

Rathi & Associates

COMPANY SECRETARIES

A-303, Prathamesh, 3rd Floor, Raghuvanshi Mills Compound, 11-12, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400 013.
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SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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

Dear Sirs,

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2019, according to the provisions of:
 - (i) the Companies Act, 2013 ("the Act") and the rules made there under;
 - (ii) the Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
 - (i) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
 - (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR");

3. Other laws as applicable specifically to the Company:
 - (i) Infrastructure Debt Fund-Non-Banking Financial Companies (Reserve Bank) Directions, 2011;
 - (ii) Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;
 - (iii) Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015.
4. The provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report:-
 - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (ii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (v) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; and
 - (vi) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
 - (vii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
5. The provisions and guidelines prescribed under the Securities Contracts (Regulation) Act, 1956 ('SCRA') and rules made thereunder were not applicable to the Company during the Financial Year under report.
6. The provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings were not applicable to the Company during the Financial Year under report.

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

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

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

During the Financial Year under report, the Company has generally complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Secretarial Standards etc. except as mentioned herein below:

1. *Non-disclosure of salient features of Remuneration Policy and changes therein, along with the web address of the policy in the Board's Report for the Financial Year ended 31st March 2018 pursuant to proviso to sub-section (4) of Section 178 of the Act;*
2. *Non-furnishing of information as required under Clause 1.2.5 of Secretarial Standard-2 in the Notice of Annual General Meeting held on 21st June 2018, with respect to Mr. Sunil Kakar, Additional Director for whom a resolution for regularization as Director was proposed in the said Notice.*

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Out of 7 Board Meetings held during the financial year under report, in case of 3 meetings, adequate notice for scheduling of meeting was not given to the Directors in compliance with Section 173(3) of the Act. Agenda and detailed notes thereon too were not sent at least seven days in advance in respect of the said meetings. However, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

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

Sr. No.	Date of Allotment	No. of NCD's allotted	Amount raised from issue of NCDs (Rs. in Crores)
1.	26 th April 2018	1,040	104
2.	16 th May 2018	260	26
3.	5 th July 2018	470	47
4.	19 th July 2018	1,890	189
5.	12 th October 2018	120	12



6.	10 th January 2019	250	25
7.	27 th March 2019	1,000	100
	Total	5,030	503

- (b) Dilution of the Shareholding of the Sponsor i.e. IDFC Financial Holding Company Limited within the regulatory limits prescribed under the guidelines issued by the Reserve Bank of India for regulation of Infrastructure Debt Funds. Consequent to the dilution in the Shareholding of Sponsor, 51.48% of the Equity Shareholding of the Company was acquired by National Investment and Infrastructure Fund II (NIIF Fund II), a Category II – Alternative Investment Fund under the SEBI (Alternative Investment Funds) Regulations, 2012.

For **RATHI & ASSOCIATES**
COMPANY SECRETARIES

Neha R Lahoty

NEHA R LAHOTY

PARTNER

M. No. FCS 8568

COP No. 10286

Place: Mumbai

Date: July 18, 2019

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

Rathi & Associates

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Annexure

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

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

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

For RATHI & ASSOCIATES
COMPANY SECRETARIES



NEHA R LAHOTY
PARTNER
FCS No: 8568
C.P. No.: 10286

Place: Mumbai
Date: July 18, 2019