Price Waterhouse & Co Chartered Accountants LLP

Independent auditor's report

To the Members of NIIF Infrastructure Finance Limited

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of NIIF Infrastructure Finance Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, 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, 2020, 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.

Emphasis of Matter

4. We draw your attention to Note 39 to the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Price Waterhouse & Co Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West) Mumbai - 400 028
T: +91(22) 66691500, F: +91(22) 66547804 / 07

Registered office and Head office: Plot No. Y-14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata 700 091

Key audit matters

5. 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. 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 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.	Our audit procedures 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 advances and key systems reconciliations. • We, along with the help of the auditor's expert, evaluated the appropriateness of the Company's impairment methodologies used to derive significant variables viz. 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. • We evaluated the adequacy of the presentation and disclosures in this regard Based on the procedures performed above, we considered the credit impairment charge and provision recognized by the management in respect of loans and advances to be reasonable.

Key audit matter	How our audit addressed the key audit matter
II. Tax exemption under section 10(47) of Income Tax Act 1961. (Refer to note 26(c) to the financial statements) The Company had filed an application with the Central Board of Direct Taxes (CBDT) seeking exemption under section 10(47) of 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). The Company had been claiming tax exemption under Section 10(47) read with Rule 2F of the Income Tax Act, 1961 from FY 2014-15. The CBDT has issued a notification dated October 21, 2019 notifying the Company under Section 10(47) of the IT Act w.e.f. financial year 2019-20 (i.e., from the financial year starting April 1, 2019). Based on the facts and tax consultant's advice obtained, the Management has provided for and paid Rs. 10,801 lakhs as tax liability for the years 2014-15 to 2018-19. Moreover, the Company has written to CBDT for review of the said notification with a request to notify it under Section 10(47) from FY 2014-15 and onwards. We considered this as a key audit matter given the notification of tax exemption under section 10(47) is received from only in respect of FY 2019-20 and review application for FY 2014-15 to FY 2018-19 is pending and consequential impact on the financial impact is likely to be material	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). • 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 in respect tax exemption under section 10(47) of the IT Act.

Other Information

6. 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

7. 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.

8. 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

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

Report on other legal and regulatory requirements

14. 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.

15. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss (including 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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, 2020 on its financial position in its financial statements – Refer Note 31 of the Financial statement.

(ii). The Company has made provision as at March 31, 2020, 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, 2020.

(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, 2020.

Price Waterhouse & Co Chartered Accountants LLP

16. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Russell I Parera
Partner
Membership Number: 042190

UDIN: 20042190AAAABK7697

Mumbai
May 21, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of NIIF Infrastructure Finance Limited on the financial statements for the year ended March 31, 2020

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 NIIF Infrastructure Finance Limited ("the Company") as of March 31, 2020 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.

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

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of NIIF Infrastructure Finance Limited on the financial statements for the year ended March 31, 2020

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 control 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, 2020 , 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

UDIN: 20042190AAAABK7697

Mumbai
May 21, 2020

Annexure B to Independent Auditors' Report
Referred to in paragraph of the Independent Auditors' Report of even date to the members of NIIF Infrastructure Finance Limited on the financial statements for the year ended March 31, 2020

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 has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company. The Company is registered as a Non-Banking Financial Company – Infra Debt Fund with the RBI. Thus, the provision of Section 186 except sub-section (1) of the Act is not applicable to the Company. In our opinion and according to the information and explanations given to us, during the year, the Company has not made any investments through more than two layers of investment companies as mentioned in sub-section (1) of section 186 of the Act.

v. The Company has not accepted any deposits 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 generally regular in depositing undisputed statutory dues in respect of Income Tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service 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. Also refer note 31 to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs and excise duty, value added tax or goods and service tax which have not been deposited on account of any dispute.

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.

Annexure B to Independent Auditors' Report

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 has not paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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[39]. 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

Russell I Parera
Partner
Membership Number: 042190

UDIN: 20042190AAAABK7697

Mumbai
May 21, 2020

NIIF INFRASTRUCTURE FINANCE LIMITED
(Formerly known as IDFC Infrastructure Finance Limited)

Balance sheet as at March 31, 2020 **₹ in lakhs**

		Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS				
1	**Financial assets**			
(a)	Cash and cash equivalents	3	25,719	3,400
(b)	Loans	4	6,36,360	4,66,608
(c)	Investments	5	-	6,107
(d)	Other financial assets	6	4,406	2,398
			6,66,485	4,78,513
2	**Non Financial assets**			
(a)	Current tax assets (Net)	7	4,243	7,499
(b)	Property, plant and equipment	8	620	127
(c)	Other non-financial assets	9	103	87
			4,966	7,713
Total assets			**6,71,451**	**4,86,226**
LIABILITIES AND EQUITY				
LIABILITIES				
1	**Financial liabilities**			
(a)	Payables			
	(I) Trade payables	10		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		47	19
	(II) Other payables	11		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(b)	Debt Securities	12	5,67,203	3,87,334
(c)	Borrowings (Other than Debt securities)	13A	416	-
(d)	Other financial liabilities	13B	19,320	14,802
			5,86,986	4,02,155
2	**Non-Financial liabilities**			
(a)	Provisions	14	19	9
(b)	Other non-financial liabilities	15	1,101	1,169
			1,120	1,178
EQUITY				
(a)	Equity share capital	16A	54,000	54,000
(b)	Other equity	16B	29,345	28,893
			83,345	82,893
Total liabilities and equity			**6,71,451**	**4,86,226**

The accompanying notes are an integral part of these financial statements (See notes 1 to 45)

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

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

Russell I Parera
Partner
Membership Number : 42190

Date: May 21, 2020

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

Surya Prakash Rao Pendyala
Chairman

Rajiv Dhar
Director

Sadashiv S Rao
Chief Executive Officer

Sanjay Ajgaonkar
Chief Financial Officer

Amol Ranade
Company Secretary

NIIF INFRASTRUCTURE FINANCE LIMITED
(Formerly known as IDFC Infrastructure Finance Limited)

Statement of profit and loss for the year ended March 31, 2020

₹ in lakhs

		Notes	For year ended March 31, 2020	For the year ended March 31, 2019
	Revenue from operations			
	Interest income	17	51,254	43,275
	Net gain on fair value changes	18	941	778
I	**Total revenue from operations**		**52,195**	**44,053**
II	Other income	19	-	12
	(i) Interest on income tax refund			
III	**Total income (I+II)**		**52,195**	**44,065**
	Expenses			
	Finance costs	20	38,029	31,625
	Fees and commission expense	21	41	42
	Impairment on financial instuments	22	683	192
	Employee benefits expenses	23	1,152	1,262
	Depreciation, amortisation and impairment	8 & 24	277	54
	Other expenses	25	759	577
IV	**Total expenses**		**40,941**	**33,752**
V	**Profit before tax (III - IV)**		**11,254**	**10,313**
VI	**Income Tax expense**		**-**	**-**
	Current tax	26	10,801	-
	Deferred tax		-	-
	Total tax expenses		**10,801**	**-**
VII	**Profit for the year (V - VI)**		**453**	**10,313**
VIII	**Other comprehensive income**			
A	(i) Items that will not be reclassified to profit or loss			
	Remeasurements of post-employment benefit obligations		(1)	(20)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B	(i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Other comprehensive income (A+B)		**(1)**	**(20)**
IX	**Total comprehensive income for the year (VII + VIII) (Comprising profit and other comprehensive income for the year)**		**452**	**10,293**
X	**Earnings per equity share (nominal value of share- `10 each)**			
	Basic (₹)		**0.08**	**1.91**
	Diluted (₹)		**0.08**	**1.91**

The accompanying notes are an integral part of these financial statements (See notes 1 to 45)

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

Date: May 21, 2020

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

Surya Prakash Rao Pendyala
Chairman

Rajiv Dhar
Director

Sadashiv S Rao
Chief Executive Officer

Sanjay Ajgaonkar
Chief Financial Officer

Amol Ranade
Company Secretary

NIIF INFRASTRUCTURE FINANCE LIMITED
(Formerly known as IDFC Infrastructure Finance Limited)

Statement of changes in equity

A1 Equity share capital

₹ in lakhs

	Note	Number	Amount
As At March 31, 2018	16A	54,00,00,000	54,000
Issued during the year			
As At March 31, 2019		54,00,00,000	54,000
Issued during the year	16A		
As At March 31, 2020		54,00,00,000	54,000

A2 Other equity

₹ in lakhs

	Reserves and surplus						
	Special reserve u/s. 45-IC of the RBI A t, 1934	**Impairment Reserve**	**Surplus in the statement of profit and loss**	**General Reserve**	**Share options outstanding account**	**ESOP contribution from parent**	**Total**
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	(11)	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	-	22,755	-	-	88	28,893
Profit for the year		-	453	-			453
Other comprehensive income		-	(1)	-			(1)
Total Comprehensive Income for the year	-	-	452	-	-	-	452
Share based payments:		-					-
i) Employee stock option expense for the year	-	-	-	-	-	-	-
ii) Vested options cancelled during the year	-	-	-	-	-	-	-
iii) Options exercised during the year	-	-	-	-	-	-	-
iv) Options lapsed during the year	-	-	-	-	-	-	-
v) Options cancelled during the year, reversed to reserves	-	-	-	88	-	(88)	-
Transfers to Special reserve u/s. 45-IC of the RBI Act, 1934	91	-	(91)	-	-	-	-
Transfers to Impairment Reserve	-	4	(4)	-	-	-	-
As At March 31, 2020	6,141	4	23,112	88	-	-	29,345

The accompanying notes are an integral part of these financial statements (See notes 1 to 45)

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

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

Russell I Parera
Partner
Membership Number : 42190

Date: May 21, 2020

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

Surya Prakash Rao Pendyala
Chairman

Rajiv Dhar
Director

Sadashiv S Rao
Chief Executive Officer

Sanjay Ajgaonkar
Chief Financial Officer

Amol Ranade
Company Secretary

NIIF INFRASTRUCTURE FINANCE LIMITED

Statement of cash flow for the year ended March 31, 2020

₹ in lakhs

		Notes	For year ended March 31, 2020	For the year ended March 31, 2019
A.	**Cash flow from operating activities**			
	Profit before tax		11,254	10,293
	Adjustments to reconcile profit before tax to net cash flows:			
	Depreciation, amortisation and impairment	8 & 24	277	54
	Impairment on financial instruments	22	683	192
	Employee share based payment expense		-	82
	Employee stock options settled in cash		-	(219)
	Interest expense accrued on debt securities	20	37,844	31,486
	Interest expense accrued on borrowings (Other than Debt securities)	20	33	-
	Interest paid on debt securities		(33,359)	(29,046)
	Interest income	17	(50,633)	(43,264)
	Interest received		48,625	42,754
	Operating profit before working capital changes		**14,724**	**12,332**
	Adjustments for (increase)/ decrease in operating assets:			
	Loans		(1,70,435)	(47,702)
	Investments at fair value through profit and loss		6,107	9,716
	Adjustments for increase/ (decrease) in operating liabilities:			
	Trade payables		28	5
	(Increase) in other non financial assets		(16)	2
	Increase/(Decrease) in other non-financial liabilities		(58)	519
	CASH GENERATED FROM OPERATIONS		**(1,49,650)**	**(25,128)**
	Less : Income taxes paid (net of refunds)		(7,546)	(2,850)
	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES (A)		(1,57,196)	(27,978)
B.	**Cash flow from investing activities**			
	Purchase of property, plant and equipments	8	(770)	(70)
	NET CASH INFLOW/(OUTFLOW)FROM INVESTING ACTIVITIES (B)		**(770)**	**(70)**
C.	**Cash flow from financing activities**			
	Proceeds from debt securities issued		1,79,869	85,747
	Repayment of debt securities		-	(57,500)
	Borrowings (Other than Debt securities)		416	-
	NET CASH FROM FINANCING ACTIVITIES (C)		**1,80,285**	**28,247**
	Net (decrease)/increase in Cash and Bank Balances (A+B+C)		**22,319**	**199**
	Cash and cash equivalents as at the beginning of the year	3	3,400	3,201
	Cash and cash equivalents as at the end of the year	3	25,719	3,400
			22,319	**199**

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

Russell I Parera
Partner
Membership Number : 42190

Date: May 21, 2020

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

Surya Prakash Rao Pendyala
Chairman

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Chief Executive Officer

Sanjay Ajgaonkar
Chief Financial Officer

Amol Ranade
Company Secretary

NIIF INFRASTRUCTURE FINANCE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

1 Corporate information

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

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

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.

(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, 2019:

• Ind AS 116, Lease accounting

(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 34.

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
Office Equipment (Others)	5 years
Leasehold property	Tenure of lease
Buildings	Tenure of lease
Server/networking equipment	6 years
Furniture and fixtuers	10 years

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

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

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

D Leases

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

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

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

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

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

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

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

E Impairment of non-financial asset

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

F Taxes on Income

The 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.

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

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

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

G Financial instruments

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

Initial Recognition

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

Financial assets

Classification and subsequent measurement of financial assets:

Classification of financial assets

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

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

• those measured at amortised cost.

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

Debt Instruments

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

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

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

Business model assessment

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

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

• how the asset’s performance and the business model is evaluated and reported to key management personnel

• the risks that affect the performance of the business model and how these risks are assessed and managed

• how managers are compensated.

Solely Payment of Principle and Interest (“SPPI”) Assessment

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

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

Equity Instruments

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

Subsequent measurement

Debt instruments
Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:
Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost e.g. Debentures, Bonds etc. 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.

Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:
(i) if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
(ii) whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
(iii) significant extension of the loan term when the borrower is not in financial difficulty.
(iv) significant change in the interest rate.
(v) change in the currency the loan is denominated in.
(vi) insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

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

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

De-recognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either
(i) the Company transfers substantially all the risks and rewards of ownership, or
(ii) the company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.
On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit and loss if such gain or loss would have otherwise been recognised in profit and loss on disposal of that financial asset.

Financial liabilities and equity instruments

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

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

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.

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.

H Impairment - Expected Credit Loss Measurement

The Company assesses on a forward looking basis the expected credit losses associated with loans and debentures carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer Note 36 for details of impairment methodology applied by the Company.

I Cash and cash equivalents

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

J Provisions and contingent liabilities

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

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

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

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

K Employee benefits

Defined contribution 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.

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.

L Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

M Goods and services tax /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.

N 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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Notes forming part of financial statements as at and for the year ended March 31, 2020

₹ in lakhs

3 Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Balance with bank:		
In current account	2,419	3,400
In deposit account	23,300	-
Total	**25,719**	**3,400**

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)

		As at March 31, 2020	As at March 31, 2019
	Term loans	4,65,281	3,41,431
	Debentures and Bonds	1,73,642	1,27,057
	Total- Gross	**6,38,923**	**4,68,488**
	Less: Impairement loss allowance	(2,563)	(1,880)
	Total- Net	**6,36,360**	**4,66,608**
(a)	**The above amount includes:**		
(i)	Secured by tangible assets	6,00,766	3,64,951
(ii)	Secured by intangible assets	32,336	94,387
(iii)	Covered by Bank / Government guarantees	5,821	8,752
(iv)	Unsecured	-	398
	Total- Gross	**6,38,923**	**4,68,488**
	Less: Impairement loss allowance	(2,563)	(1,880)
	Total- Net	**6,36,360**	**4,66,608**

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		As at March 31, 2020	As at March 31, 2019
(b)(I)	**Loans in India**		
(i)	Public Sector	-	-
(ii)	Others		
	Electricity Generation	3,53,477	1,78,166
	Roads	75,378	81,705
	Hospitals	76,686	70,090
	Electricity Transmission	63,364	57,206
	IT Parks, SEZ	9,078	27,979
	Airport cargo handling terminal	22,967	24,803
	Oil & Gas Pipelines	15,116	-
	Telecom Towers	11,286	12,732
	Telecom Services	-	7,444
	Education Institutions	11,571	8,363
	Total- Gross	**6,38,923**	**4,68,488**
	Less: Impairement loss allowance	(2,563)	(1,880)
	Total- Net	**6,36,360**	**4,66,608**
(b)(II)	**Loans outside India**	-	-
	Less: Impairement loss allowance	-	-
	Total- Net	-	-
	Total [b(I)+b(II)]	**6,36,360**	**4,66,608**

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Notes forming part of financial statements as at and for the year ended March 31, 2020

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

₹ in lakhs

		As at March 31, 2020	As at March 31, 2019
	Investment in mutual funds (unquoted)		
	Nil units of IDFC Cash Fund-Direct Plan-Growth (previous year-269,429.79 units) (Face value per unit -₹ 1,000)	-	6,107
	Total Gross	**-**	**6,107**
	Less: Allowance for Impairment loss	-	-
	Total Net	**-**	**6,107**
(i)	Investments outside India	-	-
(ii)	Investments in India	-	**6,107**
	Total Gross	**-**	**6,107**
	Less: Allowance for Impairement loss	-	-
	Total Net	**-**	**6,107**

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, 2020	As at March 31, 2019
Interest accrued on loans	1,935	438
Interest accrued on debentures	2,449	1,933
Fees receivable	-	27
Interest accrued on Bank deposits	11	-
Others	11	-
Total	**4,406**	**2,398**

7 Current tax assets (Net)

₹ in lakhs

	As at March 31, 2020	As at March 31, 2019
Advance payment of income tax	4,243	7,299
(net of provision for tax of ₹ 10,801 lakhs ,Previous year: Mar19 ₹ 122 lakhs)		
Income tax demand paid under protest	-	200
Total	**4,243**	**7,499**

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Notes forming part of financial statements as at and for the year ended March 31, 2020

8 Property, plant and equipment

As at March 31, 2020	**Gross block**				**Accumulated depreciation**				**Net block**	**₹ in lakhs**
	Balance as at April 1, 2019	**Additions**	**Disposals**	**Balance as at March 31, 2020**	**Balance as at April 1, 2019**	**Depreciation charge for the year**	**On disposals**	**Balance as at March 31, 2020**	**Balance as at March 31, 2020**	**Balance as at March 31, 2019**
Freehold Land (Refer note below)	4	-	-	4	-	-	-	-	4	4
(Previous year)	(4)	-	-	(4)	-	-	-	-	(4)	-
Building (Right-of-use asset)	-	537	-	537	-	135	-	135	403	-
(Previous year)	-	-	-	-	-	-	-	-	-	-
Vehicles (owned)	135	14	7	142	93	21	7	107	35	42
(Previous year)	(124)	(11)	-	(135)	(65)	(28)	-	(93)	(42)	
Computers	10	40	-	50	6	7	-	13	37	4
(Previous year)	(8)	(2)	-	(10)	(4)	(2)	-	(6)	(4)	
Office Equipments	6	5	-	10	4	2	-	6	5	2
(Previous year)	(4)	(1)	-	(6)	(3)	(1)	-	(4)	(2)	
Leasehold Improvements	84	176	84	176	22	48	28	42	134	62
(Previous year)	-	(84)	-	(84)	-	(22)	-	(22)	(62)	-
Furniture	14	-	10	4	1	1	1	1	3	13
(Previous year)	-	(14)	-	(14)	-	(1)	-	(1)	(13)	-
Total tangible assets	**253**	**771**	**101**	**923**	**126**	**212**	**35**	**303**	**620**	**127**
(previous year)	**(140)**	**(113)**	**-**	**(253)**	**(72)**	**(54)**	**-**	**(126)**	**(127)**	**-**

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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Notes forming part of financial statements as at and for the year ended March 31, 2020

₹ in lakhs

9 Other non-financial assets

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	77	71
Supplier Advance	26	1
Balances with government authorities - cenvat credit receivable	-	15
	103	**87**

10 Trade payables

₹ in lakhs

	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	47	19
Total	**47**	**19**

	As at March 31, 2020	As at March 31, 2019
11 Other payables		
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, 2020	As at March 31, 2019
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

	As at March 31, 2020	As at March 31, 2019
At Amortised cost		
Debentures (Secured, non convertible)	5,67,203	3,87,334
Total (A)	**5,67,203**	**3,87,334**
Debt securities in India	5,67,203	3,87,334
Debt securities outside India	-	-
Total (B)	**5,67,203**	**3,87,334**
Face value per debenture	10,00,000	

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, 2020.

NIIF INFRASTRUCTURE FINANCE LIMITED
Notes forming part of financial statements as at and for the year ended March 31, 2020

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

₹ in lakhs

Series Name	Issuance date	Maturity date	As at March 31, 2020	As at March 31, 2019	No. of NCD (units)	Coupon rate	Payment frequency-Interest	Payment frequency-Principal
NIIF IFL PP 7/2019	27-Mar-2019	27-May-2020	10,000	10,000	1,000	8.68%	Annually and on maturity	Bullet repaymet at maturity
NIIF IDF PP 1/2016	29-Sep-2015	29-Oct-2020	15,000	15,000	1500	8.85%	Annually and on maturity	Bullet repaymet at maturity
NIIF IDF PP 2/2016	21-Oct-2015	20-Nov-2020	15,500	15,500	1550	8.65%	Annually and on maturity	Bullet repaymet at maturity
NIIF IDF PP 3/2016	16-Nov-2015	1-Dec-2020	7,500	7,500	750	8.64%	Annually and on maturity	Bullet repaymet at maturity
NIIF IDF PP 4/2016	9-Dec-2015	8-Jan-2021	7,500	7,500	750	8.55%	Annually and on maturity	Bullet repaymet at maturity
NIIF IDF PP 5/2016	8-Jan-2016	28-Jan-2021	25,000	25,000	2500	8.65%	Annually and on maturity	Bullet repaymet at maturity
NIIF IDF PP 6/2016	22-Mar-2016	22-Apr-2021	10,300	10,300	1030	8.88%	Annually and on maturity	Bullet repaymet at maturity
NIIF IDF PP 1/2017	14-Jul-2016	27-Jul-2021	20,900	20,900	2090	8.75%	Annually and on maturity	Bullet repaymet at maturity
NIIF IDF PP 2/2017	9-Aug-2016	25-Aug-2021	14,100	14,100	1410	8.60%	Annually and on maturity	Bullet repaymet at maturity
NIIF IDF PP 3/2017	29-Aug-2016	31-Aug-2021	13,600	13,600	1360	8.51%	Annually and on maturity	Bullet repaymet at maturity
NIIF IDF PP 4/2017	1-Sep-2016	7-Sep-2021	2,500	2,500	250	8.51%	Annually and on maturity	Bullet repaymet at maturity
NIIF IDF PP 5/2017	27-Sep-2016	12-Oct-2021	25,500	25,500	2550	8.39%	Annually and on maturity	Bullet repaymet at maturity
NIIF IDF PP 6/2017	17-Nov-2016	30-Nov-2021	2,500	2,500	250	8.10%	Annually and on maturity	Bullet repaymet at maturity
NIIF IDF PP 7/2017	30-Nov-2016	12-Jan-2022	6,000	6,000	600	7.35%	Annually and on maturity	Bullet repaymet at maturity
NIIF IDF PP 8/2017	6-Dec-2016	18-Jan-2022	2,500	2,500	250	7.35%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 6/2019	10-Jan-2019	22-Feb-2022	2,500	2,500	250	9.050%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 9/2017	1-Feb-2017	13-Apr-2022	15,000	15,000	1500	8.00%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 10/2017	22-Mar-2017	24-May-2022	8,100	8,100	810	8.25%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 2/2018	26-Apr-2017	26-May-2022	10,100	10,100	1010	8.01%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 1/2018	19-Apr-2017	19-Jul-2022	8,500	8,500	850	8.04%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 4/2018	12-Jul-2017	11-Aug-2022	10,000	10,000	1000	7.94%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 3/2018	31-May-2017	18-Aug-2022	10,100	10,100	1010	7.97%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 6/2018	19-Sep-2017	10-Nov-2022	34,000	34,000	3400	7.73%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 5/2018	31-Aug-2017	24-Nov-2022	8,200	8,200	820	7.73%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 8/2018	18-Dec-2017	14-Feb-2023	26,500	26,500	2650	8.08%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 9/2018	6-Feb-2018	21-Feb-2023	5,000	5,000	500	8.48%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 1/2019-Option I	26-Apr-2018	26-May-2023	6,000	6,000	600	8.37%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 10/2018	22-Mar-2018	22-Aug-2023	21,700	21,700	2170	8.49%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 5/2019	12-Oct-2018	23-Nov-2023	1,200	1,200	120	9.120%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 7/2020	4-Mar-2020	15-Jan-2024	15,000		1500	8.150%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 1/2020	30-Apr-2019	28-May-2024	2,000		200	9.000%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 4/2019	19-Jul-2018	14-Aug-2024	18,900	18,900	1890	9.255%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 2/2020	4-Jun-2019	19-Aug-2024	5,900		590	9.000%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 3/2019	5-Jul-2018	27-Aug-2024	4,700	4,700	470	9.21%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 3/2020	20-Jun-2019	29-Aug-2024	8,100		810	9.00%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 4/2020	27-Sep-2019	7-Nov-2024	39,000		3900	8.60%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 7/2018	28-Nov-2017	28-Nov-2024	11,500	11,500	1150	7.99%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 5/2020	23-Dec-2019	21-Feb-2025	60,000		6000	8.65%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 1/2019-Option II	26-Apr-2018	27-May-2025	4,400	4,400	440	8.415%	Annually and on maturity	Bullet repaymet at maturity
NIIF IFL PP 6/2020	15-Jan-2020	15-Jan-2030	50,000		5000	8.700%	Annually and on maturity	20% anually starting 15-Jan-26
NIIF IFL PP 2/2019	16-May-2018	15-May-2026	2,600	2,600	260	8.52%	Annually and on maturity	Bullet repaymet at maturity
Total NCDs issued			**5,67,400**	**3,87,400**				
Less: Unamortised arranger fees			**197**	**66**				
Net outstanding NCDs			**5,67,203**	**3,87,334**				

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	CARE Rating Limited	ICRA Limited	CARE Rating Limited	ICRA Limited
Rating assigned	AAA	AAA	AAA	AAA
Date of rating	September 30, 2019	September 23, 2019	August 14, 2018	August 03, 2018
Rating valid upto	September 29, 2020	September 22 2020	August 13, 2019	August 02, 2019

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

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

(d) Details about the nature of the security

The above debt securities are secured by way of mortgage of freehold land and a first floating pari passu charge by way of hypothecation of receivables of the company arising out of its investments, loans, current assets, loans and advances, both present and future, excluding investments in and other receivables from subsidiaries and affiliates of the 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, 2020 (previous year - Nil).

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Notes forming part of financial statements as at and for the year ended March 31, 2020

e) Net debt reconciliation ` in lakhs

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

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	25,719	3,400
Liquid investments	-	6,107
Debt securities	(5,67,203)	(3,87,334)
Net debt	**(5,41,484)**	**(3,77,827)**

Particulars	Cash and cash equivalents	Liquid investments	Debt securities	Total
Net debt as at March 31, 2018	**3,201**	**15,823**	**(3,59,309)**	**(3,40,285)**
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**	**(3,87,334)**	**(3,77,827)**
Cash flows	22,319	(6,107)	(1,75,384)	**(1,59,172)**
Interest expense			(37,844)	**(37,844)**
Interest paid			33,359	**33,359**
Other non-cash movements				-
- Fair value adjustments				-
- Acquisitions/disposals				-
Net debt as at March 31, 2020	**25,719**	**-**	**(5,67,203)**	**(5,41,484)**

13A. Borrowings (other than Debt Securities) ₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Finance Lease Obligations	416	-
Total	**416**	**-**

13B. Other financial liabilities ₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on debt securities	19,320	14,802
Total	**19,320**	**14,802**

14. Provisions ₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Employee benefit		
Provision for expenses	19	9
Total	**19**	**9**

15. Other non-financial liabilities ₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Advance receipts from borrowers	594	774
Statutory dues (PF, Assets GST)	122	45
Payable to gratuity fund	32	-
Other liabilities	353	350
Total	**1,101**	**1,169**

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Notes forming part of financial statements as at and for the year ended March 31, 2020

16A Share capital

	As at March 31, 2020		As at March 31, 2019	
	Number	₹ in lakhs	Number	₹ in lakhs
Authorised shares				
Equity shares of ₹ 10 each	80,00,00,000	80,000	80,00,00,000	80,000
Issued, subscribed & fully paid-up shares				
Equity shares of ₹ 10 each	54,00,00,000	54,000	54,00,00,000	54,000
Total		54,000		54,000

(a) Movements in equity share capital.

	As at March 31, 2020		As at March 31, 2019	
	Number	₹ in lakhs	Number	₹ in lakhs
Outstanding at the beginning of the year	54,00,00,000	54,000	54,00,00,000	54,000
Outstanding at the end of the year	54,00,00,000	54,000	54,00,00,000	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 regrading 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, 2020		As at March 31, 2019	
	Number	% of Holding	Number	% of Holding
National Investment & Infrastructure Fund II and its nominees	31,80,00,000	58.89%	31,80,00,000	58.89%

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

Equity shares	As at March 31, 2020		As at March 31, 2019	
	Number	% of Holding	Number	% of Holding
National Investment & Infrastructure Fund II and its nominees	31,80,00,000	58.89%	31,80,00,000	58.89%
Aseem Infrastructure Finance Limited	16,20,00,000	30.00%		0.00%
IDFC Financial Holding Company Limited and its nominees	-	0.00%	16,20,00,000	30.00%
Housing Development Finance Corporation Limited	6,00,00,000	11.11%	6,00,00,000	11.11%

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

	As at March 31, 2020	As at March 31, 2019
	Number	Number
Outstanding as at beginning of the period/year	-	40,43,000
Add: Granted during the period/year	-	-
Less: Exercised during the period/year	-	-
Less: Lapsed / forfeited during the period/year	-	25,500
Less: Cancelled during the period/year	-	40,17,500
Outstanding as at the end of the year	**-**	**-**

NIIF INFRASTRUCTURE FINANCE LIMITED

Notes forming part of financial statements as at and for the year ended March 31, 2020

16B Other Equity

	As at March 31, 2020	₹ in lakhs As at March 31, 2019
Surplus in the statement of profit and loss	23,113	22,755
Special reserve u/s. 45-IC of the RBI Act, 1934	6,141	6,050
Impairment Reserve	4	-
Share options outstanding account	-	0
ESOP contribution from parent	88	88
Total	**29,345**	**28,893**

		As at March 31, 2020	₹ in lakhs As at March 31, 2019
(a)	**Special Reserve u/s. 45-IC of RBI Act,1934**		
	Opening balance	6,050	3,990
	Appropriations during the period/year	91	2,060
	Closing balance	6,141	6,050

		As at March 31, 2020	₹ in lakhs As at March 31, 2019
(b)	**Impairment Reserve**		
	Opening balance	-	-
	Appropriations during the period/year	4	-
		4	-

		As at March 31, 2020	As at March 31, 2019
(c)	**Surplus in the Statement of Profit and Loss**		
	Opening balance	22,755	14,522
	Net profit for the year	453	10,313
	Items of other comprehensive income recognised directly in retained earnings	-	-
	- Remeasurements of post-employment benefit obligations, net of tax	(1)	(20)
	Transfer to Special Reserve u/s. 45-IC of RBI Act, 1934	(91)	(2,060)
	Transfer to Impairment Reserve	(4)	-
	ESOP cost reversed to reserves	-	-
	Closing balance	23,113	22,755
(d)	**General Reserve**		
	Opening balance		
	ESOP cost reversed to reserves		-
	Closing balance	88	-
		88	-

		As at March 31, 2020	₹ in lakhs As at March 31, 2019
(e)	**Share options outstanding account**		
	Opening balance	-	126
	Employee stock option expense	-	23
	Options vested during the year		
	Vested options cancelled during the year		
	Options cancelled during the year	-	(149)
	Closing balance	-	0
(f)	**ESOP contribution from parent**		
	Opening balance	88	99
	Employee stock option expense	-	(11)
	Options vested during the year	-	-
	Vested options cancelled during the year	(88)	-
	Closing balance	0	88
Total		29,345	28,893

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 . All options granted under this scheme have been settled during year ending March 31, 2019 and no options are outstanding under this scheme.(Refer Note 37)

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 till March 11, 2019) under the group share based payment arrangement administered by IDFC Limited. ESOP charge has been written back as the IDFC Limited transferred its entire stake in the Company on March 30, 2020.

Notes forming part of financial statements as at and for the year ended March 31, 2020

17 Interest Income

	For the year ended March 31, 2020	₹ in lakhs For the year ended March 31, 2019
On financial assets measured at amortised costs		
Interest on loans	50,633	43,264
Interest on deposit	621	11
Total	**51,254**	**43,275**

18 Net gain on fair value changes

	For the year ended March 31, 2020	₹ in lakhs For the year ended March 31, 2019
Net gain on financial instruments at FVTPL		
On trading portfolio		
- Investments	941	778
Others		
Derivatives	-	-
Total	**941**	**778**
Fair value changes:		
Realised	948	771
Unrealised	(7)	7
Total	**941**	**778**

19 Other Income

	For the year ended March 31, 2020	₹ in lakhs For the year ended March 31, 2019
Interest on Income Tax refund	-	12
Total	**-**	**12**

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Notes forming part of financial statements as at and for the year ended March 31, 2020

20 Finance Costs
On financial liabiities measured at amortised costs

	For the year ended March 31, 2020	For the year ended March 31, 2019
		₹ in lakhs
Interest expense		
(i) Debt securities	37,844	31,486
(ii) Borrowings (Other than debt securities)	33	-
Other borrowing cost	152	140
Total	**38,029**	**31,625**

21 Fees and commission expense

	For the year ended March 31, 2020	For the year ended March 31, 2019
		₹ in lakhs
Guarantee Commission to paid project authorities	41	42
	41	**42**

22 Impairment on financial instruments

	For the year ended March 31, 2020	For the year ended March 31, 2019
		₹ in lakhs
On financial instruments measured at amortised costs		
Loans	683	192
Total	**683**	**192**

23 Employee benefits expense

₹ in lakhs

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	1,015	1,055
Contribution to gratuity fund {Refer note 27(b)}	31	30
Contribution to provident and other funds {Refer note 27(a)}	75	71
Employee share based payment expense	-	82
Staff welfare expenses	30	24
Total	**1,152**	**1,262**

24 Depreciation, amortisation and impairment

₹ in lakhs

	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of property, plant and equipment	212	54
Loss on Retirement of Fixed Assets	65	-
Total	**277**	**54**

25 Other expenses

₹ in lakhs

	For the year ended March 31, 2020	For the year ended March 31, 2019
Professional fees	134	50
Rates and taxes	99	53
Repairs & maintenance	40	35
Insurance charges	4	0
Electricity charges	14	-
Travelling and conveyance	51	31
Printing and stationery	2	1
Communication costs	6	3
Stamp duty and registration fees	0	1
Directors' sitting fees	7	18
Shared service cost [see note (a) below]	96	239
Contribution towards corporate social responsibility (CSR) {Refer note (c) below}	218	106
Donations	-	5
Auditor's remuneration {Refer note (b) below}	30	29
Advertising & publicity	12	3
Miscellaneous expenses	46	3
Total	**759**	**577**

(a) Shared service costs includes amount paid to fellow associates ` 96 lakhs towards a Service Level Agreement (previous year amount ` 107 lakhs) and amount paid (net of recovery) to ultimate holding company ` Nil (previous year amount ` 132 lakhs) towards a Service Level Agreement.

(b) Breakup of Auditors' remuneration

Audit fees	22	13
Tax audit fees	1	1
Other Services	6	14
Out-of-pocket expenses	1	1
	30	**29**

(c) Contribution for corporate social responsibility (CSR)

Amount required to be spent by the Group on Corporate Social Responsibility (CSR) related activities during the year Rs. 183 lakhs (previous year Rs. 141 lakhs). Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is Rs. 183 lakhs (previous year Rs. 106 lakhs), which comprise of following:

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	For the year ended March 31, 2020	For the year ended March 31, 2019
		₹ in lakhs
Amount spent during the year on:		
(i) Construction/acquisition of an asset	**-**	**-**
(ii) On purposes other than (i) above FY 2019-20	**183**	**106**
(iii) On purposes other than (i) above- unspent balance for FY 2018-19	**35**	**-**
Total	**218**	**106**

Rs. Nil (previous year Rs. 35.2 lakhs) is outstanding to be paid in cash out of total amount spent on Corporate Social Responsibility (CSR) related activities.

26 Income tax

a) The components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

	For the year ended March 31, 2020	For the year ended March 31, 2019
		₹ in lakhs
Current tax {Refer note (c) below}	10,801	-
Deferred tax	-	-
Total	10,801	-

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2020 and March 31, 2019 is, as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2019
		` in lakhs
Accounting profit before tax	11,254	10,313
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 {Refer note (c) below}	11,254	10,313
- Other	-	-
Income tax expense at effective tax rate	-	-
Effective tax rate	0%	0%

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

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

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

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, 2020	For the year ended March 31, 2019
Provident fund	47	41
Pension fund	1	5
Superannuation fund	27	25

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 or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

i) Balance sheet **₹ in lakhs**

	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2018	279	284	(4)
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)	1
Actuarial loss / (gain) arising from change in financial assumptions	22	-	22
Actuarial loss / (gain) arising from change in demographic assumptions			-
Actuarial loss / (gain) arising on account of experience changes	(2)		(2)
Reversal of the liability		-	-
Employer contributions	1	45	(44)
Benefit payments	(5)	(5)	-
Assets acquired			-
As at March 31, 2019	345	345	0
Current service cost	33	-	33
Interest expense/(income)	18	-	18
Return on plan assets		19	(19)
Remeasurements due to actual return on plan assets less interest on plan assets	-	23	(23)
Actuarial loss / (gain) arising from change in financial assumptions	11	-	11
Actuarial loss / (gain) arising from change in demographic assumptions			-
Actuarial loss / (gain) arising on account of experience changes	12	-	12
Reversal of the liability	(1)		(1)
Employer contributions	-	-	-
Benefit payments	(2)	(2)	-
Assets acquired	-	-	-
As at March 31, 2020	416	384	32

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Present value of plan liabilities	416	345
Fair value of plan assets	384	345
Plan liability net of plan assets	**32**	**-**

ii) Statement of profit and loss

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employee benefit expense	-	1
Losses on acquisition	-	-
Current service cost	33	29
Total	33	30
Finance costs	(1)	(1)
Net impact on the profit before tax	33	29

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Remeasurements of the net defined benefit liability:		
Opening amount recognized in OCI outside profit and loss account	10	(10)
Return on plan assets excluding amounts included in interest expense/income	(23)	1
Actuarial loss / (gain) arising from change in financial assumptions	11	22
Actuarial loss / (gain) arising from change in demographic assumptions	(1)	-
Actuarial loss / (gain) arising on account of experience changes	12	(2)
Actuarial gains/(losses) arising from changes in experience		
Net impact on the other comprehensive income before tax	10	10

iii) Defined benefit plan assets

Category of assets (% allocation)	For the year ended March 31, 2020	For the year ended March 31, 2019
Insurer managed funds	384	345
Total	**384**	**345**

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, 2020	For the year ended March 31, 2019
Discount rate	6.50%	7.20%
Salary escalation rate*	9.00%	9.00%

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

v) Sensitivity **₹ in lakhs**

As at March 31, 2020	Change in assumption	Impact on defined benefit	
		Increase	Decrease
Discount rate	0.50%	(8)	9
Salary escalation rate	0.50%	8	(8)

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

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, 2020	For the year ended March 31, 2019
Within the next 12 months (next annual reporting period)	190	192
Between 2 and 5 years	92	69
Between 5 and 10 years	132	113
Beyond 10 years	168	123
Total expected payments	582	497

The weighted average duration of the defined benefit obligation is 4.02 years (previous year - 4.03 years)

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Notes forming part of financial statements as at and for the year ended March 31, 2020

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, 2020	Year ended March 31, 2019
Segment revenue		
- India	52,195	44,053
- Outside India	-	-
Total	**52,195**	**44,053**

* 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, 2020	As at April 1, 2019
Segment assets - India		6,71,451	4,86,226
Segment liabilities - India		6,71,451	4,86,226

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, 2020	Year ended March 31, 2019
Net profit after tax available for equity shareholders	453	10,313
Weighted average number of equity shares	54,00,00,000	54,00,00,000

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Basic & diluted earnings per share	0.08	1.91

30. Contingent liabilities

₹ in lakhs

Particulars	As at March 31, 2020	As at April 1, 2019
Claims not acknowledged as debts in respect of:		
- Income-tax demands under appeal (net of provision)	-	1,188
Total	**-**	**1,188**

31. Capital commitments

₹ in lakhs

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Estimated amount of contracts remaining to be executed on capital account (net of advances)	-	
Undisbursed commitments	-	18,649
Total	-	18,649

Contingent liabilities	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Claims not acknowledged as debts in respect of :		
Income-tax demands under appeal (net of amounts provided)-FY15	-	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.

32. Events occurring after the reporting period

The Company has received ₹ 25,000 lakhs towards equity share capital & share premium (Equity capital of ₹ 15,235 lakhs with share premium of ₹ 9,765 lakhs) by way of rights issue which was allotted on May 21, 2020.

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, 2020**	**For the year ended March 31, 2019**
Tier I capital	83,345	82,893
Tier II capital	2,563	1,880
Total capital	**85,908**	**84,773**
Risk weighted assets		
CRAR (%)	19.56%	20.88%
CRAR - Tier I capital (%)	18.97%	20.42%
CRAR - Tier II capital (%)	0.59%	0.46%
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.

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, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	25,719	-	25,719	3,400	-	3,400
Loans	44,091	5,94,832	6,38,923	32,762	4,35,726	4,68,488
Investments	-	-	-	6,107	-	6,107
Other financial assets	4,406	-	4,406	2,398	-	2,398
Non-financial assets						
Income tax assets (Net)	-	4,243	4,243	-	7,499	7,499
Property, plant and equipment	-	620	620	-	127	127
Other non-financial assets	103	-	103	87	-	87
Total assets	74,318	5,99,695	6,74,014	44,754	4,43,352	4,88,106
Financial liabilities						
Derivative financial instruments	-	-	-	-	-	-
Payables	-	-	-	-	-	-
(I) Trade payables	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	47	-	47	19	-	19
(II) Other payables	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Debt securities	80,500	4,86,703	5,67,203	-	3,87,334	3,87,334
Borrowings (Other than debt securities)	175	242	416	-	-	-
Other financial liabilities	19,320	-	19,320	14,802	-	14,802
Non-financial Liabilities	-	-	-	-	-	-
Provisions	19	-	19	9	-	9
Other non-financial liabilities	1,101	-	1,101	1,169	-	1,169
Total liabilities	1,01,161	4,86,944	5,88,106	15,999	3,87,334	4,03,333
Net	(26,843)	1,12,751	85,908	28,755	56,018	84,773

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, 2020	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units	-	-	-
Loans			
- Term loans	-	-	4,65,281
- Debentures and bonds	-	-	1,73,642
Cash and Cash Equivalents	-	-	25,719
Other financial assets	-	-	4,406
Total financial assets	**-**	**-**	**6,69,048**
Financial Liabilities			
Debt Securities			
- Debentures and bonds	-	-	5,67,203
- Commercial paper	-	-	-
Borrowings (Other than Debt securities)	-	-	-
Trade payables	-	-	47
Other financial liabilities	-	-	19,320
Total financial liabilities	**-**	**-**	**5,86,570**

As at March 31, 2019	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units	6,107	-	-
Loans			
- Term loans	-	-	3,41,431
- Debentures and bonds	-	-	1,27,057
Cash and Cash Equivalents	-	-	3,400
Other financial assets	-	-	2,398
Total financial assets	**6,107**	**-**	**4,74,286**
Financial Liabilities			
Debt Securities			
- Debentures and bonds	-	-	3,87,334
- Commercial paper	-	-	-
Borrowings (Other than Debt securities)	-	-	
Trade payables	-	-	19
Other financial liabilities	-	-	14,802
Total financial liabilities	**-**	**-**	**4,02,155**

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

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, 2020 **₹ 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	-	-	-	-
Total financial assets		**-**	**-**	**-**	**-**

As at March 31, 2020 **₹ in lakhs**

Assets and liabilities measured at amortised cost for which fair values are disclosed	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Loans					
- Term loans	4	-	-	4,65,281	4,65,281
- Debentures and bonds	4	-	-	1,73,642	1,73,642
Total financial assets		**-**	**-**	**6,38,923**	**6,38,923**
Financial liabilities					
Debt securities					
- Debentures and bonds	12	-	-	5,67,203	5,67,203
- Commercial papers	12	-	-	-	-
Total financial liabilities		**-**	**-**	**5,67,203**	**5,67,203**

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	-	-	3,41,431	3,41,431
- Debentures and bonds	4	-	-	1,27,057	1,27,057
Total financial assets		**-**	**-**	**4,68,488**	**4,68,488**
Financial liabilities					
Debt securities					
- Debentures and bonds	12	-	-	3,87,334	3,87,334
- Commercial papers	12	-	-	-	-
Total financial liabilities		**-**	**-**	**3,87,334**	**3,87,334**

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 tr fers 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

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

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, 2020		As at March 31, 2019	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets				
Loans				
Rupee loans	4,65,281	4,65,281	3,41,431	3,41,431
Debentures and Bonds	1,73,642	1,73,642	1,27,057	1,27,057
Total financial assets	**6,38,923**	**6,38,923**	**4,68,488**	**4,68,488**
Financial liabilities				
Loans				
Debt securities				
Debentures	5,67,203	5,67,203	3,87,334	3,87,334
Commercial papers	-	-	-	-
Total financial liabilities	**5,67,203**	**5,67,203**	**3,87,334**	**3,87,334**

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.

NIIF INFRASTRUCTURE FINANCE LIMITED
Notes to financial statement for the year ended March 31, 2020

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.

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,	As at March 31, 2019	As at March 31, 2020	As at March 31,
Energy Generation - Wind	25%	40%	22.40%	28.21%
Energy Generation - Solar	40%	25%	28.11%	5.80%
Energy Generation - Hydro	25%	25%	2.13%	3.23%
Energy Generation - Captive	25%	25%	1.87%	3.16%
Energy Transmission	40%	40%	9.56%	11.74%
Transport - Roads	-	-	11.37%	16.77%
IT Parks & SEZs	40%	40%	1.37%	5.74%
Hospitals	25%	25%	13.30%	14.39%
Education Institutions	25%	25%	1.85%	1.72%
Telecom Towers & Broadband network	15%	25%	1.70%	4.14%
Other Infra Sub-Sector	25%	25%	6.33%	5.09%
Total			100.00%	100.00%

a) Credit risk grading

The Company uses internal credit risk grading framework that reflects its assessment of the probability of default of individual counterparty. The Company use internal rating model tailored to various categories of counterparties. Borrower and loan specific information collected at the time of initial application and annual re-rating exercise is fed into risk rating model. This is supplemented by external data such as credit bureau scoring information.

The framework is robust and comparable to credit models used by premier credit rating bureaus. The credit rating model considers various parameters (such as promoter strength, operating risk, market risk, financial factors, etc.) and a score is assigned to each parameter between 1 (lowest) to 5 (highest). The internal rating grade is based on the final score derived from the credit rating model.

The Company's internal score scales and mapping of internal rating grades are set out below:

Internal score	Internal rating grades	Description of the grade
5.00 - 4.00	iAAA	Highest Safety
3.91 - 4.00	iAA+	High Safety
3.81 - 3.90	iAA	
3.71 - 3.80	iAA-	
3.61 - 3.70	iA+	Adequate Safety
3.51 - 3.60	iA	
3.41 - 3.50	iA-	
3.11 - 3.40	iBBB+	Moderate Safety
2.81 - 3.10	iBBB	
2.61 - 2.80	iBBB-	
2.25 - 2.60	iBB+, iBB & iBB-	Moderate Risk
1.00 - 2.25	iB, iC & iD	High Risk/ Very High Risk/ Default

As per risk rating policy, the Company does not finance the projects below having internal rating grade below iBBB-, arrived as per the above mentioned risk rating framework. In case of difference between internal rating grade and external credit rating (if any), then lower of the two ratings would be considered while evaluating the minimum rating criteria.

However, at the time of sanction, if the external credit rating is below internal rating grade, but is expected to improve due to various factors (including refinance loan terms), Company may provide financial assistance to such borrowers on the condition that the disbursement would be made only after the minimum investment grade rating as aforesaid is obtained.

An annual review of the loans / debentures (credit substitutes) would be conducted to determine the credit migration and rating of the portfolio. The analysis below summarises the credit quality of the Company's debt portfolio at March 31.

Internal rating grades	% of total customer		% of total outstanding	
	As at March 31, 2020	**As at March 31, 2019**	**As at March 31, 2020**	**As at March 31, 2019**
iAAA	1%	2%	0%	0%
iAA+, iAA, iAA-	28%	12%	26%	13%
iA+, iA, iA-	44%	41%	44%	39%
iBBB+	14%	36%	19%	39%
iBBB	9%	7%	11%	8%
iBBB-	2%	3%	0%	0%
Total	**100%**	**100%**	**100%**	**100%**

b) Expected credit loss measurement

Ind AS 109 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the Company.

- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired. Refer note 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.

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%	0.27%
High Safety	iAA+	0.03%	0.03%	0.27%
	iAA	0.03%	0.03%	0.27%
	iAA-	0.03%	0.03%	0.27%
Adequate Safety	iA+	0.11%	0.03%	1.29%
	iA	0.11%	0.03%	1.29%
	iA-	0.11%	0.03%	1.29%
Moderate Safety	iBBB+	0.93%	0.10%	5.32%
	iBBB	0.93%	0.10%	5.32%
	iBBB-	0.93%	0.10%	5.32%
Moderate Risk	iBB+	4.29%	1.01%	13.30%
	iBB	4.29%	1.01%	13.30%
	iBB-	4.29%	1.01%	13.30%
High Risk	iB	10.19%	3.36%	23.83%
Very High Risk	iC	24.47%	10.65%	44.54%
Default	iD	100.00%	100.00%	100.00%

Exposure at default:

EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

Loss given default:

Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type and security coverage.

- In case of re-financing of operating road project, the Company enters into a tripartite agreement with the concessionaire and NHAI/any other project authority for ensuring a compulsory buyout with termination payments. The LGD for road project loans is taken as 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).

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently indeterminable. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days and 14 days across the country to contain the spread of virus.

The Indian Government, the Reserve Bank of India and other regulators have announced various measures and relaxations acknowledging the current situation to ensure that there is enough liquidity in the hands of market participants and provided moratoriums to the borrowers in terms of their repayments to the financial institutions.

The Company, being a IDF-NBFC, is in the business of providing loans to operating infrastructure projects. The Company has made an assessment of its liquidity position applying stress scenarios. The Company believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements. The Company has further assessed the recoverability and carrying value of its assets comprising Loans and advances, Property, Plant and Equipment, Intangible assets and Investments as at balance sheet date, and has concluded that there are no material adjustments required in the financial statements, other than those already considered. All employees are working from home during the lock down period and the Company has taken necessary measures to ensure continuity of business and operations in a seamless manner, including timely servicing of debt instruments. The internal financials controls are in place to take care of current situation. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

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, 2020

ECL Scenario	Assigned probabilities %	2021	2022	2023	2024	2025
Base case	50%	1.90%	7.40%	8.20%	9.00%	9.00%
Best case	20%	4.40%	10.00%	10.70%	11.50%	11.50%
Worst case	30%	-0.66%	4.89%	5.65%	6.47%	6.47%

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%

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.

	Year ended March 31, 2020			Year ended March 31, 2019		
	Base case	Best case	Worst case	Base case	Best case	Worst case
Assigned probabilities %	50%	20%	30%	50%	20%	30%
ECL (Rs. in lakhs)	1,002.64	154.80	6,756.67	352.62	20.05	1,507.10

Scenario weighted ECL as on March 31, 2020 is ₹ 2,559 lakhs (March 31, 2019 ₹1,880 lakhs, April 1, 2018 ₹ 1,688 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, 2020	As at March 31, 2019
Less than 1 year		17.76%	32.15%
More than 1 year		82.24%	67.85%

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, 2020			Total
	Stage 1	Stage 2	Stage 3	
Performing				
Highest Safety	424	-	-	424
High Safety	1,66,860	-	-	1,66,860
Adequate Safety	2,82,528	-	-	2,82,528
Moderate Safety	1,89,111	-	-	1,89,111
Non- performing				
Moderate Risk	-	-	-	-
High Risk/ Very High Risk/ Default	-	-	-	-
Total	**6,38,923**	**-**	**-**	**6,38,923**

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	1,84,875	-	-	1,84,875
Moderate Safety	2,21,118	-	-	2,21,118
Non- performing				
Moderate Risk	-	-	-	-
High Risk/ Very High Risk/ Default	-	-	-	-
Total	**4,68,488**	**-**	**-**	**4,68,488**

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, 2020	As at March 31, 2019
Investment in mutual fund units	-	6,107
Total	**-**	**6,107**

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, 2020				
Loans to corporate entities/individuals:				
- Term loans	4,65,281	1,867	4,63,415	4,65,281
- Debentures and bonds	1,73,642	697	1,72,945	1,73,642
Total	6,38,923	2,563	6,36,360	6,38,923
As at March 31, 2019				
Loans to corporate entities/individuals:				
- Term loans	3,41,431	1,370	3,40,061	3,41,140
- Debentures and bonds	1,27,057	510	1,26,548	1,26,950
Total	4,68,488	1,880	4,66,608	4,68,090

iv) Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;
- additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- impacts on the measurement of ECL due to changes made to models and assumptions;
- financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

An analysis of change in the gross carrying amount of the loan portfolio and corresponding loss allowance:

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the loss allowance tor the same portfolio as discussed below:

₹ in lakhs

Term loans and debentures	Year ended March 31, 2020			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	6,38,913	-	-	6,38,913
New assets originated or purchased	2,49,110	-	-	2,49,110
Assets derecognised or repaid	(78,685)	-	-	(78,685)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance	**8,09,338**	**-**	**-**	**8,09,338**

Term loans and debentures	Year ended March 31, 2019			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	4,68,488	-	-	4,68,488
New assets originated or purchased	2,48,530	-	-	2,48,530
Assets derecognised or repaid	(78,105)	-	-	(78,105)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance	**6,38,913**	**-**	**-**	**6,38,913**

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, 2020			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	1,880	-	-	1,880
New assets originated or purchased	995	-	-	995
Assets derecognised or repaid	(313)	-	-	(313)
Net remeasurement of loss allowance	1	-	-	1
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance	**2,563**	**-**	**-**	**2,563**

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**

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.

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]	-10% of cumulative outflows [for 0 to 14 days, -20% 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.

NIIF Infrastructure Finance Limited
Notes to financial statement for the year ended March 31, 2020

₹ in lakhs

As at March 31, 2020	One to 30/31 days	One to two months	Two months to three months	Over three to six months	Over six month to 1 year	Between 1 and 3 years	Between 3 and 5 years	> 5 years	Total
Financial assets									
Loans	2,174	1,452	6,990	11,758	21,717	1,02,767	1,25,358	3,66,707	6,38,923
Other financial assets	5,509	5,682	5,205	13,892	28,731	1,03,354	81,258	1,52,244	3,95,875
Total undiscounted financial assets	**7,683**	**7,134**	**12,195**	**25,650**	**50,448**	**2,06,121**	**2,06,616**	**5,18,951**	**10,34,798**
Financial liabilities									
Debt securities	-	10,000	-	-	70,500	2,35,900	1,94,000	56,803	**5,67,203**
Other financial liabilities	2,545	367	2,064	17,468	25,242	72,808	39,353	13,894	**1,73,741**
Total undiscounted financial liabilities	**2,545**	**10,367**	**2,064**	**17,468**	**95,742**	**3,08,708**	**2,33,353**	**70,697**	**7,40,944**

As at March 31, 2019	One to 30/31 days	One to two months	Two months to three months	Over three to six months	Over six month to 1 year	Between 1 and 3 years	Between 3 and 5 years	> 5 years	Total
Financial assets									
Loans	1,665	636	5,524	9,151	15,786	77,669	80,975	2,77,082	4,68,488
Investments	6,107	-	-	-	-	-	-	-	6,107
Other financial assets	4,472	3,387	3,640	10,816	21,536	81,876	66,413	1,20,748	3,12,888
Total undiscounted financial assets	**12,244**	**4,023**	**9,164**	**19,967**	**37,322**	**1,59,545**	**1,47,388**	**3,97,830**	**7,87,483**
Financial liabilities									
Debt securities	-	-	-	-	-	1,80,900	1,64,400	42,034	**3,87,334**
Other financial liabilities	2,365	1,026	-	14,123	14,930	57,055	25,780	844	**1,16,123**
Total undiscounted financial liabilities	**2,365**	**1,026**	**-**	**14,123**	**14,930**	**2,37,955**	**1,90,180**	**42,878**	**5,03,457**

c) Public disclosure on liquidity risk

The disclosure in terms of RBI circular ref. DOR.NBFC(PD)CC.NO.102/03.10.001/2019-20 dated November 04, 2019 on liquidity risk management framework for NBFCs Is provided below-

(i) Funding concentration based on significant counterparty

Sr no	No of significant counterparties	Amount (` in lakhs)	% of Total deposits	% of Total Liabilities
1	20	3,63,840	Not Applicable	62%

(ii) Top 20 large deposits - Nil

(iii) Top 10 borrowings: Rs. 281,110 lakhs (represent 50% of total borrowings)

(iv) Funding concentration based on significant instrument/product

Sr no	Name of instrument	Amount (` in lakhs)	% of Total Liabilities
1	Non Convertible Debentures	5,67,203	96%

NIIF Infrastructure Finance Limited
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₹ in lakhs

(v) **Stock ratios:**

Sr no	Instrument	As a % of total public funds	As a % of total liabilities	As a % of total assets
(a)	Commercial papers	Nil	Nil	Nil
(b)	Non Convertible Debentures (original maturity <1 year)	Nil	Nil	Nil
(c)	Other short term liabilities	18%	17%	15%

(vi) Institutional set-up for liquidity risk management

The Company has instituted Asset Liability Management Policy under which the Asset Liability Management Committee (ALCO) has been set up for oversight Asset Liability Management (ALM), including liquidity risk management. The overall ALM framework as well as liquidity risk is managed by-

(i) **Board**-which provides the overall direction for the Policy and framework.

(ii) **ALCO**-comprises of Chief Executive Officer (CEO), Chief Risk Officer (CRO), Chief Financial Officer (CFO) and Head Business. It is a decision making body responsible for strategic management of interest rate and liquidity risks.

(iii) **Asset Liability Management Support Group**-which consist of operating staff from Risk, Accounts and Resources group, who analyse/monitor liquidity profile, limits & report to ALCO & RBI.

(iv) **Finance Committee**-comprises of CEO, CRO and CFO which is authorised to borrow monies through various instruments permitted by RBI.

(v) **Resources Group**-which is ALM support group and is responsible for fund raising, maintain appropriate liquidity buffers, provide market related inputs and actively implement ALM strategy.

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, 2020 and March 31, 2019, 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 **Rs. 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, 2020**	**As at March 31, 2019**
Variable rate lending portfolio	1,13,471	1,29,315
Fixed rate loans	5,25,452	3,39,173
Total	6,38,923	4,68,488

As at the end of the reporting period, the Company had the following variable rate lending portfolio outstanding:

As at March 31, 2020	**Weighted average interest rate**	**Balance**	**% of total loans**
Loans	10.04%	1,13,471	17.8%
Net exposure interest rate risk	10.04%	1,13,471	17.8%

As at March 31, 2019	**Weighted average interest rate**	**Balance**	**% of total loans**
Loans	9.76%	1,29,315	27.6%
Net exposure interest rate risk	9.76%	1,29,315	27.6%

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.

ii) Sensitivity

a) Interest rate risk - Loans and debenture

Profit or loss is sensitive to higher/lower interest expense from lending portfolio as a result of changes in interest rates.

Particulars	**Impact on profit after tax**	
	Year ended March 31, 2020	**Year ended March 31, 2019**
Interest rates – increase by 100 basis points	1,135	1,293
Interest rates – decrease by 100 basis points	(1,135)	(1,293)

* 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 de 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, 2020	Year ended March 31, 2019
91 days T-bill : Increase 100 bps (previous year 100 bps)	-	55.7
91 days T-bill : Decrease 100 bps (previous year 100 bps)	-	(55.7)

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.

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, NIIF Infrastructure Finance Limited had introduced Employee Stock Option Scheme (“the ESOS- 2016”) to enable the employees of NIIF 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.

All options granted under this scheme have been settled during year ending March 31, 2019 and no options are outstanding under this scheme.

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

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance		-	10	40,43,000
Granted during the year		-		-
Exercised during the year		-		-
Cancelled during the year		-	10	40,43,000
Lapsed/expired during the year		-		-
Closing balance		**-**	10	**-**
Vested and exercisable		-		-

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, 2020	Outstanding as at March 31, 2019	Outstanding as at April 1, 2018
14-Mar-16	14-Mar-21	10	-	-	9,75,250
14-Mar-16	14-Mar-22	10	-	-	9,75,250
14-Mar-16	14-Mar-23	10	-	-	9,75,250
14-Mar-16	14-Mar-24	10	-	-	9,75,250
09-May-16	09-May-21	10	-	-	2,125
09-May-16	09-May-22	10	-	-	2,125
09-May-16	09-May-23	10	-	-	2,125
09-May-16	09-May-24	10	-	-	2,125
31-May-16	31-May-21	10	-	-	-
31-May-16	31-May-22	10	-	-	-
31-May-16	31-May-23	10	-	-	-
31-May-16	31-May-24	10	-	-	-
31-May-16	31-May-25	10	-	-	-
15-Jun-16	15-Jun-21	10	-	-	31,250
15-Jun-16	15-Jun-22	10	-	-	31,250
15-Jun-16	15-Jun-23	10	-	-	31,250
15-Jun-16	15-Jun-24	10	-	-	31,250
14-Jul-16	14-Jul-21	10	-	-	2,125
14-Jul-16	14-Jul-22	10	-	-	2,125
14-Jul-16	14-Jul-23	10	-	-	2,125
14-Jul-16	14-Jul-24	10	-	-	2,125
Total			-	-	40,43,000
Weighted average remaining contractual life of options outstanding at end of period			-	-	4.47

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Notes to financial statement for the year ended March 31, 2020

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, 2020 & March 31, 2019

b) Group share based payment scheme (equity settled)

IDFC Limited (erstwhile 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 NIIF 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 NIIF Limited. Since the NIIF 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, 2020		Year ended March 31, 2019	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	-	-	69.40	14,22,680
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	60.35	(4,200)
Lapsed/expired during the year	-	-	-	-
Closing balance	**-**	**-**	**69.49**	**14,18,480**
Vested and exercisable	-	-	69.49	14,18,480

No options were exercised during the year ended Mar 31, 2020 & March 31, 2019

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, 2020	Outstanding as at March 31, 2019	Outstanding as at April 1, 2018
06-06-11	01-04-19	81.96	-	6,00,000	6,00,000
10-05-10	10-05-17	70.22	-	-	-
05-Oct-18	21-12-18	60.35	-	-	4,200
05-Oct-18	05-Oct-21	60.35	-	2,44,662	2,44,662
05-Oct-18	05-Oct-22	60.35	-	2,45,922	2,45,922
05-Oct-18	05-Oct-23	60.35	-	3,27,896	3,27,896
Total			-	14,18,480	14,22,680
Weighted average remaining contractual life of options outstanding at end of period			-	2.09	3.08

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, 2020 & March 31, 2019

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, 2020	Year ended March 31, 2019
Employee stock option expense (ESOS- 2016)	-	93
Group share based payment expense	-	(11)
Total	**-**	**82**

NIIF INFRASTRUCTURE FINANCE LIMITED
Notes to financial statement for the year ended March 31, 2020

38. Related party transactions

a) Holding entity
National Investment and Infrastructure Fund II (from March 12, 2019)

b) Associate companies
IDFC Financial Holding Company Limited (till March 29, 2020)
IDFC Limited (till March 29, 2019)
Aseem Infrastructure Finance Limited (Sponsor from March 30, 2020)

c) Key management personnel
Sadashiv S. Rao - Chief Executive Officer
Sanjay Ajgaonkar - Chief Financial Officer
Amol Ranade - Company Secretary

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>

		Year ended March 31, 2020	**₹ in lakhs Year ended March 31, 2019**
A	**Holding entity**		
1	**National Investment and Infrastructure Fund II**		
i	**Liabilities/Transactions**		
	Outstanding equity share capital	31800	31,800
2	**IDFC Financial Holding Company Limited (till March 11, 2019)**		
i	**Liabilities/Transactions**		
	Outstanding equity share capital	-	44,000
B	**Ultimate Holding Company**		
1	**IDFC Limited (till March 11, 2019)**		
i	**Expense**		
	Shared services cost expense (*)	-	138
	Shared services cost recovery (*)	-	(14)
	Interest expenses on Non Convertible Debentures issued	-	378
	Charges paid for use of hardware (*)		-
ii	**Assets/Transactions**		
	Shared service cost recoverable (*)		-
iii	**Liabilities/Transactions**		
	Non Convertible Debentures issued and outstanding	-	4,950
	Interest on Non Convertible Debentures issued	-	92

NIIF INFRASTRUCTURE FINANCE LIMITED
Notes to financial statement for the year ended March 31, 2020

C Fellow Subsidiaries	Year ended March 31, 2020	₹ in lakhs Year ended March 31, 2019
1 IDFC Bank Limited (till January 04, 2019)		
i Income		
Interest on Fixed deposits	-	11
Processing fees on loan reimbursed	-	14
ii Expense		
Shared services cost expense (*)	-	6.2
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
3 IDFC Asset Management Company Limited (till March 11, 2019)		
Expense		
Shared services cost expense (*)	-	93
Charges paid for use of hardware/server (*)	-	4
4 IDFC Securities Limited (till March 11, 2019)		
i Assets/Transactions		
Purchase of fixed assets	-	18
D Associate		
1 IDFC Limited (from March 12, 2019 till March 29, 2020)		
i Expense		
Shared services cost expense (*)	70	8.0
Interest expenses on Non Convertible Debentures issued	-	22
ii Liabilities/Transactions		
Non Convertible Debentures issued and outstanding	-	4,950
Interest on Non Convertible Debentures issued	-	22

NIIF INFRASTRUCTURE FINANCE LIMITED
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₹ in lakhs

	Year ended March 31, 2020	Year ended March 31, 2019
2 IDFC Financial Holding Company Limited (from March 12, 2019 till March 29, 2020)		
i Liabilities/Transactions		
Outstanding equity share capital	-	16,200
3 IDFC Bank Limited (from January 05, 2019 till March 31, 2019)		
i Expense		
Shared services cost expense (*)	-	2
ii Assets/Transactions		
Balance in current account	-	3,399
4 IDFC Asset Management Company Limited (from March 12, 2019 till March 29, 2020)		
i Expense		
Shared services cost expense (*)	26	5
Charges paid for use of hardware/server (*)	-	1
5 Aseem Infrastructure Finance Limited (from March 30, 2020)		
i Liabilities/Transactions		
Outstanding equity share capital	16,200	-
ii Assets/Transactions		
Dues against reimbursement of costs (*)	7	-

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

E 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, 2020	Year ended March 31, 2019
Short-term employee benefit	333	437
Post-employment benefit	38	39
Long-term employee benefit		-
Share based payment	-	135
Termination benefit	-	-
Total	**371**	**611**

39 The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently indeterminable. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days and 14 days across the country to contain the spread of virus.

The Indian Government, the Reserve Bank of India and other regulators have announced various measures and relaxations acknowledging the current situation to ensure that there is enough liquidity in the hands of market participants and provided moratoriums to the borrowers in terms of their repayments to the financial institutions.

The Company, being a IDF-NBFC, is in the business of providing loans to operating infrastructure projects. The Company has made an assessment of its liquidity position applying stress scenarios. The Company believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements. The Company has further assessed the recoverability and carrying value of its assets comprising Loans and advances, Property, Plant and Equipment, Intangible assets and Investments as at balance sheet date, and has concluded that there are no material adjustments required in the financial Statements, other than those already considered. All employees are working from home during the lock down period and the company has taken necessary measures to ensure continuity of business and operations in a seamless manner, including timely servicing of debt instruments. The Internal Financials Controls are in place to take care of current situation. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

40 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, 2020	As at March 31, 2019
i) CRAR (%)	19.56%	20.88%
ii) CRAR - Tier I Capital (%)	18.97%	20.42%
iii) CRAR - Tier II Capital (%)	0.59%	0.46%
iv) Amount of Subordinated Debt considered as Tier-II Capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

(b) Details of Investments are set out below:

			As at March 31, 2020	As at March 31, 2019
1	**Value of Investments**			
(i)	Gross Value of Investments			
(a)	In India		-	6,107
(b)	Outside India		-	-
		(A)	**-**	**6,107**
(ii)	**Provision for depreciation**			
(a)	In India		-	-
(b)	Outside India		-	-
		(B)	-	-
(iii)	**Net Value of Investments**			
(a)	In India		-	6,107
(b)	Outside India		-	-
		(A-B)	**-**	**6,107**
2	**Movement of provisions held towards depreciation on investments.**			
(i)	Opening balance		-	-
(ii)	Add: Provisions made during the year		-	-
(iii)	Less: Write-offs/ write-back of excess provisions during the year		-	-
(iv)	Closing balance		-	-

(c) Investor group wise classification of all investments (Current and Long Term) in shares and securities (both Quoted and Unquoted):

	As at March 31, 2020		As at March 31, 2019	
	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**
1 Related parties	-	-		
(a) Subsidiaries	-	-		
(b) Companies in the same group	-	-		
(c) Other related parties				
2 Other than related parties	-	-	6,107	6,107
Total	**-**	**-**	**6,107**	**6,107**

(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:**

		As at March 31, 2020	As at March 31, 2019
(i)	Notional principal of swap agreement	-	-
(ii)	Losses which could be incurred if counterparty failed to fulfil their obligations under the agreement	-	-
(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	-	-

(b) **Disclosure on risk exposure in Derivatives**

		As at March 31, 2020	As at March 31, 2019
(i)	Quantitative disclosure on risk exposure in derivatives		
1	Derivatives (Notional Principal Amount)		
	(a) For Hedging	-	-
2	Marked to Market positions		
	(a) Asset (+)	-	-
	(b) Liability (-)	-	-
3	Credit exposure	-	-
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.

(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, 2020 and as at March 31, 2019.

(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, 2020 and as at March 31, 2019.

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

During the years ended March 31, 2020 and March 31, 2019, 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:

		As at March 31, 2020 net of provision (*)	As at March 31, 2019 net of provision (*)
1	Related parties		
(a)	Subsidiaries	-	-
(b)	Companies in the same group	-	-
(c)	Other related parties	-	-
2	Other than related parties	6,36,360	4,66,608
	Total	**6,36,360**	**4,66,608**

(*) 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, 2020 there was no penalty imposed by the RBI and other regulators (Previous Year ₹ Nil).

NIIF INFRASTRUCTURE FINANCE LIMITED

Notes forming part of financial statements as at and for the year ended March 31, 2020

(o) Provisions and Contingencies

₹ in lakhs

	As at March 31, 2020	As at March 31, 2019
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	2,563	1,880
	2,563	**1,880**

In terms of RBI circular reference DOR (NBFC) .CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, the template of comparison between provisions required under Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 is provided below:-

₹ in lakhs

Asset Classification as per RBI norms	Asset Classification as per Ind AS 109	Gross Carrying amount as per Ind AS	Loss Allowance (Provision as required under Ind AS 109)	Net Carrying Amount	Provision as required as per IRACP norms	Difference between Ind AS 109 provisios under IRCAPnorms
1	2	3	4	5=3-4	6	7=4-6
Performing Assets						
Standard	Stage 1	6,38,923	2,559	6,36,364	2,563	(4)
	Stage 2	-	-	-	-	-
Subtotal		6,38,923	2,559	6,36,364	2,563	(4)
Non Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful- up to 1 year	Stage 3	-	-	-	-	-
1-3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal f I		-	-	-	-	-
Loss		-	-	-	-	-
Subtotal f		-	-	-	-	-
Other items such as guarantees, loan commitments, etc which are in the scope of Ind AS 109 but not covered under Current Income Recognition, A lassification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Total	**Stage 1**	6,38,923	2,559	6,36,364	2,563	(4)
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Total	6,38,923	2,559	6,36,364	2,563	(4)

Notes forming part of financial statements as at and for the year ended March 31, 2020

(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, 2020	As at March 31, 2019
Total A largest borrowers/ customers	3,06,032	2,61,547
Percentage of Advances to twenty largest borrowers to Total A	.9%	55.8%

(r) Concentration of Exposures

	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers / customers	3,06,032	2,69,972
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	47.9%	55.4%

(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:

₹ in lakhs

For the year ended March 31, 2020

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

₹ in lakhs

For the year ended March 31, 2019

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, 2020	For the year ended March 31, 2019
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.

41 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.

42 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.

43 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 (Refer note 26)

44 Frauds reported during the year- Nil

45 There are no contingent liabilities as of March 31, 2020.

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

Surya Prakash Rao Pendyala
Chairman

Rajiv Dhar
Director

Sadashiv S Rao
Chief Executive Officer

Sanjay Ajgaonkar
Chief Financial Officer

A A Ranade

Amol Ranade
Company Secretary

Date: May 21, 2020