Commercial papers	-	-	22,278	22,278	18,868	18,868
Total financial liabilities	**387,334**	**387,334**	**359,309**	**359,309**	**210,323**	**210,323**

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.

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36. Financial risk management

36.1. 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.

36.2. 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.

36.3. 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.

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36.3.1. **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, 2019	As at March 31, 2018	As at April 1, 2017
Energy Generation - Wind	40%	28.21%	20.08%	20.79%
Energy Generation - Solar	25%	5.80%	6.71%	2.04%
Energy Generation - Hydro	25%	3.23%	5.00%	7.42%
Energy Generation - Captive	25%	3.16%	4.25%	1.89%
Energy Transmission	40%	11.74%	13.68%	7.69%
Transport - Roads	-	16.77%	19.11%	25.52%
IT Parks & SEZs	40%	5.74%	6.50%	9.64%
Hospitals	25%	14.39%	11.71%	10.42%
Education Institutions	25%	1.72%	1.89%	2.73%
Telecom Towers & Broadband network	25%	4.14%	5.32%	7.89%
Other Infra Sub-Sector	25%	5.09%	5.75%	3.97%
Total		100.00%	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

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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, 2019	As at March 31, 2018	As at April 1, 2017	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
iAAA	2%	2%	3%	0%	1%	2%
iAA+, iAA, iAA-	12%	12%	9%	13%	15%	11%
iA+, iA, iA-	41%	47%	50%	39%	43%	47%
iBBB+	36%	27%	28%	39%	31%	32%
iBBB	7%	8%	0%	8%	9%	2%
iBBB-	3%	4%	9%	0%	0%	5%
Total	100%	100%	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 36(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 36(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 36(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.

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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 30 days past due. Accordingly the financial assets shall be classified as Stage 2, if on the reporting date, it has been more than 30 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:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information and is performed on a regular basis for all financial instruments held by the Company. In relation to financial instruments, where a watch list is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the risk committee.

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 30 days past due on its contractual payments.

The Company has not used the low credit risk exemption for any financial instruments in the period ended March 31, 2019.

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 borrower is in breach of financial covenant(s)
- concessions have been made by the lender relating to the borrower's financial difficulty
- it is becoming probable that the borrower will enter bankruptcy

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 30 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	0.03%	0.03%	0.11%
High Safety	iAA+	0.03%	0.03%	0.11%
	iAA	0.03%	0.03%	0.11%
	iAA-	0.03%	0.03%	0.11%
Adequate Safety	iA+	0.04%	0.03%	0.62%
	iA	0.04%	0.03%	0.62%
	iA-	0.04%	0.03%	0.62%
Moderate Safety	iBBB+	0.47%	0.04%	3.16%
	iBBB	0.47%	0.04%	3.16%
	iBBB-	0.47%	0.04%	3.16%
Moderate Risk	iBB+	2.76%	0.58%	9.49%
	iBB	2.76%	0.58%	9.49%
	iBB-	2.76%	0.58%	9.49%
High Risk	iB	7.29%	2.20%	18.53%
Very High Risk	iC	19.13%	7.68%	37.48%
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.

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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 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).

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

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, 2019

ECL Scenario	Assigned probabilities %	2020	2021	2022	2023	2024
Base case	50%	7.50%	7.70%	7.70%	7.70%	7.70%
Best case	20%	10.00%	10.20%	10.20%	10.20%	10.20%
Worst case	30%	5.04%	5.24%	5.24%	5.24%	5.24%

Year ended March 31, 2018

ECL Scenario	Assigned probabilities %	2019	2020	2021	2022	2023
Base case	50%	7.40%	7.70%	7.70%	7.70%	7.70%
Best case	20%	9.90%	10.20%	10.20%	10.20%	10.20%
Worst case	30%	4.92%	5.22%	5.22%	5.22%	5.22%

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.

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	Year ended March 31, 2019			Year ended March 31, 2018		
	Base case	Best case	Worst case	Base case	Best case	Worst case
Assigned probabilities %	50%	20%	30%	50%	20%	30%
ECL (Rs. in lakhs)	352.62	20.05	1,507.10	296.95	20.03	1,371.13

Scenario weighted ECL as on March 31, 2019 is ₹ 1,880 lakhs (March 31, 2018 ₹1,688 lakhs, April 1, 2017 ₹ 1,073 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, 2019	As at March 31, 2018	As at April 1, 2017
Less than 1 year	32.15%	25.13%	38.69%
More than 1 year	67.85%	74.87%	61.31%

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, 2019			Total
	Stage 1	Stage 2	Stage 3	
Performing				
Highest Safety	1,848	-	-	1,848
High Safety	60,647	-	-	60,647
Adequate Safety	184,875	-	-	184,875
Moderate Safety	221,118	-	-	221,118
Non- performing				
Moderate Risk	-	-	-	-
High Risk/ Very High Risk/ Default	-	-	-	-
Total	468,488	-	-	468,488

Term loans and debentures	As at March 31, 2018			Total
	Stage 1	Stage 2	Stage 3	
Performing				
Highest Safety	3,848	-	-	3,848
High Safety	63,096	-	-	63,096
Adequate Safety	183,016	-	-	183,016
Moderate Safety	170,826	-	-	170,826
Non- performing				
Moderate Risk	-	-	-	-
High Risk/ Very High Risk/ Default	-	-	-	-
Total	420,785	-	-	420,785

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Term loans and debentures	As at April 1, 2017			Total
	Stage 1	Stage 2	Stage 3	
Performing				
Highest Safety	5,848	-	-	5,848
High Safety	29,543	-	-	29,543
Adequate Safety	126,235	-	-	126,235
Moderate Safety	105,851	-	-	105,851
Non- performing				
Moderate Risk	-	-	-	-
High Risk/ Very High Risk/ Default	-	-	-	-
Total	**267,477**	**-**	**-**	**267,477**

ii) **Maximum exposure to credit risk - Financial Instruments not subject to impairment**

The Company is exposed to credit risk from investments held in debt-oriented mutual fund units. These investments are measured at fair value through profit and loss. The following table contains an analysis of the maximum credit risk exposure from investment in mutual funds not subject to impairment (i.e. measured at FVTPL):

₹ in lakhs

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment in mutual fund units	6,107	15,823	12,533
Total	**6,107**	**15,823**	**12,533**

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 to credit risk	Impairment allowance	Carrying amount	Fair value of collateral held
As at March 31, 2019				
Loans to corporate entities/individuals:				
- Term loans	341,431	1,370	340,061	341,140
- Debentures and bonds	127,057	510	126,548	126,950
Total	468,488	1,880	466,608	468,090
As at March 31, 2018				
Loans to corporate entities/individuals:				
- Term loans	289,087	1,160	287,928	288,951
- Debentures and bonds	131,698	528	131,170	131,834
Total	420,785	1,688	419,097	420,785
As at April 1, 2017				
Loans to corporate entities/individuals:				
- Term loans	201,779	810	200,969	199,068
- Debentures and bonds	65,698	264	65,435	64,871
Total	267,477	1,073	266,404	263,939

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.

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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 tor the same portfolio as discussed below:

₹ in lakhs

Term loans and debentures	Year ended March 31, 2019			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	420,785	-	-	420,785
New assets originated or purchased	82,857	-	-	82,857
Assets derecognised or repaid	(35,154)	-	-	(35,154)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance	468,488	-	-	468,488

Term loans and debentures	Year ended March 31, 2018			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	267,477	-	-	267,477
New assets originated or purchased	182,167	-	-	182,167
Assets derecognised or repaid	(28,859)	-	-	(28,859)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance	420,785	-	-	420,785

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, 2019			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	1,688	-	-	1,688
New assets originated or purchased	607	-	-	607
Assets derecognised or repaid	(88)	-	-	(88)
Net remeasurement of loss allowance	(327)	-	-	(327)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance	1,880	-	-	1,880

Term loans and debentures	Year ended March 31, 2018			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	1,073	-	-	1,073
New assets originated or purchased	448	-	-	448
Assets derecognised or repaid	(93)	-	-	(93)
Net remeasurement of loss allowance	260	-	-	260
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance	1,688	-	-	1,688

The origination of new loan assets is the primary factor that contributed to the change in the loss allowance during the period.

36.3.2. **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.

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36.4. 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

Category	Limits
Limits on cumulative negative gaps, as a % of cumulative outflows [maximum]	-15% of cumulative outflows [for 0 to 14 days, over 14 days to 1 month and till 1 year buckets]
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]	1.1
Earnings at risk (EaR) [maximum]	Rs. 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.

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Notes to financial statement for the year ended March 31, 2019

₹ in lakhs

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 :

As at March 31, 2019	One to 30/31 days	One to two months	Two months to three months	3 months to 6 months	6 months to 1 year	Between 1 and 3 years	Between 3 and 5 years	> 5 years	Total
Financial assets									
Deposits									
Loans	1,665	636	5,524	9,151	15,786	77,669	80,975	277,081	468,488
Investments	6,107	-							6,107
Foreign currency assets									
Total undiscounted financial assets	7,772	636	5,524	9,151	15,786	77,669	80,975	277,081	474,594
Financial liabilities									
Debt securities	0	0	0	0	0	180,900	164,400	42,034	387,334
Foreign currency liabilities	-	-	-	-	-	-	-	-	-
Total undiscounted financial liabilities	0	0	0	0	0	180,900	164,400	42,034	387,334

₹ in lakhs

As at March 31, 2018	One to 30/31 days	One to two months	Two months to three months	3 months to 6 months	6 months to 1 year	Between 1 and 3 years	Between 3 and 5 years	> 5 years	Total
Financial assets									
Deposits	-	-	-	-	-	-	-	-	-
Loans	901	449	4,028	5,887	11,309	62,065	70,632	265,514	420,785
Investments	15,823								15,823
Foreign currency assets	-	-	-	-	-	-	-	-	-
Total undiscounted financial assets	16,724	449	4,028	5,887	11,309	62,065	70,632	265,514	436,608
Financial liabilities									
Debt securities	5,000	12,500	-	5,000	-	70,500	233,400	32,909	359,309
Foreign currency liabilities	-	-	-	-	-	-	-	-	-
Total undiscounted financial liabilities	5,000	12,500	-	5,000	-	70,500	233,400	32,909	359,309

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₹ in lakhs

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 :

As at April 1, 2017	One to 30/31 days	One to two months	Two months to three months	3 months to 6 months	6 months to 1 year	Between 1 and 3 years	Between 3 and 5 years	> 5 years	Total
Financial assets									
Deposits	-	-	-	-	-	-	-	-	-
Loans	698	365	1,649	3,313	5,503	36,543	46,725	172,680	267,477
Investments	12,533								12,533
Foreign currency assets	-	-	-	-	-	-	-	-	-
Total undiscounted financial assets	**13,231**	**365**	**1,649**	**3,313**	**5,503**	**36,543**	**46,725**	**172,680**	**280,010**
Financial liabilities									
Debt securities	10,000	6,500	2,500	-	-	-	168,400	22,924	210,324
Foreign currency liabilities	-	-	-	-	-	-	-	-	-
Total undiscounted financial liabilities	**10,000**	**6,500**	**2,500**	**(0)**	**-**	**-**	**168,400**	**22,924**	**210,324**

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by auditors.

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36.5. 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, 2019 and March 31, 2018, the Company's lending portfolio at variable rate are mainly denominated in Indian rupees (Rs.).

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 **₹ in lakhs**

The exposure of the Company's lending portfolio to interest rate changes at the end of the reporting years are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Variable rate loans	129,315	135,354	114,567
Fixed rate loans	339,173	285,431	152,910
Total	468,488	420,785	267,477

As at the end of the reporting period, the Company had the following variable rate loan (asset) and interest rate swap contracts (liability) outstanding:

As at March 31, 2019	Weighted average interest rate	Balance	% of total loans
Loans	9.76%	129,315	27.6%
Net exposure interest rate risk	9.76%	129,315	

As at March 31, 2018	Weighted average interest rate	Balance	% of total loans
Loans	9.59%	135,354	32.2%
Net exposure interest rate risk	9.59%	135,354	

As at April 1, 2017	Weighted average interest rate	Balance	% of total loans
Loans	10.09%	114,567	39.7%
Interest rate swaps	7.28%	(8,500)	
Net exposure interest rate risk	7.28%	106,067	

An analysis by maturities is provided in note 36.4. 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.

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ii) Sensitivity

a) Interest rate risk - Loans and debenture

profit and loss is sensitive to higher/lower interest income from variable rate loans as a result of changes in interest rates.

Particulars	Impact on profit after tax	
	Year ended March 31, 2019	Year ended March 31, 2018
Interest rates – increase by 100 basis points	1,293	1,354
Interest rates – decrease by 100 basis points	(1,293)	(1,354)

* The sensitivity is derived holding all other variables constant

b) Interest rate risk-investments in debt oriented mutual funds

The Company is exposed to interest rate risk from investments held in debt oriented mutual fund units. These funds invests in debt securities. The exposure to interest rate risk in case of units backed by debt securities is measured using sensitivity analysis as follows:

Sensitivity	Impact on profit after tax*	
	Year ended March 31, 2019	Year ended March 31, 2018
91 days T-bill : Increase 100 bps (previous year 100 bps)	55.7	145
91 days T-bill : Decrease 100 bps (previous year 100 bps)	(55.7)	(145)

c) Price risk

Since the Company does not hold any equity instruments, it is not exposed to price risk.

d) 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.

36.6. 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.

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37. Employee share based payments

a) Employee stock option scheme (equity settled)

Pursuant to the resolution passed by the members at the EGM held on February 01, 2016, IDFC Infrastructure Finance Limited had introduced Employee Stock Option Scheme ("the ESOS- 2016") to enable the employees of IDFC Infrastructure Finance Limited to participate in the future growth and financial success of the Company. The Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period.

Further, certain grants under ESOS - 2016 will vest only upon the fulfilment of performance conditions as specified in the scheme of the grant. The performance conditions specified are not based upon market conditions and therefore at every reporting date entity revises its estimate of the number of options expected to vest in order to determine the share based payment charge for the year.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

Set out below is a summary of options granted under the plan:

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	10	4,043,000	10	6,443,000
Granted during the year		-		-
Exercised during the year		-		-
Cancelled during the year	10	4,043,000		-
Lapsed/expired during the year		-	10	2,400,000
Closing balance	**10**	**-**		**4,043,000**
Vested and exercisable		-		1,010,750

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2019	Outstanding as at March 31, 2018	Outstanding as at April 1, 2017
14-Mar-16	14-Mar-21	10	-	975,250	975,250
14-Mar-16	14-Mar-22	10	-	975,250	975,250
14-Mar-16	14-Mar-23	10	-	975,250	975,250
14-Mar-16	14-Mar-24	10	-	975,250	975,250
09-May-16	09-May-21	10	-	2,125	2,125
09-May-16	09-May-22	10	-	2,125	2,125
09-May-16	09-May-23	10	-	2,125	2,125
09-May-16	09-May-24	10	-	2,125	2,125
31-May-16	31-May-21	10	-	-	480,000
31-May-16	31-May-22	10	-	-	480,000
31-May-16	31-May-23	10	-	-	480,000
31-May-16	31-May-24	10	-	-	480,000
31-May-16	31-May-25	10	-	-	480,000
15-Jun-16	15-Jun-21	10	-	31,250	31,250
15-Jun-16	15-Jun-22	10	-	31,250	31,250
15-Jun-16	15-Jun-23	10	-	31,250	31,250
15-Jun-16	15-Jun-24	10	-	31,250	31,250
14-Jul-16	14-Jul-21	10	-	2,125	2,125
14-Jul-16	14-Jul-22	10	-	2,125	2,125
14-Jul-16	14-Jul-23	10	-	2,125	2,125
14-Jul-16	14-Jul-24	10	-	2,125	2,125
Total			-	4,043,000	6,443,000
Weighted average remaining contractual life of options outstanding at end of period			-	4.47	3.54

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i) Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The options granted for no consideration and will vest upon the completion of service condition and performance condition as specified in scheme in graded manner. Vested options are exercisable for the period of five years after the vesting.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

There are no options granted during the year ended March 31, 2019 & March 31, 2018

b) Group share based payment scheme (equity settled)

IDFC Limited (ultimate holding company) has introduced IDFC Employee Stock Option Scheme, 2007 ("IDFC ESOS - 2007") to enable the employees of the group companies to participate in the future growth and financial success of the IDFC Group. The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees (including employees of group companies) to acquire equity shares of the IDFC Limited, that will vest in a graded manner and that are to be exercised within a specified period.

Options granted under the plan to the employees of IDFC Infrastructure Finance Limited are without any consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share of IDFC Limited. Since the IDFC Infrastructure Finance Limited does not have an obligation to settle the award granted to its employees, the award is treated as an equity-settled share-based payment in the Company's accounts.

Set out below is a summary of options granted under the plan:

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	69.40	1,422,680	69.49	1,469,138
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	60.35	(4,200)	-	-
Lapsed/expired during the year	-	-	70.22	(46,458)
Closing balance	**69.49**	**1,418,480**	**69.40**	**1,422,680**
Vested and exercisable	69.49	1,418,480	69.40	1,093,104

No options were exercised during the year ended Mar 31, 2019 & March 31, 2018

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Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2019	Outstanding as at March 31, 2018	Outstanding as at April 1, 2017
06-06-11	01-04-19	81.96	600,000	600,000	600,000
10-05-10	10-05-17	70.22	-	-	46,458
05-Oct-18	21-12-18	60.35	-	4,200	4,200
05-Oct-18	05-Oct-21	60.35	244,662	244,662	244,662
05-Oct-18	05-Oct-22	60.35	245,922	245,922	245,922
05-Oct-18	05-Oct-23	60.35	327,896	327,896	327,896
Total			1,418,480	1,422,680	1,469,138
Weighted average remaining contractual life of options outstanding at end of period			2.09	3.08	3.96

c) Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The options granted for no consideration and will vest upon the completion of service condition as specified in scheme in graded manner. Vested options are exercisable for the period of five years after the vesting.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

There are no options granted during the year ended March 31, 2019 & March 31, 2018

d) Expense arising from share based payment transaction

Total expense arising from share-based payment transactions recognised in profit and loss as part of employee benefit expense were as follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Employee stock option expense (ESOS- 2016)	93	29
Group share based payment expense	(11)	34
Total	82	63

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38. Related party transactions

a) Holding entity

National Investment and Infrastructure Fund II (from March 12, 2019)
IDFC Financial Holding Company Limited (till March 11, 2019)

b) Associate companies

IDFC Financial Holding Company Limited (holding Company till March 11, 2019)
IDFC Limited (ultimate holding Company till March 11, 2019)
IDFC First Bank Limited (*)
IDFC Foundation (*)
IDFC Asset Management Company Limited (*)
IDFC AMC Trustee Company Limited (*)
IDFC Infrastructure Finance Limited (*)
IDFC Securities Limited (*)
IDFC Trustee Company Limited (*)
IDFC Capital (USA) Inc. (*)
IDFC Capital (Singapore) Pte. Ltd. (*)
IDFC Investment Managers (Mauritius) Limited (*)
IDFC Securities Singapore Pte. Limited (*)

(*) fellow subsidiary till March 11, 2019

c) Key management personnel

Sadashiv S. Rao - Chief Executive Officer
Sanjay Ajgaonkar - Chief Financial Officer
Amol Ranade - Company Secretary

d) 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:

<u>Name of related party , nature of relationship and particulars</u>

₹ in lakhs

	Year ended March 31, 2019	Year ended March 31, 2018
A Holding entity		
1 National India Infrastructure Fund II (from March 12, 2019)		
i Liabilities/Transactions		
Outstanding equity share capital	31,800	-
2 IDFC Financial Holding Company Limited (till March 11, 2019)		
i Liabilities/Transactions		
Outstanding equity share capital	44,000	44,000
B Ultimate Holding Company		
1 IDFC Limited (till March 11, 2019)		
i Expense		
Shared services cost expense (*)	138	1
Shared services cost recovery (*)	(14)	(2)
Interest expenses on Non Convertible Debentures issued	378	114
Charges paid for use of hardware (*)	-	2
ii Assets/Transactions		
Shared service cost recoverable (*)	-	2
iii Liabilities/Transactions		
Non Convertible Debentures issued and outstanding	4,950	4,950
Interest on Non Convertible Debentures issued	92	114

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	Year ended March 31, 2019	₹ in lakhs Year ended March 31, 2018
C Fellow Subsidiaries		
1 IDFC Bank Limited (till January 04, 2019)		
i Income		
Interest on Fixed deposits	11	-
Processing fees on loan reimbursed	14	81
Gain on unwinding of Interest Rate Swap	-	4
ii Expense		
Shared services cost expense (*)	6.2	138
Arranger fees paid (*)	-	17
iii Assets/Transactions		
Purchase of fixed assets	14	-
Fixed deposits placed	9,300	-
Fixed deposits matured	9,300	-
Balance in current account (as of January 04, 2019)	25	-
2 IDFC Foundation (till March 11, 2019)		
i Expense		
Contribution towards corporate social responsibility (CSR)	106	83
3 IDFC Asset Management Company Limited (till March 11, 2019)		
Expense		
Shared services cost expense (*)	93	-
Charges paid for use of hardware/server (*)	4	2
4 IDFC Securities Limited (till March 11, 2019)		
i Assets/Transactions		
Purchase of fixed assets	18	-
C Associate		
1 IDFC Limited (from March 12, 2019)		
i Expense		
Shared services cost expense (*)	8.0	-
Shared services cost recovery (*)	-	-
Interest expenses on Non Convertible Debentures issued	22	-
Charges paid for use of hardware (*)	-	-
ii Liabilities/Transactions		
Non Convertible Debentures issued and outstanding	4,950	-
Interest on Non Convertible Debentures issued	22	-

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₹ in lakhs

	Year ended March 31, 2019	Year ended March 31, 2018
2 IDFC Financial Holding Company Limited (from March 12, 2019)		
i Liabilities/Transactions		
Outstanding equity share capital	16,200	-
3 IDFC Bank Limited (from January 05, 2019)		
i Expense		
Shared services cost expense (*)	1.9	-
ii Assets/Transactions		
Balance in current account (as of March 31, 2019)	3,399	-
4 IDFC Asset Management Company Limited (from March 12, 2019)		
i Expense		
Shared services cost expense (*)	5	-
Charges paid for use of hardware/server (*)	1	-

(*) The amounts exclude Goods and Services tax /service tax expensed out in the statement of profit and Loss

C Remuneration to Key management personnel:

(i) Sadashiv S Rao - Chief Executive Officer
(ii) Sanjay Ajgaonkar - Chief Financial Officer
(iii) Amol Ranade - Company Secretary

₹ in lakhs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Short-term employee benefit	437	374
Post-employment benefit	39	36
Long-term employee benefit	-	-
Share based payment	135	7
Termination benefit	-	-
Total	**611**	**417**

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₹ In lakhs

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
39 Contingent liabilities and commitments (to the extent not provided for):			
A **Contingent liabilities**			
Claims not acknowledged as debts in respect of :			
Income-tax demands under appeal (net of amounts provided)-FY15	149	149	-
Income-tax demands under appeal (net of amounts provided)-FY16	1,039	-	-

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.

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
B **Capital commitments**			
(i) Estimated amount of contracts remaining to be executed on capital account (net of advances)	-	20.63	-
(ii) Undisbursed commitments	18,649	-	-

40 Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:

	Particulars	For the year ended March 31,2018	For the year ended March 31,2017	For the year ended March 31,2017
a)	the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	Nil	Nil	Nil
b)	the amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil	Nil
c)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil	Nil
d)	the amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil	Nil
e)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil	Nil

The above information takes into account only those suppliers whose response to inquiries made by the Company for this purpose has been received.

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41 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, 2019 (*)	As at March 31, 2018 (*)	As at April 1, 2017 (*)
i) CRAR (%)	20.88%	22.09%	28.96%
ii) CRAR - Tier I Capital (%)	20.42%	21.60%	28.49%
iii) CRAR - Tier II Capital (%)	0.46%	0.49%	0.47%
iv) Amount of Subordinated Debt considered as Tier-II Capital	-	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-	-

*The capital adequacy as at March 31, 2018 & March 31, 2017 are as per the returns filed with RBI for respective periods.

(b) Details of Investments are set out below:

₹ In lakhs

			As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
1	Value of Investments				
(i)	Gross Value of Investments				
(a)	In India		6,107	15,823	12,533
(b)	Outside India		-	-	-
		(A)	6,107	15,823	12,533
(ii)	Provision for depreciation				
(a)	In India		-	-	-
(b)	Outside India		-	-	-
		(B)	-	-	-
(iii)	Net Value of Investments				
(a)	In India		6,107	15,823	12,533
(b)	Outside India		-	-	-
		(A-B)	6,107	15,823	12,533

2 Movement of provisions held towards depreciation on investments.

		As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(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):

₹ In lakhs

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Market Value/ Breakup Value / Fair Value / NAV	Book Value Net of Provision	Market Value/ Breakup Value / Fair Value / NAV	Market Value/ Breakup Value / Fair Value / NAV	Market Value/ Breakup Value / Fair Value / NAV	Book Value Net of Provision
1 Related parties	-	-			-	-
(a) Subsidiaries	-	-			-	-
(b) Companies in the same group	-	-			-	-
(c) Other related parties						
2 Other than related parties	6,107	6,107	15,823	15,823	12,533	12,533
Total	6,107	6,107	15,823	15,823	12,533	12,533

(d) Disclosure on Risk exposure on derivatives

(A) Qualitative disclosures:

(a) Structure and organisation for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:

The Company had undertaken transactions in interest rate swaps for hedging the interest rate risks on the balance sheet. These include the hedging of interest rate on fixed rate rupee denominated liabilities.

The Company's derivative transactions are governed by the foreign exchange and interest rate risk management policy, as approved by the Board. The risk limits are set up and reviewed periodically and the actual exposures are monitored against the limits allocated to the various counterparties. These limits are set up taking into account counterparty assessment and market factors.

The derivative transactions are originated by Resources Group in compliance with the limits as per the Company's policy and the RBI guidelines. The Risk team independently monitors the risk limits associated with the derivative transactions and apprises the Asset Liability Management Committee (ALCO) and the Risk Management Committee of the Board (RMC) for the compliance with the policy on derivatives. The Finance team undertakes the activities of trade confirmation, settlement and accounting.

(b) Accounting policy for recording hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts:

Interest rate swaps are booked with the objective of managing the interest rate risk on liabilities. Interest rate swaps in the nature of hedge are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit and loss on termination of the hedge swaps is amortised over the life of the swap or underlying liability, whichever is shorter.

(B) Quantitative disclosures:

(a) Disclosure in respect of Interest Rate Swaps (IRS) is set out below:

₹ In lakhs

		As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i)	Notional principal of swap agreement	-	-	8,500
(ii)	Losses which could be incurred if counterparty failed to fulfil their obligations under the agreement	-	-	145
(iii)	Collateral required by the Company upon entering into swaps	-	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-	-
(v)	Fair value of the swap book	-	-	145

(b) Disclosure on risk exposure in Derivatives

₹ In lakhs

		As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i)	Quantitative disclosure on risk exposure in derivatives			
1	Derivatives (Notional Principal Amount)			
	(a) For Hedging	-	-	8,500
2	Marked to Market positions			-
	(a) Asset (+)	-	-	-
	(b) Liability (-)	-	-	(145)
3	Credit exposure	-	-	86
4	Unhedged exposure	-	-	-

(e) 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.

(f) 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

(g) Asset Liability Management Maturity pattern of certain items of assets and liabilities

Please refer note 36.4 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.

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(h) 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, 2018 and as at March 31, 2017.

(i) Exposures to Capital Market

This disclosure is not applicable to the Company as there are no exposures to capital market as at March 31, 2018 and as at March 31, 2017.

(j) Details of Single Borrower Limit and Borrower Group Limit exceeded by the Company

During the years ended March 31, 2019 and March 31, 2018, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.

(k) Borrower group-wise classification of assets financed:

₹ in lakhs

		As at March 31, 2019 (*) net of provision (*)	As at March 31, 2018 (*) net of provision (*)	As at April 1, 2017 (*) net of provision (*)
1	Related parties			
(a)	Subsidiaries	-	-	-
(b)	Companies in the same group	-	-	-
(c)	Other related parties	-	-	-
2	Other than related parties	466,608	419,097	266,404
	Total	**466,608**	**419,097**	**266,404**

(*) Net of provision for standard assets

(l) Unsecured advances

The Company has not given any unsecured advances in the current year and in the previous year.

(m) Registration obtained from other financial regulators

The Company has not obtained registrations from other financial sector regulators.

(n) Penalties / fines imposed by the RBI

During the year ended March 31, 2019 there was no penalty imposed by the RBI and other regulators (Previous Year ₹ Nil).

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Notes to financial statement for the year ended March 31, 2019

(o) **Provisions and Contingencies**

₹ in lakhs

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
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	1,880	1,688	1,073
	1,880	**1,688**	**1,073**

(p) **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.

(q) **Concentration of Advances**

₹ in lakhs

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total Advances to twenty largest borrowers	261,547	264,849	215,766
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	55.8%	62.9%	80.7%

(r) **Concentration of Exposures**

₹ in lakhs

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total Exposure to twenty largest borrowers / customers	269,972	271,947	248,274
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	55.4%	60.8%	80.2%

(s) **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.

(t) **The information on Overseas Assets (for those with Joint Ventures and Subsidiaries abroad) is given below:**

For the year ended March 31, 2019

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, 2018

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total Assets
	Nil	Nil	Nil

For the year ended March 31, 2017

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total Assets
	Nil	Nil	Nil

(u) **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, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017
Nil	Nil	Nil

(v) **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.

42 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.

43 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.

44 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.

45 Frauds reported during the year- Nil

46 The figures of the previous year have been regrouped wherever necessary , to correspond with those of the current year.

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47 First-time adoption of Ind AS

Transition to Ind AS

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2019 the comparative information presented in these financial statements for the year ended March 31, 2018 and in the preparation of an opening Ind AS balance sheet at April 1, 2017 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP or IGAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

a) Optional exemptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

i) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment (including capital work-in-progress) as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities, capital grant if applicable. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

ii) Share - based payment transactions

Ind AS 102 deals with the accounting and disclosure requirements related to share-based payment transactions. The standard addresses three types of share-based payment transactions: equity-settled, cash-settled, and with cash alternatives. A first-time adopter is encouraged, but is not required, to apply Ind AS 102 to:

(i) equity instruments that vested before the date of transition to Ind AS,

The Company has not applied the requirement of Ind AS 102 to equity instruments that vested before the date of transition to Ind AS.

b) Ind AS mandatory exceptions

The Company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Previous GAAP.

- Impairment of financial asset based on expected credit loss model.

ii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

c) Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires a first time adopter to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS. The presentation requirements under previous GAAP differs from and hence the previous GAAP information has been restated for ease of reconciliation with Ind AS.

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₹ in lakhs

i) Reconciliation of Other equity between previous GAAP and Ind AS:

	Notes to first time adoption	As at March 31, 2018	As at April 1, 2017
Other equity (reserves and surplus) as per previous GAAP		73,887	65,237
Adjustments:			
Fair valuation of investment in mutual fund units	47(d)(i)	23	5
Fair valuation of derivative financial instrument	47(d)(ii)	-	(145)
Amortisation of front end fees on loan assets	47(d)(iv)	(1,243)	(806)
Amortisation of transaction fees on debt securities	47(d)(iii)	69	45
ESOP reserve on recognition of expense at fair value	47(d)(vi)	224	162
ESOP expense recognised at fair value through retained earnings	47(d)(vi)	(224)	(162)
Total adjustments		(1,151)	(901)
Total equity as per Ind AS		72,736	64,336

ii) Reconciliation of profit as per Ind AS with profit reported under previous GAAP:

₹ in lakhs

	Notes to first time adoption	Year ended March 31, 2018
Net profit after tax as per previous GAAP		8,649
Adjustments:		
Fair valuation of investment in Mutual fund units	47(d)(i)	18
Amortisation of front end fees on loan assets	47(d)(iv)	(436)
Fair valuation of derivative financial instruments	47(d)(ii)	145
Amortisation of transaction fees on debt securities	47(d)(iii)	25
ESOP expense recognised at fair value	47(d)(vi)	(63)
Remeasurements of post employment benefit obligations	47(d)(vii)	9
Profit after tax as per Ind AS		(302)
Other Comprehensive Income:		
Remeasurements of post employment benefit obligations	47(d)(vii)	(9)
Total comprehensive income as per Ind AS		8,338

iii) Impact of Ind AS adoption on the consolidated statements of cash flows for the year ended March 31, 2018

₹ in lakhs

	Note	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities		(146,130)	205	(145,925)
Net cash flow from investing activities		(91)	-	(91)
Net cash flow from financing activities		149,100	(206)	148,894
Net increase/(decrease) in cash and cash equivalents		2,879	(1)	2,878
Cash and cash equivalents as at April 1, 2017		322	-	322
Effects of exchange rate changes on cash and cash equivalents		-	-	-
Cash and cash equivalents as at March 31, 2018		3,201	(1)	3,200

d) Notes to first-time adoption:

i) Fair valuation of investments

Under the previous GAAP, investments in mutual fund units current investments based on the intended holding period and realisability. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit and loss for the year ended March 31, 2018. This increased the retained earnings by ₹ 23 lakhs as at March 31, 2018 (April 1, 2017 ₹ 5 lakhs). The profit for the year ended March 31, 2018 has increase by ₹ 18 lakhs as a result of the fair value gain on investment in mutual funds.

ii) Interest rate swap not designated as hedging instrument

Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in profit and loss. The fair valuation of interest rate swap resulted in a gain of ₹ Nil as at March 31, 2018 (April 1, 2017 - ₹ 145 lakhs).

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iii) **Debt securities**

Ind AS 109 requires transaction costs incurred towards origination of debt securities to be deducted from the carrying amount of debt securities on initial recognition. These costs are recognised in the profit and loss over the tenure of the debt securities as part of the interest expense by applying the effective interest rate method.

Under previous GAAP, these transaction costs were charged to profit and loss as and when incurred. Accordingly, debt securities as at March 31, 2018 have been reduced by ₹ 69 lakhs (April 1, 2017 ₹ 45) with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount. The profit for the year ended March 31, 2018 increase by ₹ 25 lakhs as a result of the reduction in interest expense.

iv) **Loans**

Ind AS 109 requires transaction costs received towards origination of loans assets to be deducted from the carrying amount of loan assets on initial recognition. These costs are recognised in the profit and loss over the tenure of the loan asset as part of the interest income by applying the effective interest rate method.

Under previous GAAP, these transaction costs were recognised in profit and loss as and when received. Accordingly, loan assets as at March 31, 2018 have been reduced by ₹ 1242 lakhs (April 1, 2017 ₹ 806 lakhs) with a corresponding adjustment to retained earnings. The total equity decreased by an equivalent amount. The profit for the year ended March 31, 2018 reduced by ₹ 437 lakhs as a result of the reduction in interest income.

v) **Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these remeasurements were forming part of the profit and loss for the year.

vi) **Employee stock option expense**

Under previous GAAP, the Company has used the intrinsic value method to account for the compensation cost of stock to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share on the date, prior to the date of the grant, exceeds the exercise price of the Option. Under Ind AS 102, the cost of equity settled employee share-based plan is recognised based on the fair value of the option as at grant date for both group share based payment plan and ESOS - 2016 introduced by the Company. Consequently, the amount recognised in the share option outstanding reserve is increased by ₹ 124 lakhs as at March 31, 2018 and ₹ 97 lakhs as at April 1, 2017 and the amount recognised in the ESOP contribution from parent is increased by ₹ 99 lakhs as at March 31, 2018 and ₹ 65 lakhs as at April 1, 2017. The profit for the year ended March 31, 2018 decreased by ₹ 63 lakhs.

vii) **Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit and loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

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

Surya Prakash Rao Pendyala
Director

Rajiv Dhar
Director

Sadashiv S Rao
Chief Executive Officer

Sanjay Ajgaonkar
Chief Financial Officer

Amol Ranade
Company Secretary

Mumbai , May 22, 2019

IDFC Infrastructure Finance Limited Mumbai