IFCI LIMITED
आई एफ सी आई लिमिटेड
(A Government of India Undertaking)
(भारत सरकार का उपक्रम)

No. IFCI/CS/2019- 738

September 26, 2019

BSE Limited
Department of Corporate Services
Phiroze JeeJeebhoy Tower
Dalal Street, Fort
Mumbai – 400 001

CODE: 500106

Dear Sir/Madam,

Re: Submission of Annual Report of the Company for the FY 2018-19

This is to inform that the 26th Annual General Meeting (AGM) of the Company is scheduled to be held on Wednesday, October 30, 2019 at 10:30 A.M. at Auditorium, 1st Floor, IFCI Tower, 61 Nehru Place, New Delhi – 110019. Annual Report of the Company for the FY 2018-19 inter-alia including Notice calling AGM, Board's Report etc. is enclosed herewith as Annexure. The Annual Report for the FY 2018-19 is also available on the website of the Company at www.ifciltd.com. The relevant details in connection with the 26th AGM are as under:

S.No.	Particulars	Details
1.	Period of Book Closure	Thursday, October 24, 2019 till Wednesday, October 30, 2019 (both days inclusive)
2.	E-voting period	The e-voting period will commence on Sunday, October 27, 2019 (09:00 A.M.) and will end on Tuesday, October 29, 2019 (05:00 P.M.) The e-voting will be disabled thereafter.
3.	Cut-off date for the purpose of determining the voting rights of shareholders of the Company, holding shares either in physical form or in dematerialised form	Wednesday, October 23, 2019

This is for your information and record.

For **IFCI Limited**

(**Rupa Sarkar**)
Company Secretary
Encl.: As above

आई एफ सी आई लिमिटेड
पंजीकृत कार्यालय:
आईएफसीआई टावर, 61 नेहरू प्लेस, नई दिल्ली - 110 019
दूरभाष: +91-11-4173 2000, 4179 2800
फैक्स: +91-11-2623 0201, 2648 8471
वेबसाइट: www.ifciltd.com
सीआईएन: L74899DL1993GOI053677
1948 से राष्ट्र के विकास में

IFCI Limited
Regd. Office:
IFCI Tower, 61 Nehru Place, New Delhi - 110 019
Phone: +91-4173 2000, 4179 2800
Fax: +91-11-2623 0201, 2648 8471
Website: www.ifciltd.com
CIN: L74899DL1993GOI053677
In Development of the Nation since 1948

IFCI

LIMITED

आई एफ सी आई लिमिटेड

(A Government of India Undertaking)

(भारत सरकार का उपक्रम)

ANNUAL REPORT 2018-19

TWENTY-SIXTH ANNUAL GENERAL MEETING

DATE	:	October 30, 2019
DAY	:	Wednesday
TIME	:	10:30 A.M.
PLACE	:	Auditorium, 1st Floor, IFCI Tower 61 Nehru Place, New Delhi - 110 019

NOTE :

1. Shareholders are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
2. No gifts or coupons would be given to the shareholders for attending the Annual General Meeting.

APPEAL

1. Shareholders are requested to register their email ID with the Company/ Registrar & Transfer Agent (R&TA) at complianceofficer@ifciltd.com or admin@mcsregistrars.com, helpdeskdelhi@mcsregistrars.com, in case the shares are held in physical form and with their depository participants (DPs) in case the shares are held in Dematerialised form, to support the Green Initiative taken by the Ministry of Corporate Affairs. Save Trees, Save Environment.
2. IFCI Ltd. had been declaring and paying dividend on its paid-up equity capital from time to time. The dividend details are provided in the Annual Reports of the Company and are available at IFCI's website www.ifciltd.com.

   As per Section 124(6) of the Companies Act, 2013, all **shares** in respect of which Dividend has not been paid or claimed for 7 consecutive years or more shall be transferred by the Company to IEPF Authority. All subsequent corporate benefits such as Bonus Shares, Dividend etc. except right issue, if any, that may accrue in relation to the above shares will also be credited to the IEPF Authority.

   We, therefore, advise you to claim the unclaimed dividends for FY 2012-13 and onwards, by making an application to the Company so as to reach the Company / R&TA of the Company, so that your shares are not transferred to IEPF Authority in compliance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund), Amendment Rules, 2017 (IEPF Rules). Both unclaimed dividend and the shares that have been transferred to IEPF Authority, may be claimed from the IEPF Authority by following prescribed procedure.
3. In terms of SEBI Gazette Notification date June 08, 2018 read with SEBI Press Release date December 03, 2018, after April 01, 2019, transfer of listed securities (Shares, Debentures, Bonds, etc.) would be carried out in dematerialised form only. Therefore, Security holders are requested to get their securities dematerialised in order to avoid any inconvenience, as per Regulation 40 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
4. Security holders holding security in physical form are requested to submit their PAN & Bank Account details with the company or respective R&TAs, in terms of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

CONTENTS

Board of Directors & Principal Officers	2
Financial Highlights	3
Annual Performance Trends	4
Chairman's Speech for Financial Year 2018-19	5
Notice	7
Board's Report	13
Report on Corporate Governance	60
Form AOC-1	70
Independent Auditors' Report	72
Balance Sheet	80
Statement of Profit and Loss	81
Cash Flow Statement	82
Accounting Policies & Notes to the Financial Statements	84
Independent Auditors' Report (Consolidated)	161
Consolidated Balance Sheet	170
Consolidated Statement of Profit and Loss	171
Consolidated Cash Flow Statement	172
Accounting Policies & Notes to the Consolidated Financial Statements	174

(As on 19.09.2019)

BOARD OF DIRECTORS

Dr Emandi Sankara Rao	Managing Director & CEO
Shri Anand Madhukar	
Dr Bhushan Kumar Sinha	
Ms Kiran Sahdev	
Prof N Balakrishnan	
Prof Arvind Sahay	

(As on 01.08.2019)

CHIEF VIGILANCE OFFICER

Shri Atul Sinha

PRINCIPAL OFFICERS

EXECUTIVE DIRECTORS

Shri V Satyavenkata Rao

Shri Biswajit Banerjee

CHIEF GENERAL MANAGERS

Shri Prasoon

Shri Sachikanta Mishra

GENERAL MANAGERS

Shri Sanjeev Kumar Jain	Shri Shivendra Tomar (Additional charge as ED-ILD)	Shri Suneet Shukla
Smt Pooja S Mahajan	Shri Pawan Kumar	Shri Bikash Kanti Roy (On deputation to IFL as MD)
Shri Atul Saxena	Shri Vijay Pal	Smt Rita Jan
Shri Harjeet Singh	Shri Rajeev Ahluwalia	Smt Jhummi Mantri (CFO)
Shri Deepak Mishra	Shri Samik Dasgupta	Shri V Anish Babu
Smt Rupa Deb (Sarkar) (CS)	Shri Rajesh Kumar Gupta (Chief Risk Officer)	Shri Alok Sabharwal
Smt C Santhi	Shri Shakti Kumar (On deputation to IVCF as MD)	Shri V K Deshraj
Shri Manoj Kumar Parida	Shri V Sreekumaran Nair	Shri Debashish Gupta
Shri B B Sahu		Shri Dharam Pal Rauhilla

STATUTORY AUDITORS

KPMR & ASSOCIATES
Chartered Accountants

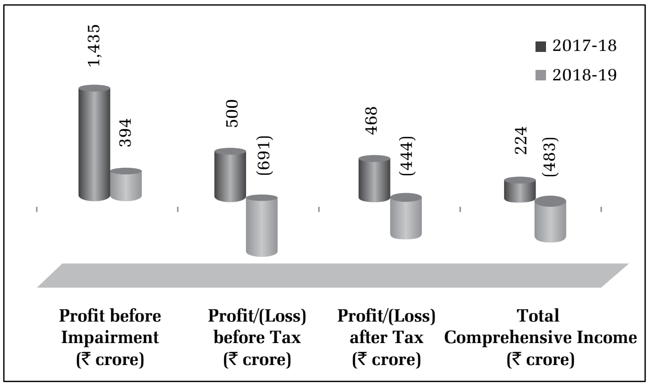
FINANCIAL HIGHLIGHTS

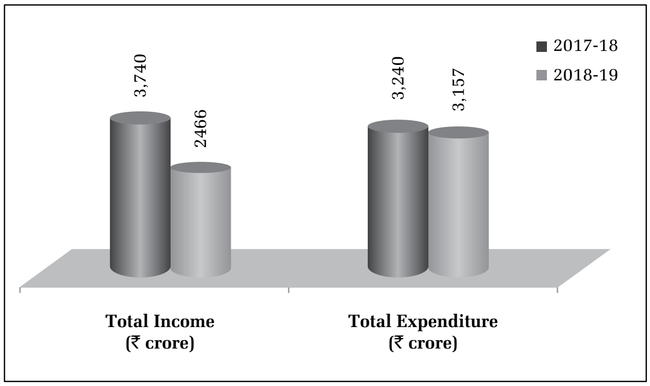
(₹ crore)

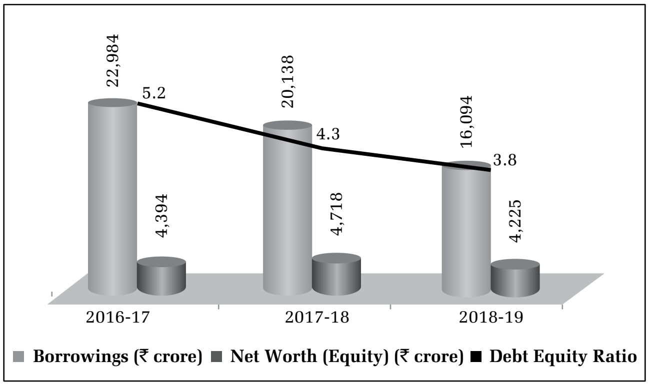
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
LIABILITIES AND EQUITY			
Financial Liabilities	**17,945.78**	22,044.20	24,696.29
Non-financial Liabilities	**84.47**	242.06	242.42
Share Capital	**1,695.99**	1,695.99	1,662.04
Other Equity	**2,529.31**	3,022.28	2,732.23
	22,255.55	27,004.53	29,332.98
ASSETS			
Non-financial Assets	**4,522.63**	4,173.38	4,119.80
Financial Assets	**17,687.46**	22,259.16	24,546.44
Assets Classified as held for sale	**45.46**	571.99	666.74
	22,255.55	27,004.53	29,332.98

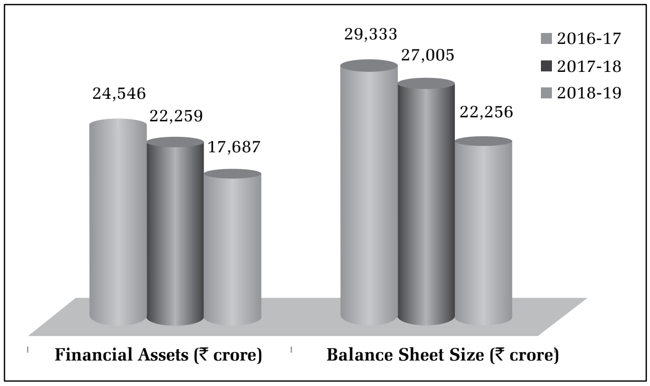
	2018-2019	2017-2018
EARNINGS		
Total Income (₹ crore)	**2466.20**	3,739.99
Profit before Impairment	**393.54**	1,434.62
Profit/(Loss) before Tax (₹ crore)	**(691.29)**	500.25
Profit/(Loss) after Tax (₹ crore)	**(443.83)**	468.37
Total Comprehensive Income	**(483.18)**	224.00
RATIOS		
Capital to Risk Assets Ratio	**8.0%**	12.0%
Debt-Equity Ratio	**3.8**	4.3

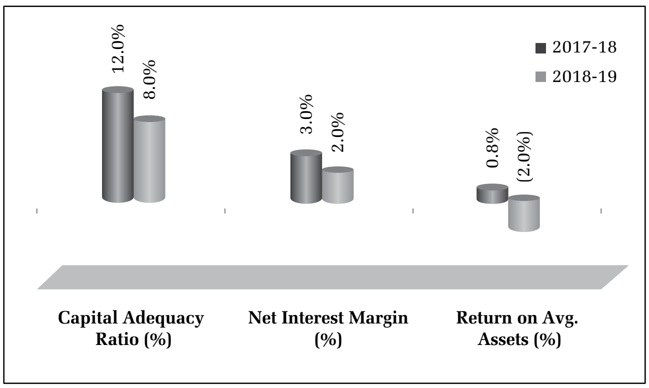
ANNUAL PERFORMANCE TRENDS

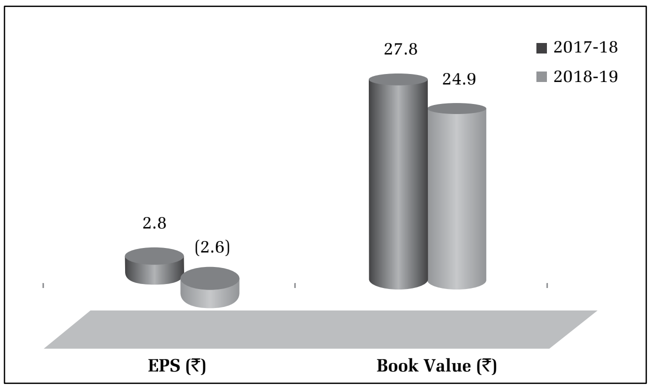


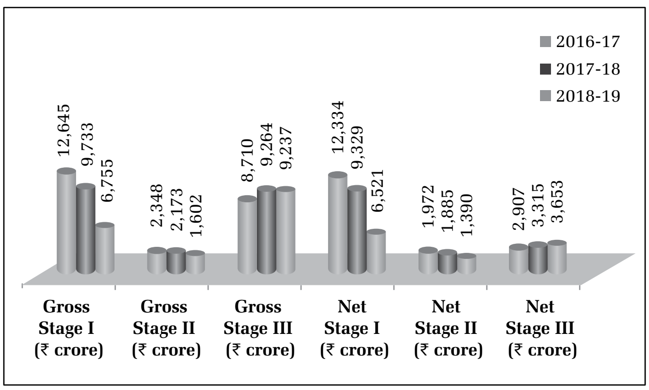


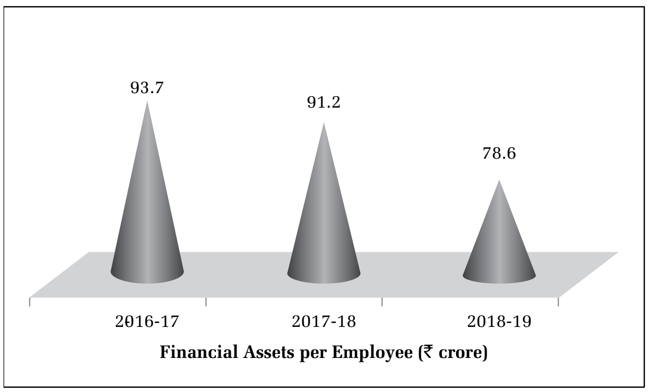












CHAIRMAN'S SPEECH FOR FINANCIAL YEAR 2018-19

Dear Shareholders,

I welcome you to the 26th Annual General Meeting of IFCI Ltd. I thank you for your continued trust and unwavering support, extended to IFCI all these years.

Before coming to IFCI's performance, I would like to dwell on the developments in the Indian economy and the Banking & Finance sector during the financial year 2018-19.

MACRO-ECONOMIC SCENARIO & DEVELOPMENTS

The world economy grew at a decelerated rate in 2018 at 3.6% as compared to 3.8% growth registered in 2017. The economic activity slowed down in 2018 on account of the escalation of US–China trade tensions, macroeconomic stress in Argentina and Turkey, disruptions to the auto sector in Germany, tighter credit policies in China, and financial tightening alongside the normalization of monetary policy in the larger advanced economies. All these factors have contributed to a significantly weakened global expansion, especially in the second half of 2018, after experiencing strong growth in 2017 and early 2018, thereby reflecting financial consolidation and slow-down in manufacturing due to trade tensions between major economies.

The Indian economy, consecutively for the 2nd year, was able to retain its place of the fastest growing major economy in the world in FY 2018-19 as well, as it continued its climb on an upward growth path, however, it grew at a slower pace in 2018-19 at 6.8% vis-à-vis 7.2% growth registered in 2017-18. The Indian Economy slow down on account of slowest growth rate observed in Q4 of FY 2018-19 at 5.8%.

The International Monetary Fund (IMF) in its latest World Economic Outlook of April, 2019, issue has pegged a higher growth for Indian Economy at 7.3% and 7.5% for FY 2018-19 and FY 2019-20, respectively, where the World Economy is expected to grow at 3.3% in both the years 2019 & 2020.

Investment has continued to grow robustly, supported by large public sector projects. In contrast, private investment, in particular manufacturing, has been affected by uncertainty ahead of the parliamentary elections, combined with persistent challenges in financing projects, acquiring land and getting all the necessary clearances. Rural consumption, two-wheeler and tractor sales have slowed, driven by subdued agricultural prices and wages. However, the consumer durables market is expected to pick up supported by rising disposable incomes, greater electrification and FDI investments. The FMCG sector continues to perform well and is expected to grow further, fuelled by rising consumption and investment patterns. Retail business which had suffered setback in FY 2018-19 is expected to grow in FY 2019-20 especially with the boost provided by RBI by reducing the risk weightage on retail loans.

GLOBAL DEVELOPMENTS & OUTLOOK

The global economic activity slowed down considerably in second half of 2018, after experiencing strong growth in 2017 and early 2018, thereby reflecting financial consolidation and slow-down in manufacturing due to trade tensions between major economies. The weakening of consumer and business confidence led to loss of momentum in Euro area. Similarly, the new emission standards led to disruptions in car production in Germany. Likewise, investments dropped in Italy as sovereign spreads widened; and external demand, especially from emerging Asia, softened. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets in the spring of 2018 and then in advanced economies later in the year, weighing on global demand. The global economy is expected to grow at a decelerated rate by 3.2% in 2019, in comparison with 3.6% growth registered in 2018, due to slower growth projected for the advanced economies at 1.8% in 2019 in comparison with 2.2% growth of 2018. Growth across emerging market and developing economies is projected to stabilize slightly at 4.4% and 4.8% in 2019 and 2020 respectively. The baseline outlook for emerging Asia remains favourable, with Indian Economy's growth projected at 7.0% and 7.2% in 2019 and 2020 respectively.

The Borrowing costs for emerging market and developing economies (EMDEs) have increased. Further, the strengthening of USD, heightened financial market volatility, and rising risk premiums have intensified capital outflow and currency pressures in some large EMDEs, with some vulnerable countries experiencing significant financial stress. Energy prices have fluctuated markedly, mainly due to supply factors, with sharp falls toward the end of 2018. Other commodity prices-particularly metals-have also weakened, posing renewed headwinds for commodity exporters.

DOMESTIC DEVELOPMENTS & OUTLOOK

The Indian economy, consecutively for the 2nd year, was able to retain its place of the fastest growing major economy in the world in FY 2018-19 as well. As per advance estimates released by the Central Statistical Office (CSO), the Indian economy is expected to grow at 7% in FY 2018-19. However, this growth is slower than growth of 7.2% registered in FY 2017-18. The International Monetary Fund (IMF) in its latest World Economic Outlook of April, 2019, issue has pegged a higher growth for Indian Economy at 7.3% and 7.5% for FY 2018-19 and FY 2019-20, respectively. The estimates are on the back of continued recovery of investment and robust consumption amid a more accommodative stance of monetary policy and some expected impetus from fiscal policy.

As per the World Economic Organisation report, efforts to enhance land reforms in order to facilitate and expedite infrastructure development are expected to lead to overall growth of the economy. However, downside risk which could impair India's Growth trend on account of slowdown in global demand on account of fiscal consolidation and uncertainty arising out of global trade tensions and the weak economic outlook in industrial countries.

BANKING SECTOR

The Indian Economy grew at a decelerated rate at 6.8% in FY 2018-19 as compared to 7.2% growth registered in previous FY, owing to the slowdown registered in Q4, as the economy grew by only 5.8% as compared to 6.6% growth registered in previous quarter and 8.0% growth registered in Q1 of FY 2018-19. During the FY 2018-19, the banking sector appears to be on course to recovery after a prolonged period of stress, as the load of impaired assets recedes; Credit growth of Scheduled Commercial Banks (SCBs) improved as it grew by 13.2% (yoy) in March, 2019 vis-à-vis 10.4% growth registered in March, 2018. This growth is largely driven by 21.0% growth registered by Private Sector Banks (PVBs) in March, 2019. The credit and deposit growth rate of Public Sector Banks (PSBs) also registered a growth during the period March, 2018 to March, 2019 from 6.3% to 9.6% and 3.3% to 6.5%, respectively, on yoy basis. The asset quality of banks showed an improvement, although profitability continued to erode.

The Gross Non-Performing Assets (GNPA) ratio of SCBs registered a decline from 11.5% in March, 2018 to 9.3% in March, 2019, which is further expected to decline to a level of 9.0% by March, 2020, whereas in case of PSBs, the GNPAs are expected to come down from 12.6% in March, 2019 to 12.0% in March, 2020.

Provision coverage ratio (PCR) of all SCBs rose sharply to 60.6% in March 2019 vis-à-vis 48.3% in March 2018, increasing the resilience of the banking sector, indicating improvements for both the PSBs and the PVBs. The decline in gross NPA ratio since September 2015 and improved Provision Coverage Ratio (PCR) were the positive signals. Stress test results also suggest further improvement in NPA ratio, though the current level remains high for comfort.

The Capital to Risk-Weighted Assets Ratio (CRAR) of SCBs improved marginally after recapitalization of PSBs from 13.8% in March 2018 to 14.3% in March, 2019. CRAR of PSBs also improved and touched level of 12.2% in March, 2019 vis-à-vis 11.7% in March, 2018. There was a marginal decline in Tier I leverage ratio of the SCBs between March 2019 and March, 2018.

NBFC SECTOR

Non-Banking Financial Companies (NBFCs) have consistently been increasing their share of lending to the Indian financial sector. However, in line with the general trend in banking & financial services industry, a deterioration in asset quality of NBFC sector has been witnessed in the past one year. As on March, 2019, there were 9,659 NBFCs registered with the Reserve Bank of India, of which 88 were deposit accepting (NBFCs-D), and 263 were systemically important non-deposit accepting NBFCs (NBFCs ND-SI). All NBFCs-D and NBFCs-ND-SI are subjected to prudential regulations such as capital adequacy requirements and provisioning norms along with periodic reporting requirements.

The consolidated balance sheet size of the NBFC sector (including NBFC-D and NBFC-ND-SI, including Government NBFCs) registered a 20.6% (YoY) growth and stood at ₹28.8 trillion as on March, 2019 vis-à-vis 17.9% growth at ₹24.5 trillion as on March, 2018. There was a 6.3% (YoY) increase in share capital of NBFCs in March, 2019. The borrowings registered a growth of 19.6% (YoY) in March, 2019 which was same a year back. Loans and advances grew at a decelerated rate at 18.6% (YoY) in March, 2019 as compared to by 21.1% (YoY) and investments increased nearly by two times at 24.4% (YoY) in March, 2019 as against the growth rate of 12.9% (YoY) respectively in March 2018. Net profit of NBFC sector registered a decelerated growth as it expanded by 15.3% (annualised) during FY 2018-19 vis-à-vis 27.5% growth during FY 2017-18. Return on Assets (RoA) for the FY 2018-19 remained static at 1.7% (annualised). Leverage ratio improved marginally to 3.4% as on March 31, 2019 from 3.2% as on March 31, 2018.

Stressed assets of NBFC sector have increased during the period March, 2018 – March, 2019, since Gross NPAs of the NBFC sector as a percentage of total advances increased to 6.6% as on March 31, 2019 from 5.8% as on March 31, 2018. However, the net NPA ratio declined marginally from 3.8% as on March 2018 to 3.7% as on March 31, 2019. Further, as per extant guidelines, NBFCs (other than Government NBFCs) are required to maintain a minimum capital level consisting of Tier-I and Tier-II capital, of not less than 15% of their aggregate risk-weighted assets. NBFCs' CRAR decreased to 19.3% in March, 2019 from 22.8% in March 2018. From April 1, 2018 onwards, NBFC-ND-SIs and all deposit taking NBFCs are required to maintain 10% of Tier I capital.

OPERATIONAL AND FINANCIAL PERFORMANCE OF IFCI

As the overall economic environment and especially, the credit offtake was subdued during FY 2018-19, IFCI's performance was also affected in line with the overall financial sector. Despite decline in operational income and fair value loss, Your Company could earn profit of ₹393 crore before impairment on financial instruments, though suffered a total comprehensive loss of ₹483.18 crore during the year under report, mainly on account of large amount of impairment made in respect of Stage-3 assets, especially, the cases admitted in National Company Law Tribunal (NCLT). The substantial amount of provisions enhanced the provision coverage ratio to over 60%, however, the capital adequacy ratio declined to 7.97% with Tier-I capital at 5.31%.

Various strategic initiatives including measures for recovery were initiated during the year in order to maximize recovery under Insolvency and Bankruptcy Code (IBC) route and other modes, expedite divestment of non-core assets and strengthen the appraisal and risk management processes and controls, which are expected to improve the asset portfolio quality as well as cash flow of Your Company and make the balance sheet of Your Company healthier.

SANCTIONS AND DISBURSEMENTS

The economic climate was not very conducive during the year due to subdued credit demand, volatility in international crude oil and metal prices and other global issues like trade war. The strict regulations by the regulators, especially after the failure of certain large NBFCs, made the business more difficult in the NBFC sector. Under such circumstances, Your Company adopted a cautious approach in its business to ensure new business in quality assets while conserving enough liquidity. As a conscious strategy, more standalone and less consortium loans were considered, based on past experience in debt servicing and recovery rates. In order to further improve existing risk profile on the assets and the liabilities side, conscious efforts were made to increase the share of short term loans while reducing level of project loans.

During the year under consideration, Your Company, sanctioned and disbursed, loan to the tune of ₹3,760 crore and ₹3,238 crore respectively vis-à-vis sanctions and disbursement of ₹7,216 crore and ₹4,434 crore, respectively in FY 2017-18.

RECOVERY

During the FY 2018-19, Your Company focused on recoveries from Non-Performing Accounts (NPA), by initiating various proactive measures. Aggregate amount of ₹1,207 crore was recovered from NPAs including National Company Law Tribunal (NCLT) resolution cases amounting to ₹1007.30 crore. Besides this, Your Company was also successful in exiting from few of the long standing unquoted project equity investments and recovered ₹780 crore including ₹745 crore from Equity Shares in a thermal power case. Your Company had received security receipts in earlier years towards part value of assignments of certain NPAs to Asset Reconstruction Companies (ARCs). During the year under report, redemption of some of the security receipts resulted in recovery of ₹555 crore. Your Company is committed to continue its aggressive approach for recovery from NPAs and other stressed assets through various modes and strategies.

ADHERENCE TO THE CORPORATE GOVERNANCE

The Report on Corporate Governance for the FY 2018-19 forms separate part of the Annual Report. During the Year under report, Your Company has made all out efforts for compliance of the conditions of Corporate Governance as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises 2010, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015. However, the requirements w.r.t. Board constitution could not be met, in absence of requisite number of Independent Directors on the Board of the Company. Application for appointment of Independent Directors has already been made with the Department of Financial Services, being the Administrative Ministry in Charge. The appointments are awaited.

CONCLUDING REMARKS & ACKNOWLEDGEMENT

With all the efforts being made by Your Company to further strengthen its operational, financial and human resources performance, I hope that it will overcome the challenges & emerge triumphant once again in the very near future.

I take this opportunity to thank the Government of India, especially the Ministry of Finance, the Ministry of Corporate Affairs, The Reserve Bank of India, The Securities & Exchange Board of India and all stakeholders including Banks and Financial Institutions, for the continued support and guidance provided to Your Company. Your Company expresses its gratitude for the professional advice and vision of the Board of Directors. I place on record my sincere thanks to all our esteemed shareholders, clients and investors for their unstinted support to the Company. I also wish to place on record my deep appreciation of the dedicated service of all the employees at all levels of Your Company.

Thank you.

Dr Emandi Sankara Rao
Managing Director & CEO
DIN: 05184747

Date : 24.06.2019

NOTICE

NOTICE is hereby given that the Twenty-Sixth (26th) Annual General Meeting (AGM) of the Members of IFCI Limited will be held on Wednesday, October 30, 2019 at 10:30 A.M. at Auditorium, 1st floor, IFCI Tower, 61 Nehru Place, New Delhi-110019, to transact the following business:

Ordinary Business

1. To consider and adopt the Audited Financial Statements and Consolidated Financial Statements of the Company for the year ended March 31, 2019 and the reports of the Auditors' and Boards' thereon.
2. To confirm the dividend already paid on Preference Shares as Final dividend.
3. To appoint a Director in place of Prof Narayanaswamy Balakrishnan (DIN: 00181842), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To fix remuneration of the Statutory Auditor(s) of the Company in terms of the provisions of Section(s) 139(5) and 142 of the Companies Act, 2013 and to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of Sections 139(5) and 142 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Board of Directors of the Company, be and is hereby authorized to decide and fix the remuneration of the Statutory Auditor(s) of the Company appointed by Comptroller and Auditor General of India (C&AG) for the Financial Year 2019-20, as may be deemed fit."

Special Business

5. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution(s):-

   "RESOLVED that in accordance with the provisions of Section(s) 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and any other applicable laws including the SEBI (Issue & Listing of Debt Securities) Regulations, 2012; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Securities Contract (Regulations) Act, 1956 and other applicable SEBI regulations and guidelines, the circulars / directions / guidelines issued by the Reserve Bank of India, and any other Rules / Regulations as amended from time to time, the provisions of the Memorandum and Articles of Association of the Company and subject to the receipt of requisite approvals as may be applicable / required, including the approval of any existing lenders / trustees of Debenture Holders, if so required under the terms of agreement / deed and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board (the term "Board" shall include any duly constituted Committee thereof, for the time being exercising the power conferred on the Board by this resolution), consent of the Members be and is hereby accorded to raise funds through private placement of unsecured/secured non-convertible bonds / debentures upto an amount of ₹5,000 crore during a period of one year from the date of passing of this resolution in one or more tranches, to such persons as identified by the Board, who may or may not be the existing bond/debenture holders of the Company, as the Board may at its sole discretion decide, including eligible investors (whether residents and/or non-residents and/or institutions/incorporated bodies and/or individuals and/or trustees and/or banks or otherwise, in domestic and/or one or more international markets) including Non-Resident Indians, Foreign Institutional Investors (FIIs), Venture Capital Funds, Foreign Venture Capital Investors, State Industrial Development Corporations, Insurance Companies, Provident Funds, Superannuation & Pension Funds, Scheduled Commercial Banks, Financial Institutions, Primary/State/ District/Central Co-operative Banks, Regional Rural Banks, Mutual Funds, Bodies Corporate, companies, private or public, trust or any other entities, authorities, and to such other persons or investors category eligible to invest subject to current applicable Rules, Act, Laws etc., in one or more combinations thereof through Private Placement in one or more tranches and including the exercise of a green-shoe option (within the overall limit of ₹5,000 crore, as stated above), if any, at such terms as may be determined under the guidelines as may be applicable and on such terms and conditions as may be finalized by the Board.

   RESOLVED FURTHER that for the purpose of giving effect to any Private Placement of unsecured/secured non-convertible bonds/ debentures, the Board, be and is hereby authorized to determine/ approve/ vary or modify the terms of the Issue, including the class of investors to whom the bonds/debentures are to be allotted, the number of bonds/ debentures to be allotted in each tranche, issue price, tenor, interest rate, premium/discount to the then prevailing market price, amount of issue, discount to issue price to a class of bond/ debenture holders, listing, issuing any declaration / undertaking etc. required to be included in the Private Placement Offer Letter and to do and execute all such acts, deeds and things as they may, in their absolute discretion deem necessary, desirable or expedient for any offer, issue, allotment of the aforesaid unsecured/secured non-convertible bonds/ debentures, including but not limited to listing with the Stock Exchanges and to resolve and to settle all questions and difficulties that may arise in the proposed offer, issue and allotment of the aforesaid non-convertible Debentures/ Bonds and to do all such deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit without being required to seek any further consent or approval of the Members of the Company or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

   RESOLVED FURTHER that the Board of the Company be and is hereby authorise to delegate such powers to the Committee of Directors as it may deem necessary in relation to allotment of aforesaid unsecured/secured non-convertible bonds/ debentures issued on Private Placement basis."

Registered Office: **By order of the Board of Directors**
IFCI Tower
61 Nehru Place
New Delhi-110 019
CIN: L74899DL1993GOI053677
Tel: 011-41732000
Fax: 011-26230201
Website: www.ifciltd.com
Email: complianceofficer@ifciltd.com

Rupa Sarkar
Dated: June 24, 2019 Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DEPOSITED TO THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING, DULY COMPLETED AND SIGNED. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**
2. During the period beginning 24 hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than 3 days of Notice in writing is given to the Company.
3. The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013, (Act), setting out material facts in respect of the special business under item no 5 is annexed hereto.
4. The Board of Directors in their meeting held on July 2, 2018 had approved for variation in the terms of redemption of Preference shares by incorporating the call option /right of IFCI to make pre-mature redemption of IFCI preference shares, subject to the consent of the Preference Shareholders. Consequently, 99.56% of Cumulative Redeemable Preference shareholders had approved the variation in terms of redemption.

   Accordingly, Preference shareholders were informed about the record date and payment date of premature redemption of preference shares and dividend thereon vide notice dated August 27, 2018. The redemption amount of ₹225 crore along with prorate dividend of ₹0.09 crore for the period April 1, 2018 to August 30, 2018 was paid on 31/8/2018.
5. Brief profile of Director proposed to be appointed/ reappointed is set out in the "Information about Directors seeking appointment/ re-appointment as mandated under Regulation 36 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015" annexed with the Notice.
6. All documents referred to in the accompanying Notice and the Explanatory Statement as well as the other documents as required under the provisions of the Companies Act, 2013 are open for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and Holidays between 11:00 a.m. to 1:00 p.m. up to the date of this AGM. The Registers required to be maintained u/s 170 of the Companies Act, 2013, will be available for Inspection at AGM.
7. Register of Members and Share Transfer Books for equity shares will remain closed from Thursday, October 24, 2019 to Wednesday, October 30, 2019 (both days inclusive).
8. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is providing facility of voting through electronic means to its Members in respect of the business to be transacted at the 26th AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL), for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using an electronic voting system from a place other than the venue of the AGM (remote e-voting) will be provided by CDSL.

The instructions for members for voting electronically are as under:-

(i) The shareholders should log on to the e-voting website www.evotingindia.com.

(ii) Click on Shareholders / Members Tab to cast your votes.

(iii) Now Enter your User ID

- **(a) For CDSL: 16 digits beneficiary ID,**
- **(b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,**
- **(c) Members holding shares in Physical Form should enter Folio Number registered with the Company.**

(iv) Next enter the Image Verification Code as displayed and Click on Login Tab.

(v) If you are holding shares in demat form and had earlier logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

(vi) If you are a first time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the eight digit of the sequence number in the PAN Field (refers sequence number printed on the name and address sticker/ email).

	• In case the sequence number is less than eight digit then enter the applicable number of Zero's before the Number, after the first two characters of the name in CAPITAL Letters. Eg. If your name is Ramesh Kumar with sequence Number 1, then enter RA00000001 in the PAN Field.
Dividend Bank Details / Date of Birth (DOB)	Enter the Dividend Bank Details or Date Of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login • If both the details are not recorded with the Depository or the Company, please enter the Member ID/ Folio Number in the Dividend Bank details field as mentioned in instruction (iii) above.

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company in which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN of IFCI to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Shareholders can also CAST their vote using CDSL's Mobile app m-Voting available for Androids based Mobiles. The m-Voting app can be downloaded from Google Play store. Apple and Windows phone users can download the app from the App store and the Windows phone store respectively. Please follow the instructions as prompted by the Mobile app while voting on your mobile.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e., Wednesday, October 23, 2019 may follow the same instructions as mentioned above for e-Voting.

- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- Details of the person who can be contacted for any grievances connected with the facility for voting by electronic means :

  Shri Rakesh Dalvi

  Manager

  A, Wing, 25th Floor, Marathon Futurex,

  Mafatlal Mills Compound, N. M. Joshi Marg, Lower Parel (E)

  Mumbai-400013

  Email id: helpdesk.evoting@cdslindia.com

  Toll free number: 1800 225 533

- **Other Information:**

(A) The voting period begins on Sunday, October 27, 2019 at 9:00 A.M. and ends on Tuesday, October 29, 2019 at 5:00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (Wednesday, October 23, 2019), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(B) The facility for voting through polling paper shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through polling paper.

(C) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their votes again.

(D) The shareholders can opt for only one mode of voting i.e. remote e-voting or physical polling at the meeting. In case of voting by both the modes, vote cast through remote e-voting will be considered final and voting through polling paper will not be considered.

(E) The Board of Directors has appointed Shri Sanjay Grover (Membership No. F-4223, COP 3850), Practising Company

Secretary, failing him Shri Devesh Vashisht (Membership No. F8488, COP-13700), Practising Company Secretary, New Delhi as Scrutinizer to scrutinize the remote e-voting, poll process in a fair and transparent manner and to submit report thereon.

(F) The results declared along with the Scrutinizer's Report shall be placed on the Company's website at www.ifciltd.com and on the website of CDSL at www.evotingindia.com immediately and on the Notice Board of the Company at its registered office after the result is declared. The Company shall simultaneously forward the results to the Stock Exchanges where the shares of the Company are listed.

8. IFCI is not including the financial statements of its subsidiaries on standalone basis in its Annual Report. However, in terms of Section 136 of the Act, the Annual Audited Accounts of these companies will be available at the website of the Company at www.ifciltd.com. The Annual Accounts of these Companies are open for inspection at the Registered Office of IFCI and at the Registered Offices of the respective companies upto the date of this AGM on any working day. The Company will also provide copy of separate audited financial statements in respect of each of its subsidiaries to any of the shareholder of the Company who ask for it.

9. The Members holding equity shares in physical form are requested to intimate to the Registrar and Transfer Agent (R&TA), MCS Share Transfer Agent Ltd., F-65, Okhla Industrial Area, Phase - I, New Delhi - 110 020, regarding change of address, if any, at the earliest, quoting their registered folio number. Change of address in respect of shares held in dematerialized form is required to be intimated to the concerned Depository Participant.

10. Members holding shares in more than one folio in identical order of names are requested to write to Registrar & Transfer Agent enclosing their share certificates to enable them to consolidate the holdings in one folio to facilitate better service.

11. Members seeking any information with regard to accounts or operations are requested to write to the Company at an early date, preferably at least seven days prior to the date of Meeting, so as to enable the management to keep the information ready.

12. Members/Proxies should bring the attendance slips duly filled in for attending the Meeting. Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification of attendance at the Meeting.

13. Pursuant to Section 205A of the Companies Act, 1956, the Company has already transferred all unclaimed dividend declared upto the Financial Year ended March 31, 1994 to the General Revenue Account of the Central Government as required by the Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules 1978. Consequent upon amendment to Section 205A and introduction of Section 205-C of the Companies Act, 1956, the unclaimed dividend for the Financial Years 1994-95 to 1998-99 has been transferred to the Investor Education & Protection Fund. The Company had not declared any dividend for the Financial Years 1999-2000 to 2007-08. The unclaimed dividend for the years 2008-09, 2009-10, 2010-11 have already been transferred to IEPF, pursuant to the provisions of Section 124 of the Act, read with other applicable Law / Rules / Regulation in this regard.

14. The dividend for the Financial Years 2011-12, 2012-13, 2013-14, 2014-15 (interim & final) and 2015-16 (interim) that remained unclaimed after 30 days from the date of declaration of dividend has been transferred to the Unpaid Dividend Accounts [2011-12, 2012-13, 2013-14, 2014-15 (interim & final), and 2015-16 (Interim), respectively] of IFCI Ltd. **The Dividend remaining unclaimed for seven years from the date of transfer to the above mentioned accounts, are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF). The due date for transfer of unpaid dividend amount to IEPF for these years are:**

Year	Due Date
2011-12	17.08.2019
2012-13	12.12.2020
2013-14	29.09.2021
2014-15(interim)	30.03.2022
2014-15 (final)	27.10.2022
2015-16 (interim)	16.03.2023

15. Members who have not yet encashed their dividend warrants or are not in receipt of the dividend warrants are requested to seek issuance of demand draft from IFCI. It may be noted that once the unclaimed dividend is transferred to the IEPF, no claim shall lie in respect thereof. **For the dividend declared for the year 2011-12, members who have not yet encashed their dividend warrants or are not in receipt of the dividend warrants for the year 2011-12 are requested to contact the Company/ RTA well before time i.e. well before the due date of transferring the amount to IEPF as stated above.**

16. Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliance by the Companies. In order to support the said initiative, Your Company sent the copy of the Annual Report along with the notice convening the AGM through e-mail to those members whose e-mail ID has been provided by them through their DPs / RTA. Also the Annual Report has been uploaded on the website of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

As per Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 18 of the Companies (Share capital and Debentures) Rules, 2014 and the other applicable rules made thereunder, a Company offering or making an invitation to subscribe to Non-Convertible Debentures ("NCDs") on a private placement basis, is required to obtain the prior approval of the Shareholders by way of a Special Resolution. The relevant provisions of the Companies Act, 2013, also provide that such an approval by way of special resolution can be obtained once a year for all the issues, offers and invitations made for such NCDs during the year. Members of the Company at the 25th Annual General Meeting held on September 28, 2018, approved by way of Special Resolution, issuance of securities by private placement for an amount not exceeding ₹5,000 crore in the year commencing from September 28, 2018 i.e. the date of approval by shareholders. However, the above approval of the shareholders is valid only upto a period of 1 year, thereby completing on September 27, 2019.

In order to augment long term resources for onward lending, repayment / prepayment of principal of existing borrowings and/ or for general corporate purposes, consent of the Members is required for the raising of funds thereafter and in line with the aforesaid statutory provisions, it is necessary to pass a Special Resolution at this AGM for raising of funds through private placement of secured/ unsecured non-convertible bonds/ debentures during a period of one year from the date of passing of this resolution.

The Board of Directors at their Meeting held on June 24, 2019 had subject to the approval of the shareholders, accorded approval for raising of funds by way of Private Placement of unsecured/secured non-convertible bonds/ debentures, to the extent of ₹5000 crore, in one or more tranches, to such person or persons, who may or may not be the bond/ debenture holders of the Company.

Further, the Board of Directors of the Company (the "Board") or any Committee duly constituted by the Board or such other authority as may be approved by the Board shall be authorized to make offer(s) or invitation(s) to subscribe to private placement of secured/unsecured, redeemable, nonconvertible, taxable / tax free, senior/subordinated bonds/debentures/notes/debt securities ("Bonds") in India and/or outside India and determine the terms of the issue, including the class of investors to whom the bonds/debentures are to be allotted, the number of bonds/debentures to be allotted in each tranche, issue price, tenor, interest rate, premium/discount to the then prevailing market price, amount of issue, discount to issue price to a class of bond/debenture holders, listing, issuing any declaration/undertaking etc. required to be included in the Private Placement Offer Letter and to do and execute all such acts, deeds and things under any other regulatory requirement for the time being in force.

Therefore, the approval of the Members is being sought by way of a Special Resolution under Sections 42 and 71 of the Act read with the applicable Rules made thereunder, to enable the Company to offer or invite subscriptions for securities, including but not limited to bonds and NCDs upto ₹5,000 crore on a private placement basis, in one or more tranches, during the period of one year from the date of passing of the Resolution at Item No. 5, within the overall borrowing limits of the Company, as approved by the Members from time to time.

All documents referred to in the accompanying Notice and the explanatory statement as well as the other documents as required under the provisions of the Companies Act, 2013 are open for inspection at the Registered Office of the Company, on all working days except Saturdays, Sundays and Holidays, between 11:00 a.m. to 1:00 p.m. upto the date of this AGM. The registers required to be maintained u/s 170 of the Companies Act, 2013 will be available for inspection at the AGM.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution.

Your Directors recommend the Special Resolution for approval of the Members.

Registered Office: **By order of the Board of Directors**
IFCI Tower
61 Nehru Place
New Delhi - 110 019 **Rupa Sarkar**
CIN: L74899DL1993GOI053677 Company Secretary
Tel: 011-41732000
Fax: 011-26230201
Website: www.ifciltd.com
Email: complianceofficer@ifciltd.com
Date: June 24, 2019

INFORMATION ABOUT DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AS MANDATED UNDER REGULATION 36 of SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS 2015 IS AS UNDER:

Prof N. Balakrishnan

Prof N. Balakrishnan aged around 69 years (born on June 1, 1950) is an Honorary Professor at the Department of Aerospace Engineering and at the Supercomputer Education and Research Centre. He joined the Department of Aerospace Engineering as an Assistant Professor. He has also held the positions of Associate Director of the Indian Institute of Science; Chairman, Division of Information Sciences and Chairman, Supercomputer Education and Research Centre.

He has done his B.E. (Hons.) in Electronics and Communication from the University of Madras in 1972 and Ph.D. from the Indian Institute of Science in 1979. He is a Fellow of The World Academy of Sciences (TWAS), Indian National Science Academy, Indian Academy of Sciences, Indian National Academy of Engineering, National Academy of Sciences and Institution of Electronics &Telecommunication Engineers.

Prof N Balakrishnan has received many notable accolades including the Padmashree by the Hon'ble President of India in 2002, Prof S N Mitra Memorial Award, 2013 of the Indian National Academy of Engineering, IETE Diamond Jubilee Medal 2013, Homi J. Bhabha Award for Applied Sciences, 2004, JC Bose National Fellowship in 2007, the Alumni Award for Excellence in Research for Science & Engineering by IISc, 2001 and Millennium Medal of the Indian National Science Congress in 2000 among others.

Besides IFCI Limited, Prof N Balakrishnan is also on the Board of Data Security Council of India, Indian Institute of Information Technology and Management, Kerala and Equitas Small Finance Bank Limited. Further Prof Balakrishnan has also been a past Chairman of Data Security Council of India. He has also been in the past, a member of the National Security Advisory Board. He has also been on the Board of Bharat Electronics Limited (BEL), and a Part-Time Member of the Telecom Regulatory Authority of India.

Prof Balakrishnan is on the following Board level Committees of IFCI Ltd.

1. Corporate Social Responsibility Committee
2. Review Committee on Wilful Defaulter and Fraud Reporting Committee
3. Executive Committee
4. E-Governance Committee
5. Risk and Asset Liability Management Committee

Further Prof Balakrishnan is also on the following Board level Committees of Equitas Small Finance Bank Ltd:

1. IT Strategy Committee
2. NRC
3. Customers Services Committee

Prof N Balakrishnan was appointed on the Board of Directors of the Company on October 30, 2017 and thereafter by the shareholders at the AGM held on September 28, 2018 as Director liable to retire by rotation. He has attended all the 6 Board Meetings out of 8 Board Meetings held during the FY 2018-19.

Prof Balakrishnan is not paid any remuneration apart from the sitting fees being paid to him in accordance with the provisions of the Companies Act, 2013 and any other Rules/ Regulation/ law for the time being in force. Further Prof Balakrishnan does not hold any stock option of the Company.

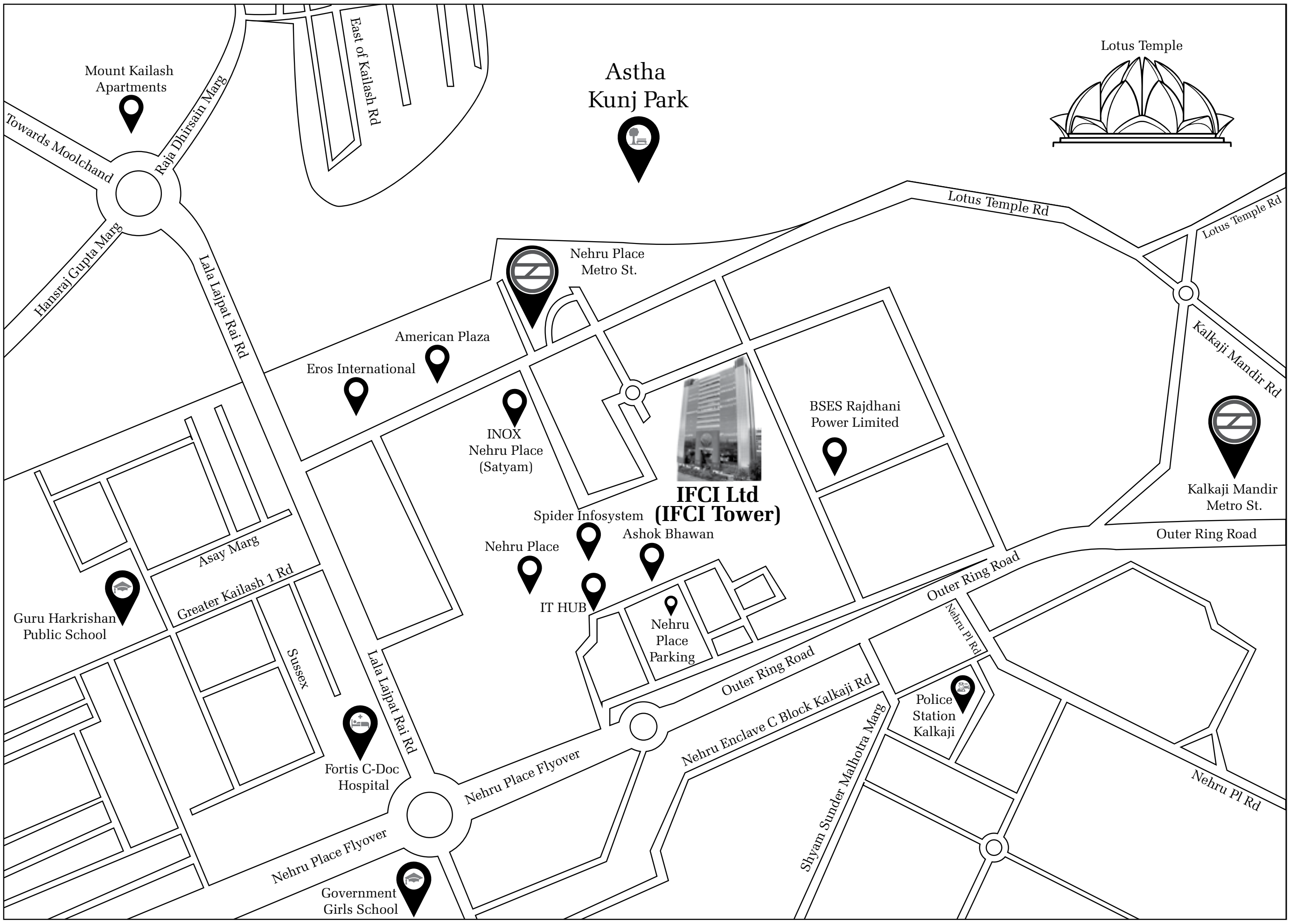
None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the appointment of Prof N Balakrishnan on the Board of the Company. Prof N Balakrishnan does not hold any shares in IFCI Ltd.

LISTING AT STOCK EXCHANGES

The Company's Equity Shares are listed at BSE Limited (Bombay Stock Exchange) and National Stock Exchange of India Limited (NSE). Besides, the Bonds / Debentures of the Company are also listed at BSE Limited. Further the Public Issue of Secured Non-Convertible Debentures is listed both on BSE Limited (Bombay Stock Exchange) and National Stock Exchange of India Limited (NSE).

The Company has paid the annual listing fees to the Stock Exchanges for the Financial Year 2019-20

Route Map of AGM Venue



BOARD'S REPORT

To the Members

The Board of Directors of Your Company ("Your Company" or "IFCI") presents the Twenty Sixth Annual Report of IFCI Ltd., together with the audited financial statements for the year ended March 31, 2019.

FINANCIAL SUMMARY AND STATE OF COMPANY'S AFFAIRS

The summarized financial performance of Your Company during the year and the previous year are as under:

(₹ in crore)

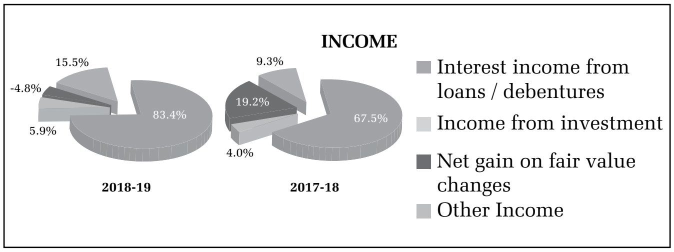
Particulars	Standalone		Consolidated	
	2018-19	2017-18	**2018-19**	2017-18
Total Income	**2,466**	3,740	**3,134**	4,361
Less:				
Total Expenses before Impairment Allowance, Depreciation & Amortisation	**2,040**	2,272	**2,618**	2,849
Impairment on financial instruments	**1,085**	934	**1,146**	1,009
Depreciation and amortisation	**33**	34	**64**	63
Total Expenses	**3,158**	3,240	**3,828**	3,921
Exceptional Items	**–**	–	**2**	2
Profit/(Loss) before tax	**(692)**	500	**(696)**	438
Tax expense	**(247)**	32	**220**	22
Profit/(Loss) before share in profit of associates	**(444)**	468	**(476)**	416
Share in profit of associates	**–**	–	**–**	2
Profit/(Loss) for the year	**(444)**	468	**(476)**	418
Other comprehensive income (net of tax)	**(39)**	(244)	**(26)**	539
Total Comprehensive Income	**(483)**	224	**(502)**	957
Net profit/(Loss) attributable to -				
Owners of the Company	**N.A.**	N.A.	**(489)**	383
Non-controlling interest	**N.A.**	N.A.	**13**	35
Total Comprehensive Income attributable to -				
Owners of the Company	**N.A.**	N.A.	**(521)**	553
Non-controlling interest	**N.A.**	N.A.	**19**	404
Earning per share				
Basic earning per share	**(2.62)**	2.82	**(2.88)**	2.26
Diluted earning per share	**(2.62)**	2.82	**(2.88)**	2.26

The above numbers are extracted from the financial statements prepared in accordance with the Indian Accounting Standards (Ind AS), in compliance with the Companies (Account) Rules, 2014 and accounting standards notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. For the purpose of transition to Ind AS, Your Company has followed the guidance in Ind AS 101, "First time Adoption of Indian Accounting Standards", with April 1, 2017 as the transition date and IGAAP as the previous GAAP.

Any application guidance/ clarifications/ directions issued by Government of India, RBI or by any other Regulators, of Your Company will be implemented by Your Company as and when they are issued/ applicable.

During the year, there was reduction in operational income on account of decline in loan assets, caused by prepayment of certain loans and increase in stage-3 assets, and absence of net gains on fair value changes in current Financial Year.

The operation wise segregation of operational income is depicted in the chart below:



DIVIDEND

In view of the pre-mature redemption of the outstanding ₹225 crore Preference Shares during the FY 2018-19, the pro-rata dividend of ₹0.09 crore was paid on the preference shares. However, in view of the loss incurred during the year and with a view to preserving capital and cash for future growth, no dividend has been recommended on equity shares. Also, as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy which is available on the website of Your Company at www.ifciltd.com.

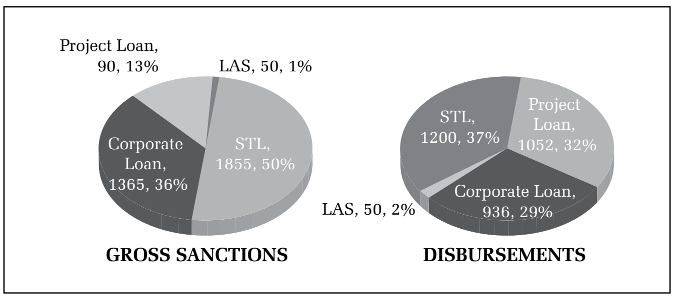
FINANCIAL PERFORMANCE

As the overall economic environment and especially, the credit offtake was subdued during FY 2018-19, IFCI's performance was also affected in line with the overall financial sector. Despite decline in operational income and fair value loss, Your Company could earn profit of ₹393 crore before impairment on financial instruments, though suffered a total comprehensive loss of ₹483.18 crore during the year under report, mainly on account of large amount of impairment made in respect of Stage-3 assets, especially, the cases admitted in National Company Law Tribunal (NCLT). The substantial amount of provisions enhanced the provision coverage ratio to over 60%, however, the capital adequacy ratio declined to 7.97% with Tier-I capital at 5.31%.

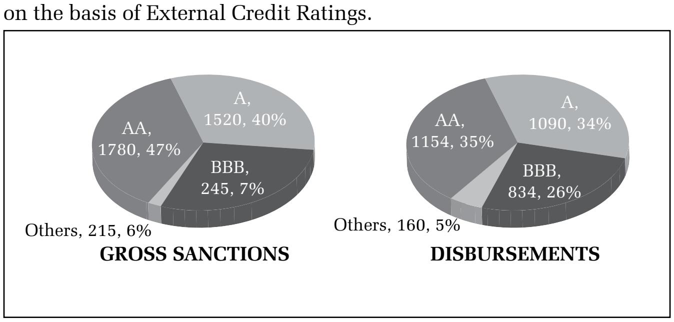
Various strategic initiatives including measures for recovery were initiated during the year in order to maximize recovery under Insolvency and Bankruptcy Code (IBC) route and other modes, expedite divestment of non-core assets and strengthen the appraisal and risk management processes and controls, which are expected to improve the asset portfolio quality as well as cash flow of Your Company and make the balance sheet of Your Company healthier.

SANCTIONS AND DISBURSEMENTS

The economic climate was not very conducive during the year due to subdued credit demand, volatility in international crude oil and metal prices and other global issues like trade war. The strict regulations by the regulators, especially after the failure of certain large NBFCs, made the business more difficult in the NBFC sector. Under such circumstances, Your Company adopted a cautious approach in its business to ensure new business in quality assets while conserving enough liquidity. As a conscious strategy, more standalone and less consortium loans were considered, based on past experience in debt servicing and recovery rates. In order to further improve existing risk profile on the assets and the liabilities side, conscious efforts were made to increase the share of short term loans while reducing level of project loans. The break up may be observed from the following graph:



The graph represents the Gross Sanctions & Disbursements categorised on the basis of External Credit Ratings.



During the year under consideration, Your Company, sanctioned and disbursed loans to the tune of ₹3,760 crore and ₹3,238 crore, respectively vis-à-vis sanctions and disbursement of ₹7,216 crore and ₹4,434 crore, respectively in FY 2017-18.

RECOVERY

During the FY 2018-19, Your Company focused on recoveries from Non-Performing Accounts (NPA), by initiating various proactive measures. Aggregate amount of ₹1,207 crore was recovered from NPAs including NCLT resolution cases, amounting to ₹1007.30 crore. Besides this, Your Company was also successful in exiting from few of the long standing unquoted project equity investments and recovered ₹780 crore including ₹745 crore from Equity Shares in thermal power sector. Your Company had received security receipts in earlier years against part value of assignments of certain NPAs to Asset Reconstruction Companies (ARCs). During the year under report, redemption of some of the security receipts resulted in recovery of ₹555 crore. Your Company is committed to continue its aggressive approach for recovery from NPAs and other stressed assets through various modes and strategies.

TREASURY, INVESTMENT AND FOREX OPERATIONS

Global economy started the year on a positive note with US economy bouncing back from the weakness in Q4 FY17-18 on back of historically low unemployment rate. However, the sentiment changed mid-way owing to uncertainty stemming from global trade protectionism, threat of trade wars, volatility in crude prices and uncertainty relating to Brexit negotiations. Growth expectations tapered downward globally with threat of inversion in US treasury yield curve showcasing impending slowdown and weakening of domestic demand in emerging economies. In currency markets, the rupee, after being fairly range bound for entire 2017-18 showed high volatility as it touched a high of ₹74.48 in October 2018 led by surge in crude price and uncertainty in money market post IL&FS debacle. The US dollar, however, shed some of its gains on a less hawkish stance of the Fed and on anxieties surrounding a possible trade war.

The global and domestic financial markets were driven mainly by monetary policy expectations and geo-political developments. During 2018-19, RBI began the year with a hawkish stance and raised repo rates by 25 bps in June 2018 and August 2018 supported by uptick in retail inflation and steady growth. However, slowdown in economic activity in major emerging market economies (EMEs) on account of elevated oil prices, mounting trade tensions and tightening of financial conditions caused change in stance from calibrated tightening to neutral and repo rate was cut by 25 bps in February 2019. The financial market was also impacted by falling consumption demand, liquidity crunch and weak festive season sales.

In the above backdrop, Your Company has been cautious in investing the surplus funds across diversified instruments with focus on safety while making every effort towards maximising yield in consonance with liquidity management.

In rupee operation, the objective has been to manage the surplus fund effectively with minimum risk and deploying it to get optimum return with availability of funds for business requirement. The underlying investment principle is safety, liquidity and risk containment and Your Company invested in Treasury Bills, Government Securities, Certificate of Deposit, Commercial Papers, Inter-Corporate Deposit / Short Term Deposit (STD)/ Bonds and Mutual Fund Schemes. Average Deployment during the year was ₹724.15 crore against ₹1069.64 crore in FY 2017-18 and annualized return on fund deployed was 7.53%. The return during FY 2018-19 from Treasury operations was lower than the average 91 day T-bill yield due to volatile money market, adverse impact on financial industry due to IL&FS debacle and deployment of over 80% funds in relatively more safe liquid mutual funds for judicious asset liability management. During the year under report, Your Company registered an Interest income of ₹100.45 crore from investments as against ₹89.42 crore during the previous year.

In view of weak sentiments prevailing in market due to uncertainties on account of upcoming state and general elections, relative rich valuations and inflationary pressure from rising crude prices, Your Company continued with the strategy of selective disinvestment of slow moving/illiquid stocks and booking profits from investments in blue chip stocks. Net investment portfolio of Your Company as on March 31, 2019 stood at ₹4,873 crore as against ₹7,231 crore at the end of previous Financial Year.

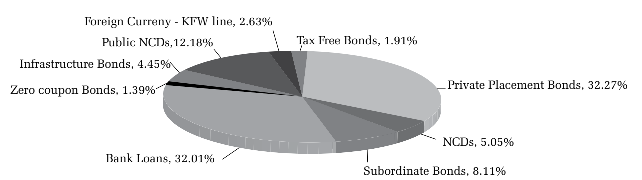
The Foreign Currency (FC) operations were confined to servicing of FC liabilities and containing the exchange risk arising due to mismatch in the outstanding amount of FC assets and liabilities. The mismatches were covered through forward contracts, currency futures, principal only swap and options. The net mismatch position was restricted to below the limits approved by Board and RBI by maintaining almost square position.

RESOURCE MOBILIZATION

Resource Mobilization and Borrowing Profile:

Resource mobilisation at effective and competitive cost has always been amongst the top priorities and focus areas of IFCI. Various avenues for channeling resources both for short term and long term requirements have been constantly explored. Consistent efforts are being made by Your Company to cater funds requirement at the lowest possible cost for maintaining the business growth and enhancing the quality portfolio.

IFCI's current borrowing profile is a mix of both term loans and bonds. The total borrowings of Your Company were ₹16,190 crore as on March 31, 2019 comprising Rupee denominated borrowing of ₹15,764 crore and Foreign Currency borrowings (Rupee equivalent) of ₹426 crore. The broad instrument wise break-up of rupee borrowing outstanding as at March 31, 2019 is as indicated below:



SUMMARY OF BORROWING AS ON 31ST MARCH 2019

Your Company is committed to maintaining a high standard of Investor services and devotes considerable effort to identify and follow best practices for timely resolution of investor complaints. Your Company believe that sound and effective corporate practices are fundamental to the smooth, effective and transparent investor relations and its ability to attract investment, protect the rights of stakeholders, and enhance stakeholder's value.

Your Company has taken various investor friendly initiatives like encouraging dematerialization of shares and electronic payment of interest and redemption proceed etc.

DEPARTMENTS AT IFCI

(A) CREDIT

During the year under report, appraisal of all the credit proposals and monitoring of existing standard accounts was carried out by three verticals in the Credit Operations Department viz. Infrastructure 1, which primarily dealt with power generation, transmission & distribution, renewable and oil & gas infrastructure; Infrastructure 2 which covered other infra sectors like roads, airports, ports, telecom, urban and social infrastructure, EPC and other infra sectors and; Other Sectors comprising of manufacturing, NBFCs, real estate, agriculture and services. Subsequently, keeping the emerging economic scenario in perspective, the credit function was re-organized and the infrastructure verticals were merged into a single vertical and the department functioned under two verticals viz. Infrastructure and Other Sectors. The Credit Operations Department was also actively engaged in formulation of policies, refinement of processes and improvement in practices of credit appraisal and effective monitoring of the standard assets of IFCI.

(B) MANAGEMENT OF NON-PERFORMING ASSETS (NPA MANAGEMENT)

Resolution of stressed & non-performing assets has been one of the major challenges to the overall credit and economic growth in the country. Realizing the gravity of the situation, efforts have also been made by the regulator viz. Reserve Bank of India (RBI) in this regard by identifying large stressed accounts for reference to National Company Law Tribunal (NCLT) under the new Insolvency and Bankruptcy Code (IBC).

IBC ignited hopes of the resolution of stressed assets within defined time frame and making it feasible for corporates to exit or attempt a revival of their businesses while preserving the economic value of the assets. Most importantly, it was thought to be aiding a paradigm shift in the extant credit culture and discipline. It was expected that a time-bound resolution of impaired assets would go a long way in unclogging the credit pipeline thus improving the allocative efficiency in the economy. However, despite successful resolution of few large accounts under IBC mechanism in initial period, at present proceedings under IBC are facing delay on account of litigations, withdrawal by selected resolution applicants etc.

Due to transition to Ind AS during the year, the NPA figures as per RBI guidelines got restated under Ind AS. As on March 31, 2018, the Gross advances were ₹21,171 crore with provision coverage ratio of 64.22% and Net NPA ratio of 21.36%, as per Ind AS.

Though the gross NPA ratio increased from 40.96% as on March 31, 2018 to 48.93% as on March 31, 2019 as per Ind AS, the Gross NPAs decreased from ₹8,672 crore as on March 31, 2018 to ₹8,610 crore as on March 31, 2019, in absolute terms. This was on account of reduction in overall credit portfolio from ₹21,171 crore as on March 31, 2018 to ₹17,595 crore as on March 31, 2019, which was on account of strategic decision of IFCI to pursue for prepayments in standard stressed accounts and restricting fresh lending to high quality assets only.

As on March 31, 2019, the provision coverage ratio stood at 60.45% and Net NPA ratio stood at 29.45%. The provisions were made on portfolio level based on Ind AS.

It is pertinent to mention here that despite making considerable recoveries to the extent of ₹2,552 crore during FY 2018-19, NBFC crisis, inadequate pickup in the global economy, delay in execution of infrastructure projects and continued stress in various sectors viz. roads, coal, steel, power, etc. resulted in continuing elevated level of NPAs.

It is pertinent to highlight that in such a challenging time, Your Company responded adequately by making substantially higher recoveries in the FY 2018-19 as per details below:

(₹ in crore)

Sl. No.	Resolution Strategy	Amount
1	Recovery from NPAs	1,207
2	Exit from unquoted Project Equity	790
3	SR Redemption	555
	Total	2,552*

(*) This is excluding the receipts of ₹54.10 crore from IFCI Infrastructure Development Ltd. (IIDL), a subsidiary of Your

Company on account of buy-back of 5 crore equity shares by IIDL during the FY 2018-19.

Your Company remains committed to expedite resolution of stressed and non-performing assets and maximize recoveries by making all out efforts through various strategies viz. resolution under NCLT, one time settlements, restructuring, sale of assets under SRFA & ESI, assignment of loans and other legal remedies available in the system.

(C) LEGAL

On the legal front, Your Company has a full-fledged qualified and experienced legal team who carry out the legal functions for facilitation of sanctions and disbursements and has ensured compliance with statutory requirements during the year. Further, Your Company initiated prompt legal measures for recovery against the borrowers and was able to defend successfully before various judicial forums in India in the suits filed against it, during the FY 2018-19. During the year under report, Your Company has recovered ₹1,007.30 crore through NCLT and other judicial fora.

(D) INTERNAL AUDIT

Your Company has adequate Internal Control System commensurate with size, scale and complexity of its business and allied operations. The efficacy of these internal controls is being verified by the Internal Audit Department on a regular basis. From Financial Year 2018-19, the internal audits are being carried out internally by a team of experienced personnel. The periodicity of such audits varied from quarterly to yearly depending upon the criticality and materiality of transactions based on the scope approved by the Audit Committee of Directors. Based on the observations of Internal Audit Department, corrective actions are undertaken by the process owners in their respective areas thereby strengthening the control systems.

(E) SUGAR DEVELOPMENT FUND

Your Company has been acting as the "Nodal Agency" of the Government of India since inception of the Sugar Development Fund (SDF) for the purpose of disbursement, follow up and recovery of SDF loans sanctioned for modernization cum expansion of sugar factories, setting up of bagasse based cogeneration power projects, anhydrous alcohol or ethanol projects, zero-liquid discharge (ZLD) distillery projects and cane development scheme. Cumulative sanctions and disbursements under SDF up to March 31, 2019 stood at ₹6,834 crore and ₹5,645 crore respectively. The Agency Commission booked in FY 2018-19 is ₹10.00 crore (excluding Applicable Taxes).

(F) CREDIT ENHANCEMENT GUARANTEE SCHEME FOR SCHEDULED CASTES (CEGSSC)

The Department of Social Justice & Empowerment under the aegis of Ministry of Social Justice & Empowerment, Government of India, has sponsored the "Credit Enhancement Guarantee Scheme for Scheduled Castes" under its social sector initiatives.

The objective of the Scheme is to promote entrepreneurship amongst the Scheduled Castes, by providing Credit Enhancement Guarantee to Member Lending Institutions (MLIs), who shall be providing financial assistance to these entrepreneurs. The Government of India has initially allocated a corpus of ₹200 crore for the Scheme and contributing annually ₹0.01 crore and Government may further contribute depending upon utilization of funds. Out of the fund, the guarantee cover is extended to the Member Lending Institutions. IFCI has been designated as the Nodal Agency under the Scheme, to issue the guarantee cover in favour of Member Lending Institutions, who shall be encouraged to finance Scheduled Caste entrepreneurs to boost entrepreneurship amongst the marginal strata of the Society.

The Scheme has since taken off from the FY 2015-16 with registration of 25 Member Lending Institutions under it. Upto the FY 2018-19, loans aggregating to ₹39.18 crore have been sanctioned by some of the Member Lending Institutions against which the total guarantee cover of ₹28.01 crore has been provided by IFCI. Your Company is making all out efforts to promote this Scheme through wide publicity by conducting seminars, conferences and awareness programmes in co-ordination with various Chapters of Dalit Chambers of Commerce (DICCI) and attending State Level Bankers Committee (SLBC) meetings. The corpus of the fund has increased to ₹256 crore as on March 31, 2019.

IFCI has a web portal of the above mentioned scheme (www.ifcicegssc.in) and the link is also available on our website i.e. www.ifciltd.com. Further, promotion of the CEGSSC Scheme is made through social media, LinkedIn, Facebook, Twitter etc.

(G) HUMAN RESOURCES

Your Company recognise that Human Resources are the most important pillars on which the entire edifice of performance of the organisation rests. Hence, Your Company keeps development of its Human Resources pool central to its HR Policies and practices.

During the year, Your Company has brought in more structured approach to implementing various training & development interventions for development of our employees. Special focus was laid on identification of thrust areas for training & development. Accordingly, the employees were nominated to training & development programmes organised by leading institutes/agencies. Employees were also nominated to participate in various conferences, discussion forums organised by industry so as to provide them platforms for keeping abreast with latest developments and also explore business opportunities. Your Company covered around 81% of its employees in various trainings/conferences. In all there were 414 nominations, in the in-house training/workshops and external trainings, covering topics of functional and behavioural nature.

Further, Your Company has also exposed its employees to various challenging assignments. Career progression of employees' as per organisational requirements and also to meet the career aspirations of the employees were also undertaken.

Further, optimum utilisation of Human Resources pool has also been a major focus area. Based on organisational priorities and in order to streamline various processes within the organization to reduce redundancies, rationalization of allocation of work and resources was done through organization restructuring.

Your Company continues to focus on employee health and wellness, new hospital has been empanelled for employees regular health check-up. Health talks were also organized to bring awareness among employees.

Your Company also shows promptness in resolving grievances of employees through a well-established system. As on date, there are no grievances pending in the Company. Your Company also settled various issues and court cases which were pending for a long time.

(H) INFORMATION TECHNOLOGY

Information technology (IT) has transformed the conduct of businesses in every sector of the economy. IT enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the intermediaries to reach geographical distant and diversified markets. IT has emerged as an important medium for delivery of financial products and services.

During the FY 2018-19, to meet the current and emerging needs, the existing software applications were upgraded with enhanced/added features. New Modules were developed in-house for different functions in areas of Credit, HR, Treasury and Finance by Your Company for better and effective seamless control over the processes. During the year, Your Company has also implemented the principles of Ind-AS. Accordingly, the requisite IT system has been installed. The in-house system is audited by external agencies for effective control.

Enterprise portals promise to deliver a more coherent information management platform. For more seamless user experience, various online portals namely - Online Ex-Employee Portal for ex-Employees, Online Portal for Corporate Social Responsibility and Portal for Sugar Development Fund Applications have been launched by Your Company.

Your Company is in the process of digitisation of old records at Head Office and Regional Offices as well. Your Company successfully implemented IP Telephony (VoIP) across its offices in order to achieve cost effectiveness and better utilisation of its Networking resources.

Your Company is maintaining proper Data Backup and has setup Disaster Recovery Site to protect data and business information systems. Video Conferencing Facility setup was also enhanced to provide streamlined video communication and live content sharing.

(I) RIGHT TO INFORMATION

IFCI has implemented the Right To Information Act, 2005 from 2013 onwards following the applicability of the RTI Act, 2005 to IFCI and has been providing information under RTI Act to the citizens ensuring transparency and fairness in its business activities. IFCI in compliance with the provisions of Section 4 of the Right to Information Act, 2005 has made necessary disclosures which are available on the website of Your Company at www.ifciltd.com.

IFCI has designated a Central Public Information Officer (CPIO) and First Appellate Authority (FAA) at its Head Office, New Delhi and also designated the Regional Office Heads at its Regional Offices as Central Assistant Public Information Officers (CAPIOs) to facilitate dissemination of information on PAN-India basis. IFCI had also designated a Transparency Officer in pursuance to the Central Information Commission's directive dated November 15, 2010. Further, the Right to Information Act, 2005 (RTI Act) has also been uploaded on the website of the Company for first hand information of the provisions of the RTI Act.

During the FY 2018-19, IFCI Ltd. had received 98 applications and 07 first appeals which have been disposed off as per the provisions of the RTI Act, 2005.

(J) PROMOTION OF RAJBHASHA

Your Company takes pride for complying Official Language Act of the Government, for which Official Language Implementation Committees (OLICs) have been set up in the Head Office as well as in the Regional Offices. Quarterly meetings of OLIC are being regularly held to review the progress of the use of Hindi. All Computers available within the Company have Unicode facility and its website is also bilingual for the benefit of shareholders and general public. During the year, Hindi competitions as well as Hindi workshops were organized by Your Company for promotion of Rajbhasha within IFCI. Further, many officers from Your Company participated in various competitions organized by Nagar Rajbhasha Karyanvyan Samiti and some of them emerged as winners in these competitions.

(K) NOMINEE DIRECTORS

Your Company appoints Nominee Directors on the Boards of assisted concerns whenever it is considered necessary to do so, following the long and well established practice of Institutions and Banks to monitor the performance of the companies where Your Company has provided financial assistance. The underlying objective of making such appointment is to help build up professional management and facilitate effective functioning of the Board as well as formulation of proper corporate policies and strategies to improve productive efficiency and promote long term growth of the assisted companies, keeping in view the overall interest of the shareholders and financial institutions. The feedback received from Nominee Directors acts as a useful tool for credit monitoring.

PERFORMANCE OF SUBSIDIARIES AND ASSOCIATES PROMOTED BY IFCI

SUBSIDIARIES

STOCK HOLDING CORPORATION OF INDIA LTD. (SHCIL)

SHCIL was promoted by the public financial institutions and incorporated as a public limited Company in 1986. SHCIL, one of the largest Depository Participants, besides being the country's largest premier Custodian in terms of assets under custody, provides post trading and custodial services to institutional investors, mutual funds, banks, insurance companies, etc. It acts as a Central Record Keeping Agency (CRA) for collection of stamp duty in 21 States and Union Territories on Pan India basis. It is one of the largest Professional Clearing Member of the country. SHCIL distributes Fixed Deposits, Bonds & NCDs of reputed Institutes & Corporates, Mutual Fund Schemes, Initial Public Offers (IPO's) and National Pension System (NPS) etc. It is a corporate agent registered with IRDA for distribution of insurance products. SHCIL has its registered office at Mumbai, a world class main operations office at Navi Mumbai and operates through its 201 retail branches all over India. SHCIL has been profit making and dividend paying Company right from its inception. With a share capital of ₹21.05 crore, SHCIL's income stands at ₹386.58 crore with a Profit after Tax of ₹33.14 crore for the year ended March 31, 2019. SHCIL group's total income stands at ₹450.10 crore with profit after tax of ₹28.91 crore for the year ended March 31, 2019.

SHCIL has three wholly owned subsidiaries viz. (i) SHCIL Services Ltd. (SSL), (ii) StockHolding Document Management Services Limited (StockHolding DMS) (erstwhile SHCIL Projects Ltd) and (iii) StockHolding Securities IFSC Limited; SSL, the broking arm of SHCIL, is providing stock broking services to retail and institutional clients across the country.

- SSL offers services in Cash & F&O segment of BSE & NSE.
- StockHolding DMS is a Microsoft Gold certified partner for all its products and services and is ISO 9001:2008 and CMMI Level-3 certified Company. StockHolding DMS provides End to End Document Management Solutions.

During the FY 2018-19, SHCIL had incorporated a wholly owned subsidiary viz., StockHolding Securities IFSC Limited for operations in the International Financial Services Centre at Gujarat International Finance Tec City (GIFT) in Gujarat.

As per the Consolidated Financial Results of Your Company for the FY 2018-19, SHCIL has become a 'Material Subsidiary' of Your Company.

IFCI INFRASTRUCTURE DEVELOPMENT LTD. (IIDL)

IIDL was set as wholly owned subsidiary in the year 2007 to venture into the real estate and infrastructure sector as an institutional player. It has developed projects all over India.

IIDL has completed a Serviced Apartments known as "Fraser Suites" which is being run successfully through Frasers Hospitality Pte Ltd., Singapore. The project has Gold Standard, 9 storey and 92 luxurious Serviced Apartments comprising studios, one bedroom & two bedroom suites. It offers an ideal living environment that will impress even the most tech-savvy guests thus making it one of the most sought-luxury apartments.

On the residential front, IIDL has successfully developed two projects viz. 21st Milestones Residency, Ghaziabad, Uttar Pradesh and IIDL Aerie at Panampilly Nagar, Kochi, Kerala.

IIDL was awarded a prestigious Financial City project spread over an area of 50 acres near Bengaluru International Airport, Karnataka for development. IIDL has developed the said project and sub-leased the plots to Banks/Institutions for development.

Besides, IIDL has managed various prestigious assignments as Project Management Consultants.

IIDL has a step down subsidiary viz. IIDL Realtors Pvt. Ltd. engaged in the business of purchasing and selling of property with or without construction and also for generating rental income from leasing out of its properties.

IFCI VENTURE CAPITAL FUNDS LTD. (IVCF)

IVCF, a subsidiary of Your Company, is at present, managing 5 SEBI-registered private equity (PE) funds/Alternate Investment Funds (AIF) viz. India Automotive Component Manufacturers Private Equity Fund-1-Domestic (IACM-I-D), Green India Venture Fund (GIVF), India Enterprise Development Fund (IEDF) and Venture Capital Fund for Scheduled Castes (VCF-SC) and Venture Capital Fund for Backward Classes (VCF-BC) with an aggregate corpus of ₹863 crore. IVCF derives income from the fund management activities by way of management fee on the outstanding corpus of funds and by way of profit on investments as IVCF is also investor in the 4 Funds out of the above. Out of the above, three funds namely GIVF, IACM-ID and IEDF are likely to close soon and all efforts are being made for optimizing recovery from outstanding investments.

The "Venture Capital fund for Scheduled Castes" (VCF-SC), is a Government of India initiative of Ministry of Social Justice and Empowerment (MoSJE) being the implementing agency. VCF-SC is a first of its kind Venture Capital Fund in India dedicated to promote entrepreneurship among the Scheduled Castes by providing concessional finance to them. During the year, Government contributed an amount of ₹10 crore for VCF-SC fund. As a result the corpus of VCF-SC fund has increased to ₹340 crore. Recently Government of India had mandated IVCF to manage the 'Venture Capital Fund for Backward Classes' (VCF-BC) and ₹10 crore initial corpus was received.

In PE/ VC space, IVCF is in the process of raising the next round of funds viz. Small & Medium Enterprises Advantage Fund (SMEAF) and Green India Venture Fund II (GIVF-II), Further IFCI Venture has also already submitted concept notes to Ministry of Tribal Affairs and Ministry of Minority Affairs for the setting up Venture Capital Fund for Scheduled Tribe and Venture Capital Fund for Minorities. Another Fund on Affordable Housing is also likely to be launched shortly.

Being an NBFC, IFCI Venture also extends corporate loans to companies in the range of ₹5 crore to ₹25 crore, by raising funds through bank loans and bonds, with security of mortgage of property and/or shares of listed companies. The Company has a well-defined credit policy for sanction of loans.

IFCI FINANCIAL SERVICES LTD. (IFIN)

IFIN was set up in 1995, by Your Company, to provide a wide range of financial products and services to institutional and retail clients. IFIN is primarily involved in the business of Stock Broking, Currency Trading, Depository Participant Services, Merchant and Investment Banking, Insurance (Corporate agent for both life and General Insurance), Mutual Fund Products Distribution and Corporate Advisory Services.

IFIN is a registered member of SEBI, National Stock Exchange of India Limited (NSE), BSE Limited (BSE), Metropolitan Stock Exchange of India Limited (MCX-SX), National Commodity and Derivatives Exchange Limited (NCDEX), NSDL and CDSL. IFIN has three wholly-owned subsidiaries namely IFIN Securities Finance Ltd, IFIN Commodities Ltd and IFIN Credit Ltd.

IFIN Securities Finance Ltd, an NBFC is primarily engaged in the business of margin funding, providing loan against shares & property, promoter funding etc. to various clients. Being an NBFC, it is registered with RBI. IFIN Commodities Ltd, a registered member of the Multi Commodity Exchange of India Ltd (MCX), NCDEX and National Spot Exchange Limited (NSEL), is primarily engaged in the business of providing commodity market related transaction services.

IFCI FACTORS LTD. (IFL)

IFL is a major provider of factoring services in India. IFL also offers Corporate Loan for a tenor of upto five years. The FY 2018-19 has been a tough year for IFL, witnessing a reduction in income due to reduction in FIU. However, things have improved in the latter half of the Financial Year and in Q4, IFL posted PAT of ₹3.87 crore. No slippages were registered in the same quarter from last 5 (five) quarters.

The Government of India has notified a total of 196 systematically important NBFCs (including the Company), as 'Financial Institution' under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFA&ESI). IFL is also in that list and is taking necessary steps for realisation from the mortgaged asset under SARFA&ESI Act, 2002.

IFL is now focusing upon standard factoring deals with quality debtors and has done away with riskier variants. At the same time IFL is also targeting MSME customers having acceptable risk profile having quality debtors.

MPCON Ltd. (MPCON)

MPCON is a premier consulting organization having base in Central India, providing quality consulting services. The Company consolidated its project consultancy business and also enhanced its presence in the training and capacity building spheres. It has bagged skilling projects in 13 states of the country including Madhya Pradesh and Chhattisgarh from various Central & State Government departments/Corporations. Having status as NSDC partner, it is working with National Safai Karamcharis Finance & Development Corporation (A Government of India Undertaking, under the Ministry of Social Justice and Empowerment), National Handicapped Finance and Development Corporation (Department of Empowerment of Persons with Disabilities, Ministry of Social Justice and Empowerment, Government of India), Department of Science & Technology, Ministry of Science & Technology, Government of India, Development Commissioner (Handicraft), Ministry of Textiles, Government of India etc. for Skilling Division. Apart from Skill Development, MPCON has been engaged in various IT & ITES projects such as document management, digital evaluation for education institutes. Bodies of the Govt., Financial Inclusion activities for Banks and Manpower Outsourcing, Carbon Credit, project consultancy etc. for various Govt. Departments.

ASSOCIATES

KITCO Ltd. (KITCO)

KITCO, is one of the premier Engineering, Management & Project consultancy firm in India. Some of the other fields where KITCO is a prominent player are Energy Studies, Skill Certification and Placement Services. The Company is also a dedicated provider of professional technical consultancy services to Small and Medium Enterprise (SME) sector. KITCO is the first consultancy organization in the state having EIA accreditation. The strength of KITCO is a core team of well qualified and experienced professionals in various branches of engineering and in management, media, marketing, economics, finance etc. numbering more than 260.

During the FY 2018-19, KITCO continued to maintain its technological focus and enhanced technical strength sustaining its position as the leading engineering consultancy Company in Kerala. It has bagged orders worth ₹30 crore through competitive bidding. These works will continue to contribute to the revenue in the coming year as well.

KITCO continued to provide consultancy services for construction of three new medical colleges in Kerala, The Directorate of Sports and Youth Affairs, Government of Kerala. KITCO has further acquired an assignment from Uttar Pradesh Expressways Industrial Development Authority, for project development and consultancy, in regard to the Development of "Gorakhpur Link Expressway". It has also got an opportunity to showcase its expertise in Project Management Consultancy with agencies like Mangalore and Bangalore International Airports and Imphal Airport. As on date, IFCI holds 20.26% shareholding in KITCO, making it an Associate Company of IFCI.

JOINT VENTURE

IFCI SYCAMORE CAPITAL ADVISORS PVT. LTD. (ISCAPL)

The Company has 50% interest in one joint venture viz. ISCAPL incorporated in India, which is under voluntary liquidation and Official liquidator has been appointed. The investment of IFCI Ltd in ISCAPL as on March 31, 2015 was at ₹0.01 crore Class A Equity Shares and ₹2.64 crore Fully Convertible Debentures. The liquidator of ISCAPL repaid the amount of ₹2.64 crore towards Fully Convertible Debentures in the year 2016-17. The Company has made adequate provision towards equity investment considering the probability and quantum of share in distribution upon liquidation of the Company.

SOCIETIES

MANAGEMENT DEVELOPMENT INSTITUTE (MDI)

MDI Gurgaon, one of the leading Business Schools in India is consistently ranked among the top B-schools of the country by reputed agencies and publications. MDI has the distinction of being the first internationally accredited Indian Business School having received international accreditation by Association of MBAs (AMBA) London in 2006.

MDI continues to be a flourishing cauldron of excellence in management education, high quality research, executive development and value added consultancy. More than 95,156 managers have been trained over 45 years of its existence. More than 100 specially designed executive development programmes are conducted for top, senior and middle level managers of different organizations every year. The institute as of now has more than 65 collaborative partnerships with leading B-schools in several regions of the world.

This year's Annual Convocation of MDI Gurgaon, held on 26th March, 2019 was graced by the presence of Shri K. V. Chowdary, Central Vigilance Commissioner. Total 489 students from various Post Graduate Management Programmes and 7 Fellow Scholars received their diplomas on this momentous occasion. 23 medals were awarded to the meritorious students for different courses.

This year placement was marked with not only 100 % placement but a substantial increase in the average compensation. The highest salary offered was ₹40.79 lakhs per annum, while the average salary recorded during this season was ₹20.13 lakhs per annum. A total of 106 companies visited the campus for recruitment, out of which 36 companies were first time recruiters at MDI. Our students have been placed in almost all areas across all sectors.

INSTITUTE OF LEADERSHIP DEVELOPMENT (ILD)

IFCI sponsored ILD, a society registered under the Rajasthan Societies Registration Act, 1958 to provide opportunities and facilities for training and development of workers for meeting the challenges of change.

Initially, the scope of work of ILD was limited to a mere up-gradation of existing technical skills of production personnel and enhancement of the management capabilities of personnel managers and supervisory staff in the areas of soft skill development. However, its Board of Governors in the year 2008, decided to revamp the institute and widen the ambit of the institute. As a sequel to it, the institute was rechristened as the Institute of Leadership Development. The campus has been provided with good infrastructural/ technical facilities besides developing its picturesque settings amidst lush green Aravali ranges thereby making it a perfect integrated centre for teaching, learning, training, research in all areas across all sectors of leadership development and organising conferences/ Seminars/ Conclaves of national and international repute. The Institute is working on 'no profit no loss basis'. Apart from Leadership programs, Education, Training, Research, Consultancy, Social change, Skill Development Trainings, Entrepreneurship development, Conferences, Seminars, Workshops and Interventions, Knowledge Creation, Awareness Programmes, Dialogue and Discourse are the key activities pursued by ILD.

RASHTRIYA GRAMIN VIKAS NIDHI (RGVN)

Rashtriya Gramin Vikas Nidhi (RGVN) having its headquarters in Guwahati, Assam was established as an autonomous, non-profit organisation registered under the Society's Registration Act, XXI of 1860. IFCI, being the founding promoter of RGVN, provided the initial set-up support and with time, IDBI, National Bank for Agriculture and Rural Development (NABARD) and Tata Social Welfare Trust (TSWT) also became its promoters. RGVN is a national level multi – state development and support organization working in the states of Assam, Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur, Tripura, Sikkim, Odisha, Jharkhand and Bihar, poverty stricken pockets of Eastern Uttar Pradesh, coastal Andhra Pradesh and Chhattisgarh. RGVN's core strength comes from its network of NGOs and Self Help Groups, which are capable of handling large development projects. One of its programmes has been hived – off into an NBFC called RGVN (North East) Microfinance Ltd. which has also been given small finance bank license by the RBI and is named Northeast Small Finance Bank. Over the years, RGVN has been able to groom and support small Community – based Organizations involved in a variety of livelihood enhancement programmes.

However, over the last few years, RGVN has effected a significant policy shift in its operations by implementing projects directly with funding support from Central and State Governments, Banks, Financial Institutions and Corporate Houses under their CSR

Programmes. International Donor Agencies have also contributed to its funding for poverty reduction projects. To effectively enhance the quality of life in the rural areas, RGVN is now working on the following major verticals including Agriculture & Livelihood Generation, Financial Literary & Inclusion; Drinking Water, Sanitation & Hygiene; Handloom & Weaving.

IFCI SOCIAL FOUNDATION (ISF)

IFCI has always strived to conduct its business holistically and responsibly. At IFCI, along with economic performance, community and social stewardship have been key factors for its holistic business growth. IFCI has been an early adopter of Corporate Social Responsibility (CSR) initiatives and has been involved in socially relevant activities ever since its inception in 1948.

Today, it continues to work towards social and community development and areas needing focus and attention, through the ISF, a registered Trust, established in 2014. ISF is functioning as an arm for CSR activities of IFCI and IFCI Group. ISF is guided by its values viz., Inclusiveness, Integrity, Commitment and Passion with the overall vision "To be one of India's premier CSR Institutions and strive to make sustainable social impact with inclusiveness". Its major focus has been in areas of health, sanitation, education, skill development, poverty alleviation, empowerment and social welfare of women and girl child.

IFCI and ISF through its CSR projects have covered almost 23 states and Union Territories in India. The trust is registered for exemptions u/s 12A & 80G of the Income Tax Act. The Annual Report on CSR activities forms part of Board's Report at **Annexure - II.**

COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

During the FY 2018-19, no Company has ceased to be Subsidiary, Joint Venture or Associate Company of IFCI. However, a step-down subsidiary of Stock Holding Corporation of India Ltd. viz. Stock Holding Securities IFSC Limited was incorporated during the FY 2018-19. Details on performance and financial position of subsidiaries, associates and joint venture during the FY 2018-19 can be referred from Form AOC-1 forming part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments:-

1.1 MACRO-ECONOMIC SCENARIO & DEVELOPMENTS:

The world economy growth decelerated to 3.6% in 2018 as compared to 3.8% in 2017. The economic activity slowed down in 2018 on account of the escalation of US–China trade tensions, macroeconomic stress in Argentina and Turkey, disruptions to the auto sector in Germany, tighter credit policies in China, and financial tightening alongside the normalization of monetary policy in the larger advanced economies. All these factors have contributed to a significantly weakened global expansion, especially in the second half of 2018, after experiencing strong growth in 2017 and early 2018, thereby reflecting financial consolidation and slow-down in manufacturing and trade and currency related issues of same in major economies.

The Indian economy, consecutively for the 2nd year, was able to retain its place as the fastest growing major economy in the world in FY 2018-19 as well, as it continued its climb on an upward growth path, though at a marginally slower pace at 6.8% in 2018-19 vis-à-vis 7.2% growth registered in 2017-18. The Indian economy slowdown was primarily on account of relatively slower growth rate observed in Q4 of FY 2018-19 at 5.8%.

The International Monetary Fund (IMF) in its latest World Economic Outlook of April, 2019, has pegged a higher growth for Indian Economy at 7.3% and 7.5% for FY 2018-19 and FY 2019-20, respectively, where the World Economy is expected to grow at 3.3% in the years, 2019 & 2020.

Investment has continued to grow robustly, supported by large public sector projects. In contrast, private investment, in particular manufacturing, has been affected by uncertainty ahead of the parliamentary elections, combined with persistent challenges in financing projects, acquiring land and getting all the necessary clearances. Rural consumption, two-wheeler and tractor sales have slowed, driven by subdued agricultural prices and wages. However, the consumer durables market is expected to pick up supported by rising disposable incomes, greater electrification and FDI investments. The FMCG sector continues to perform well and is expected to grow further, fuelled by rising consumption and investment patterns. Retail business, which had suffered setback in FY 2018-19 is expected to grow in the FY 2019-20 especially with the boost provided by RBI by reducing the risk weightage on retail loans.

1.2 BANKING SECTOR:

The Indian Economy grew at a decelerated rate at 6.8% in FY 2018-19 as compared to 7.2% growth registered in previous FY, owing to the slowdown registered in Q4, as the economy grew by only 5.8% as compared to 6.6% growth registered in previous quarter and 8.0% growth registered in Q1 of FY 2018-19. During the FY 2018-19, the banking sector appears to be on course to recovery after a prolonged period of stress, as the load of impaired assets recedes; Credit growth of Scheduled Commercial Banks (SCBs) improved as it grew by 13.2% (y-o-y) in March, 2019 vis-à-vis 10.4% growth registered in March, 2018. This growth is largely driven by 21.0% growth registered by Private Sector Banks (PVBs) in March, 2019. The credit and deposit growth rate of Public Sector Banks (PSBs) also registered a growth during the period March, 2018 to March, 2019 from 6.3% to 9.6% and 3.3% to 6.5%, respectively, on y-o-y basis. The asset quality of banks showed an improvement, although profitability continued to erode.

The Gross Non-Performing Assets (GNPA) ratio of SCBs registered a decline from 11.5% in March, 2018 to 9.3% in March, 2019, which is further expected to decline to a level of 9.0% by March, 2020, whereas in case of Public Sector Bank, the GNPAs are expected to come down from 12.6% in March, 2019 to 12.0% in March, 2020.

Provision coverage ratio (PCR) of all SCBs rose sharply to 60.6% in March 2019 vis-à-vis 48.3% in March 2018, increasing the resilience of the banking sector, indicating improvements for both the PSBs and the PVBs. The decline in gross NPA ratio since September 2015 and improved Provision Coverage Ratio (PCR) were the positive signals. Stress test results also suggest further improvement in NPA ratio, though the current level remains high for comfort.

The Capital to Risk-Weighted Assets Ratio (CRAR) of SCBs improved marginally after recapitalization of PSBs from 13.8% in March 2018 to 14.3% in March, 2019. CRAR of PSBs also improved and touched level of 12.2% in March, 2019 vis-à-vis 11.7% in March, 2018. There was a marginal decline in Tier I leverage ratio of the SCBs between March, 2019 and March, 2018.

Industry analysis shows that stress is rising in Telecom, Metal, Power, Petroleum, Construction and Mining sectors since stressed advance ratios increased in these sectors in March, 2019. Among the broad sectors, the asset quality of industry sector improved in March, 2019 as compared to March 2018 whereas that of agriculture and retail sectors deteriorated. The improvement in asset quality of industry sector was marked by a reduction in fresh slippages in March, 2019.

Meanwhile, the Insolvency and Bankruptcy Code (IBC) has bridged an important institutional gap to strengthen the much needed credit discipline. Some of the resolutions, however, are lagging behind the envisaged timelines. A time-bound resolution of impaired assets will go a long way in unclogging the credit pipeline thus improving the allocative efficiency in the economy.

1.3 NBFC SECTOR:

Non-Banking Financial Companies (NBFCs) have consistently been increasing their share of lending to the Indian financial sector. However, in line with the general trend in banking & financial services industry, deterioration in asset quality of NBFC sector has been witnessed in the past one year.

As on March, 2019, there were 9,659 NBFCs registered with the Reserve Bank of India, of which 88 were deposit accepting (NBFCs-D), and 263 were systemically important non-deposit accepting NBFCs (NBFCs ND-SI). All NBFCs-D and NBFCs-ND-SI are subjected to prudential regulations such as capital adequacy requirements and provisioning norms along with periodic reporting requirements.

The consolidated balance sheet size of the NBFC sector (including NBFC-D and NBFC-ND-SI, including Government NBFCs) registered a 20.6% (YoY) growth and stood at ₹28.8 trillion as on March, 2019 vis-à-vis 17.9% growth at ₹24.5 trillion as on March, 2018. There was a 6.3% (YoY) increase in share capital of NBFCs in March, 2019. The borrowings registered a growth of 19.6% (YoY) in March, 2019 which was same a year back. Loans and advances grew at a decelerated rate at 18.6% (YoY) in March, 2019 as compared to by 21.1% (YoY) and investments increased nearly by two times at 24.4% (YoY) in March, 2019 as against the growth rate of 12.9% (YoY) respectively in March 2018. Net profit of NBFC sector registered a decelerated growth as it expanded by 15.3% (annualised) during FY 2018-19 vis-à-vis 27.5% growth as in FY 2017-18. Return on Assets (RoA) for the FY 2018-19 remained static at 1.7% (annualised). Leverage ratio improved marginally to 3.4% as on March 31, 2019 from 3.2% as on March 31, 2018.

Stressed assets of NBFC sector have increased during the period March, 2018 – March, 2019, since Gross NPAs of the NBFC sector as a percentage of total advances increased to 6.6% as on March 31, 2019 from 5.8% as on March 31, 2018. However, the net NPA ratio declined marginally from 3.8% as on March 2018 to 3.7% as on March 31, 2019. Further, as per extant guidelines, NBFCs (other than Government NBFCs) are required to maintain a minimum capital level consisting of Tier-I and Tier-II capital, of not less than 15% of their aggregate risk-weighted assets. NBFCs' CRAR decreased to 19.3% in March, 2019 from 22.8% in March 2018. From April 1, 2018 onwards, NBFC-ND-SIs and all deposit taking NBFCs are required to maintain 10% of Tier I capital.

2. STRENGTHS, WEAKNESS, OPPORTUNITIES & CHALLENGES

Over its long existence of over seven decades, Your Company has gained rich experience and developed core expertise in serving the large and medium corporate customers. Your Company has channelized financial assistance across all major sectors of economy and built a well-diversified portfolio in infrastructure, real estate, manufacturing, services, and NBFC sectors.

Your Company is uniquely positioned as one of the 'sector agnostic' large, Non-Deposit Taking, Systemically Important NBFC, which is advantageous for harnessing emerging financing opportunities across sectors. While keeping in view the Government's initiatives to boost infrastructure development and to provide thrust to the core industries, Your Company plays a pivotal role to fill the investment gap by financing these segments based on the core competencies developed over the years.

Your Company faces stiff competition in lending business as the incremental borrowing costs are higher compared to the banks and peer NBFCs, due to relatively lower credit rating. Further downgrading of credit rating of Your Company during the year has added pressure on resource raising at competitive cost. Also, further weakening of the quality of legacy assets has led to higher provisioning requirements and continued annual net losses. Consistent shrinkage in the loan portfolio on account of huge prepayments over the last Financial Year is another constraint being faced by Your Company. However, Your Company has achieved improvements in the credit quality of fresh sanctions, which is evident from consistent improvement in average rating of fresh sanctions over the past three years. Pursuant to implementation of Ind-AS accounting methodology, Your Company has provided for Stage 3 assets with a higher Provision Coverage Ratio, as on March 31, 2019, when compared to provisioning requirements for NPAs by RBI.

As Government of India is the Promoter and the largest equity shareholder, it offers sufficient comfort and confidence to the stakeholders of Your Company. In this direction, the Government has reiterated its confidence and commitment to IFCI and allocated equity infusion of ₹200 crore in IFCI, in its budget for FY 2019-20.

In the wake of fall in overall consumption and investment in the economy, the entire financial sector is grappling with sustained pressure on portfolio quality and dwindling balance sheets besides mounting NPAs. Your Company is also affected with this phase of economic cyclic pressures. To phase out the above challenges, Your Company has given focussed attention to contain further slippage in the portfolio and has, therefore, constituted a dedicated team to expedite recovery from non-performing accounts. Your Company is optimistic about speedy resolution of non-performing accounts, more so, after introduction of time bound and efficient resolution process under Insolvency and Bankruptcy Code, 2016.

Further, liquidity crunch is being faced by NBFCs and with regulator's (RBI) intention of imposing stricter liquidity risk management practices, like Liquidity Coverage Ratio (LCR), the same is likely to impact all the NBFCs, by way of reducing funds available for deployment, increasing cost of funds and lower returns on investments. Your Company shall also be affected by these changes but efficient management of adequate liquidity is expected to help Your Company to tide over the difficult situation.

Your Company has been making sincere efforts to attract better rated borrowers by reducing its lending rate to competitive levels, downsizing financial exposures to the corporate borrowers in order to improve the asset quality and to reduce concentration risks. The immediate objective of Your Company is to reduce the level of NPAs through aggressive recovery efforts and improvement in asset quality.

3. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

With a focus to maintain quality of assets and in view of the prevailing environment, a cautious approach was adopted by Your Company in FY 2018-19. Fresh lending was done to better rated Companies, with a view to strengthen the balance sheet and to maintain the stipulated level of capital adequacy. Despite facing challenging environment in the NBFC sector and subdued credit demand, Your Company was able to channelize financial assistance, majorly to AA and A rated companies, which constituted 88% and 74% share in total sanctions and disbursements in FY 2018-19. Your Company sanctioned Short Term Loan, Corporate Loans and Project Loans to the tune of ₹3,760 crore and disbursed loans worth ₹3,238 crore, during the year. Learning from the past experience, the short term loans constituted 47% and 37% share in total sanctions and disbursements during the FY 2018-19 at ₹1,755 crore and ₹1,200 crore, respectively. The sanctions and disbursements were spread across well diversified sectors.

4. OUTLOOK

4.1 GLOBAL DEVELOPMENTS & OUTLOOK

The global economic activity slowed down considerably in second half of 2018, after experiencing strong growth in 2017 and early 2018, thereby reflecting financial consolidation and slow-down in manufacturing due to trade tensions between major economies. The weakening of consumer and business confidence led to loss of momentum in Euro area. Similarly, the new emission standards led to disruptions in car production in Germany. Likewise, investments dropped in Italy as sovereign spreads widened; and external demand, especially from emerging Asia, softened. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets in the spring of 2018 and then in advanced economies later in the year, weighing on global demand.

The global economy is expected to grow at a decelerated rate by 3.2% in 2019, in comparison with 3.6% growth registered in 2018, due to slower growth projected for the advanced economies at 1.8% in 2019 in comparison with 2.2% growth of 2018. Growth across emerging market and developing economies is projected to stabilize at 4.4% and 4.8% in 2019 and 2020, respectively. The baseline outlook for emerging Asia remains favourable, with Indian Economy's growth projected at 7.0% and 7.2% in 2019 and 2020.

The Borrowing costs for emerging market and developing economies (EMDEs) have increased. Further, the strengthening of USD, heightened financial market volatility, and rising risk premiums have intensified capital outflow and currency pressures in some large EMDEs, with some vulnerable countries experiencing significant financial stress. Energy prices have fluctuated markedly, mainly due to supply factors, with sharp falls toward the end of 2018. Other commodity prices-particularly metals-have also weakened, posing renewed headwinds for commodity exporters.

4.2 DOMESTIC DEVELOPMENTS & OUTLOOK

The Indian economy, consecutively for the 2nd year, was able to retain its place of the fastest growing major economy in the world in FY 2018-19 as well. As per advance estimates released by the Central Statistical Office (CSO), the Indian economy is expected to grow at 7% in FY 2018-19. However, this growth is slower than growth of 7.2% registered in FY 2017-18. The International Monetary Fund (IMF) in its latest World Economic Outlook of April, 2019, issue has pegged growth for Indian Economy at 7.3% and 7.5% for FY 2018-19 and FY 2019-20, respectively. The estimates are on the back of continued recovery of investment and robust consumption amid a more accommodative stance of monetary policy and some expected impetus from fiscal policy.

As per the World Economic Organisation report, efforts to enhance land reforms in order to facilitate and expedite infrastructure development are expected to lead to overall growth of the economy. However, downside risks which could impair India's Growth trend are slowdown in global demand on account of fiscal consolidation and uncertainty arising out of global trade tensions and the weak economic outlook in industrial countries.

The food prices and fuel prices are also expected to provide an impetus for consumption. An increase in utilization of production capacity by firms, along with falling levels of stressed assets held by banks and easing of credit restrictions on certain banks, is expected to help investment grow at a healthy rate.

The monsoon is expected to be near normal in FY 2019-20, however, there exists some uncertainty around it, not being evenly distributed among all regions of the country.

The outlook for oil prices continues to be hazy, both on the upside and the downside risk. The financial markets remained volatile throughout FY 2018-19 and the fiscal situation at the general Government level requires careful monitoring. Overall, the output gap remains negative and, therefore, strengthening domestic growth impulses by spurring private investment assumes priority. Further, the consumer price inflation is expected to be 3.8% by end of 2019-20.

The industrial growth during FY 2018-19 had a moderate pace as the Index of Industrial Production (IIP) with base 2011-12 in FY 2018-19, registered 3.6% increase over the corresponding period for the previous year, when it was 4.4%, since manufacturing activity slowed down in FY 2018-19 and registered a growth of 3.5% in comparison to 4.6% growth registered in previous FY. It is also observed from the CSO report that manufacturing slowed down in FY 2018-19, for Capital Goods and Consumer Non-Durable Goods.

5. RISKS AND CONCERNS

Risk is an inherent part of business of any financial institution, including IFCI, which makes it susceptible to credit risks that arise when a borrower is expecting future cash flows to pay a current debt. Effective management of credit risk is a critical component of comprehensive risk management and necessary for long term success of a financial institution. The goal of credit risk management is to maximize a FI's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters.

In order to address risks, Your Company has put in place an Integrated Risk Management Policy (IRMP) which addresses Credit Risk, Market Risk, Operational Risk and Asset-Liability Management, as a part of comprehensive risk management framework which is integrated with its business model.

The General Lending Policy, IRMP and other business policies of Your Company are reviewed periodically, keeping in view the changing economic and business environment. The Risk Management Vision Statement and Qualitative Risk Appetite Statements of IFCI have also been put in place. Parameters included in the Quantitative Risk Appetite statement are tested periodically.

Your Company manages transaction level risks by way of carrying out risk assessment of all fresh credit proposals and assigning an internal credit risk rating, after finalization by an internal Rating Committee. Portfolio level risks are assessed by way of monitoring of actual exposures against prudential limits, annual rating migration exercise, rating distribution, portfolio rating highlighting the quality of portfolio, mapping of internal and external ratings, analysis of NPA cases and Risk Adjusted Return on Capital (RAROC) estimation, etc.

As part of Ind AS implementation, Your Company estimates rating grade-wise Probability of Default (PD) numbers of its credit portfolio, based on last 5 years data while Loss Given Default (LGD) numbers are worked out based on past history of cash flows from NPAs. The risk components are utilized for calculation of Expected Credit Loss (ECL), as part of Ind AS implementation.

Your Company has set up a Market Research Group (MARG) for undertaking sectoral research and disseminates studies on various industry sectors to various stakeholders for aiding in making informed business decisions.

The C&AG in its Transaction Audit Report dated November 29, 2018, has acknowledged improvements in Lending Policy, loan disbursement norms and recovery of loans.

Risk management is expected to play a more prominent role in future because of ongoing liberalization, deregulation and global integration of financial markets, which would add newer dimensions to risks faced by the Banks and NBFCs. Interrelationships and associations amongst various risk categories and mushrooming of new risks, will require more proactive and efficient management of risks which will determine the strength and resilience of financial institutions. Your Company would continue to work on various initiatives aimed at strengthening credit risk standards, post sanction monitoring of the portfolio to mitigate any adverse impact on the loan portfolio of Your Company. Your Company would also strive to develop a strong culture for risk management and awareness within the organisation.

6. INTERNAL FINANCIAL CONTROLS

Your Company has sound Internal Financial Controls over financial reporting through policies and procedural manuals, designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The entity level control framework, designed and implemented in earlier years, was subjected to sample tests by the Management of Your Company, for various processes, during the year under report through external expert agency and also partially by in-house internal audit team and wherever required, remedial actions were taken. There were a few Internal Financial Control related issues, which were not material, were addressed in the subsequent period. Based on the satisfaction over the operating effectiveness of the Internal Financial Controls, the Board of Directors believes that adequate Internal Financial Controls exist and are operating effectively.

7. MATERIAL DEVELOPMENT IN HUMAN RESOURCES, INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Your Company recognise that Human Resources are the most important pillars on which the entire edifice of performance of the organisation rests. Hence, Your Company keeps development of its Human Resources pool central to its HR Policies and practices.

During the year, Your Company has brought in more structured approach to implementing various training & development interventions for development of our employees. Accordingly, the employees were nominated to training & development programmes organised by leading institutes/agencies, and in various conferences, discussion forums organised by industry so as to provide them platforms for keeping abreast with latest developments and also explore business opportunities. Your Company covered around 81% of its employees in various trainings/conferences. In all there were 414 nominations, in the in-house training/workshops and external trainings, covering topics of functional and behavioural nature.

Your Company continues to focus on employee health and wellness, new hospital has been empanelled for employees regular health check-up. Health talks were also organized to bring awareness among employees.

Your Company also shows promptness in resolving grievances of employees through a well-established system. As on March 31, 2019, there were no grievances pending in the Company. Your Company also settled various issues and court cases which were pending for a long time. As on March 31, 2019, the number of people employed was 225 (excluding contract employees).

8. ENVIRONMENTAL PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION, RENEWABLE ENERGY DEVELOPMENTS, FOREIGN EXCHANGE CONSERVATION.

Your Company has made sincere efforts for conservation of foreign exchange. During the year under report, the amount of foreign exchange outgo was only to the tune of ₹3.62 crore mainly on account of payment of interest on foreign currency borrowings. Your Company has also put in sincere effort to protect and conserve the environment and promote community development. Besides, Your Company has been actively engaged in financing of renewable energy projects which are sustainable and environment friendly. Further, Your Company has, through CSR Projects contributed to environment cleanliness by constructing number of toilets in unreachable areas.

9. CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee of Directors formulates the CSR Policy and recommends to the Board of Directors on activities to be undertaken by the Company as specified in Schedule VII of Companies Act, 2013 and Companies (Corporate Social Responsibilty Policy) Rules, 2014. The CSR Committee recommended the amount to be incurred on the activities and earmarked funds for the envisaged priority areas, as per vision of the Company. To associate with the CSR Activities of IFCI and its Subsidiaries and Associates, a Trust, by the name of “IFCI Social Foundation” (ISF) has also been established. The investment in CSR activities is project based and for every project, time frame and periodic milestones are set at the outset. Some of the CSR activities undertaken by IFCI through ISF includes contribution to The Leprosy Mission Trust India for installation of rooftop solar panel at its hospitals at Salur and Chhattisgarh, contribution to Yanam Old Age Home for construction of orphanage for girls and mobile vehicle for distribution of food for poor and needy people, support for distribution of artificial limbs, polio calipers, wheel chairs, tricycle and other prosthetics for differently abled people of Vizianagaram, Srikakulam, Vishakhapatnam, AP, Telangana and Odisha through Sri Gurudeva Charitable Trust; etc. An overview of projects or programs undertaken under CSR activities of IFCI have been disclosed in Annexure II of this report.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

The details of significant changes in Key Financial Ratios are as under:

Sl. No.	Particulars	FY 2019	FY 2018	Remarks	Significant change
1.	Debtors Turnover	Not applicable, since not a significant key ratio for NBFC business			NA
2.	Inventory Turnover				NA
3.	Interest Coverage Ratio	0.61	1.24	Earnings before interest and taxes / Total Interest expense (Profit before tax + finance cost)/finance cost	Yes (> 25%)*
4.	Current Ratio	1.14	1.29	Current assets/ current liabilities	No (< 25%)
5.	Debt Equity Ratio	3.81	4.27	Total Borrowings/Net worth	No (< 25%)
6.	Operating Profit Margin (%)	15.96	38.36	Operating profit/total revenue (Profit before tax + impairment)/total revenue	Yes (> 25%)*
7.	Net Profit Margin (%)	-19.59	5.99	Total comprehensive income /total revenue	Yes (> 25%)*
8.	Return on Net Worth	-10.81%	4.92%	Total comprehensive income /Average Net Worth	Yes*

* Explanation: During the year, there was reduction in various ratios by more than 25% due to decrease in operational income on account of prepayment of loans and increase in stage-3 assets, and net loss on fair value changes.

CAUTIONARY STATEMENT

Certain Statements in Management Discussion and Analysis describing the Company's objectives, estimates and expectations may be 'forward looking' within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

OWNERSHIP / CAPITAL STRUCTURE / CHANGE IN SECURITIES

During the Financial Year 2018-19, there was no change in the equity shareholding of the Company. Also during the Financial Year under review, the entire 22,50,00,000 number of preference shares which were due for redemption in different tranches during the FY 2018-19 till FY 2020-21 were pre-redeemed on August 31, 2018. Consequently, as on March 31, 2019, the GoI, being the Promoter, holds 56.42% in the total paid-up share capital of Your Company.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)

During the Financial Year 2018-19, Your Company had transferred 13,49,753 number of equity shares to IEPF. An amount of ₹2,04,47,865 pertaining to the unclaimed dividend for Financial Year 2010-11 was also transferred to IEPF. The Members, whose unclaimed dividends/ shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority, in Form No. IEPF-5 available on www.iepf.gov.in. The Members/Claimants can file only one consolidated claim in a Financial Year as per the IEPF Rules.

The Change in the debt structure of the Company is as under:

Total number of securities at the beginning of the year	Issued during the year	Redemption made during the year	Total number of securities at the end of the year
421,77,25,139	0	31,85,648	421,45,39,491

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy - The Company's operations do not involve any manufacturing or processing activities. It provides financial assistance to the industries, thereby requires normal consumption of electricity. Accordingly, the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of Companies (Accounts) Rules, 2014 are not applicable on the Company.

Technology Absorption – Information technology (IT) has transformed the conduct of businesses in every sector of the economy.

The in-house team of IT professionals in Your Company had developed system namely "CIIS" which largely consists of applications supporting major business functions as well as non-core functions. The system has been successfully running for over 20 years and the system has constantly been upgraded in line with the requirements.

During the FY 2018-19, the existing software applications were upgraded with enhanced/added features. New Modules were developed in-house for different functions.

Your Company is maintaining proper Data Backup and has setup Disaster Recovery Site to protect data and business information systems. Video Conferencing Facility setup was also enhanced to provide streamlined video communication and live content sharing.

FOREIGN EXCHANGE EARNINGS

The details in respect of foreign expenditure / earnings are as follows:

(₹ in crore)

Particulars	**Year End 31.03.2019**	Year End 31.03.2018
Expenditure in Foreign Currencies:		
Interest on borrowings	**3.59**	3.57
Other Matters	**0.03**	0.42
TOTAL	**3.62**	3.99
Earning in Foreign Currencies:		
Earning in Foreign Currency	**NIL**	NIL

DECLARATION BY INDEPENDENT DIRECTOR

As on March 31, 2019, there was no Independent Director on the Board of Your Company.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) APPOINTED OR RESIGNED DURING THE YEAR

During the FY 2018-19, Shri R N Dubey (DIN: 07561054), Government Director, ceased to be on the Board of the Company w.e.f. April 01, 2018 vide Order of Government of India dated May 03, 2018. Also, the Government vide its Order dated May 11, 2018 had nominated Dr Bhushan Kumar Sinha (DIN: 08135512) on the Board of the Company as Government Director. Accordingly, Dr Bhushan Kumar Sinha was appointed as Director on the Board of Your Company w.e.f. May 21, 2018.

Further, during the FY 2018-19, Smt Jhummi Mantri, General Manager was appointed as the Chief Financial Officer (CFO) of the Company w.e.f. May 24, 2018 in place of Shri B N Nayak.

DIRECTOR LIABLE TO RETIRE BY ROTATION

Prof N Balakrishnan (DIN: 00181842) whose office is liable to retire by rotation at this Annual General Meeting and being eligible, has offered himself for re-appointment.

CHANGE IN CREDIT RATING

The credit ratings assigned to the various financial facilities / instruments of the Company during the FY 2018-19 is provided in the Corporate Governance Report forming part of this Annual Report.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The details of the Meetings of the Board of Directors forms part of the Corporate Governance Report appearing separately in the Annual Report.

COMPOSITION OF AUDIT COMMITTEE

The details of Composition of Audit Committee forms part of the Corporate Governance Report forming separate part of the Annual Report. During the FY 2018-19, there has been no instance where the Board has not accepted recommendations of the Committee.

COMPLIANCE

During the Financial Year 2018-19, all returns / data / statements were submitted by concerned departments as advised by RBI, SEBI and other Regulatory Authorities.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and as approved by the Central Government.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) is attached to the Annual Report. Certificate from Practicing Company Secretary regarding compliance with the conditions of Corporate Governance as stipulated in Listing Regulations and under Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 has been obtained and is annexed at the end of Corporate Governance Report.

DOCUMENTS PLACED ON THE WEBSITE

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to place various Policies / Documents / Details on the Website of the Company. The Company has a functional website www.ifciltd.com and all the requisite information are being uploaded thereat.

DISCLOSURE OF NOMINATION AND REMUNERATION POLICY

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a Nomination and Remuneration Policy. However, as vide Notification No. F.No. 1/2/2014-CL.V dated June 5, 2015, in case of Government Companies, Section 134(3)(e) of the Companies Act, 2013 does not apply, accordingly, the requisite Policy has not been made part of Board's Report.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of the Companies Act, 2013, the extract of the Annual Return in the prescribed format of Form MGT – 9 is enclosed at **Annexure – I**. Form MGT-9 is also available on the website of Your Company at www.ifciltd.com.

CORPORATE SOCIAL RESPONSIBILITY

The Disclosure of contents of Corporate Social Responsibility Policy in the Board's Report pursuant to the provisions of Companies (Corporate Social Responsibility Policy) Rules, 2014 is at **Annexure - II**. The extant CSR Policy of the Company is available on the website of the Company at www.ifciltd.com.

PARTICULARS OF EMPLOYEES AND REMUNERATION

The requisite details, envisaged under the provisions of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed with this report at **Annexure - III**.

DISCLOSURE ON RELATED PARTY TRANSACTIONS

Disclosure on Related Party Transactions during FY 2018-19 in the prescribed Form AOC-2 is provided in **Annexure - IV**.

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

I. Approval by Audit Committee

1. All Related Party Transactions (RPTs) (including any subsequent modifications thereof) shall require prior approval of the Audit Committee of Directors.
2. The Audit Committee of Directors may grant omnibus approval for the RPTs proposed to be entered into by the Company.

The Conditions for granting Omnibus approval are as under:

All related party transactions shall require approval of the Audit Committee and the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions, namely:-

1. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:-
   (a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
   (b) the maximum value per transaction which can be allowed;
   (c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
   (d) review, on quarterly basis or at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each of the omnibus approval made;
   (e) transactions which cannot be subjected to the omnibus approval by the Audit Committee.
2. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
   (a) repetitiveness of the transactions (in past or in future);
   (b) justification for the need of omnibus approval.
3. The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.
4. The omnibus approval shall contain or include the following:-
   (a) Name of the related parties;
   (b) Nature and duration of the transactions;
   (c) Maximum amount of transaction that can be entered into;

(d) The indicative base price or current contracted price and the formula for variation in the price, if any; and

(e) Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Provided that where the need for related party transaction cannot be foreseen and the aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding ₹1 crore per transaction.

5. Omnibus approval shall be valid for a period not exceeding one Financial Year and shall require fresh approval after the expiry of such Financial Year.

6. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

7. Any other conditions as the Audit Committee may deem fit.

II. Approval by Board of Directors: Except with the consent of the Board of Directors given by a resolution at a meeting of the Board, IFCI shall not enter into any contract or arrangement with a related party with respect to:

(a) Sale, purchase or supply of any goods or materials;

(b) Selling or otherwise disposing of, or buying, property of any kind;

(c) Leasing of property of any kind;

(d) Availing or rendering of any services;

(e) Appointment of any agent for purchase or sale of goods, materials, services or property;

(f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and

(g) Underwriting the subscription of any securities or derivatives thereof, of the Company:

Provided that nothing of the above shall apply to any transactions entered into by IFCI in its ordinary course of business other than transactions which are not on an arm's length basis.

Explanation:

The expression "office or place of profit" means any office or place: Where such office or place is held by a Director, if the Director holding it receives from IFCI anything by way of remuneration over and above the remuneration to which he is entitled as Director, by way of salary, fee, commission, perquisites, any rent free accommodation, or otherwise;

Where such office or place is held by an individual other than a Director or by any firm, private Company or other body corporate, if the individual, firm, private Company or body corporate holding it receives from IFCI anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

The expression "arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

III. Approval by Shareholders

1. Except with the prior approval of the Company by a special/ordinary resolution, as may be specified under the Companies Act, 2013 or the Regulations, IFCI shall not enter into a transaction(s), where the transaction(s) to be entered into:

(a) As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188 of the Companies Act, 2013, with criteria as mentioned below:

(i) Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the turnover of the Company or ₹100 crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of Section 188;

(ii) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the Company or ₹100 crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of Section 188;

(iii) leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10% or more of turnover of the Company or ₹100 crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of Section 188;

(iv) availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the turnover of the Company or ₹50 crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of Section 188.

Explanation: It is hereby clarified that the limits specified in sub-clauses (i) to (iv), as above, shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a Financial Year.

(b) Is for appointment to any office or place of profit in the Company, its subsidiary Company or associate Company at a monthly remuneration exceeding ₹2.5 lakh as mentioned in clause (f) of sub-section (1) of Section 188; or

(c) Is for remuneration for underwriting the subscription of any securities or derivatives thereof of the Company exceeding 1% of the net worth as mentioned in clause (g) of sub-section (1) of Section 188.

Explanation:

(1) The Turnover or Net Worth referred in the above sub-rules shall be computed on the basis of the Audited Financial Statement of the preceding Financial Year.

(2) In case of a wholly owned subsidiary, the special resolution passed by IFCI shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and IFCI.

2. All the related parties shall abstain from voting on such resolutions.

3. No Member of IFCI shall vote on such Special/ Ordinary Resolution (as the case may be), to approve any contract or arrangement which may be entered into by the Company, if such member is a related party.

Proviso: The above clauses II and III, with respect to the Approval of Board and Shareholder's, respectively will not be applicable in the following cases:

1. Transactions entered into between two Government Companies.
2. Transactions entered into between a Holding Company and its wholly owned subsidiary whose accounts are consolidated with such Holding Company and placed before the shareholders at the general meeting for approval.

Qualifications, Reservation or Adverse Remark or Disclaimer made by the Statutory Auditors

For Standalone Financial Statements:

The Standalone Financial Results of the Company for the Financial Year 2018-19 was qualified by the Statutory Auditors of the Company. The Qualifications are as under:

Basis for Qualified Opinion:

1. One borrower account has been considered as 'Standard Restructured Account' and classified under Stage-2 by the Company, as at March 31, 2019, for the reasons stated in the Note No. 38 of financial statements. In our opinion, as the project could not achieve the COD inspite of three extensions, the account should be considered as non-performing account (NPA) and classified under stage-3. This has resulted in lower impairment allowance (ECL) by ₹44.06 crore on outstanding loan amount of ₹95.90 crore. Consequently, the loss of the Company is understated to the extent of ₹44.06 crore and loans (net) are overstated by the same amount.
2. Reference is drawn to Note No. 39 of the financial statements regarding loan exposure to another borrower having outstanding exposure of ₹367.19 crore. The account was restructured on January 04, 2018 and an amount of ₹235.61 crore was identified as unsustainable debt, which was to be converted into 9.5% Optionally Convertible Debentures (OCDs) of a Special Purpose Vehicle (SPV) backed by portfolio of real estate assets, which has not happened. The Company classified the entire outstanding of ₹367.19 crore under Stage-3 assets and has applied impairment allowance for ECL. In our opinion, the Company should make 100% provision against unsustainable portion of ₹235.61 crore. Thus, the loss of the Company has been understated by ₹93.18 crore and loans (net) are overstated to that extent.
3. In one of the subsidiary companies i.e. IFCI Factors Ltd. (IFL), the Company is holding 27,41,54,700 no. of shares, which are being carried at ₹171.84 crore as on March 31, 2019, for the reasons stated in Note No. 40 of financial statements. However, in our opinion, the book value of these investments as at March 31, 2019 be taken at ₹52.91 crore (excluding Deferred Tax Assets and Intangible Assets), the Company has not recognized further impairment loss of ₹118.93 crore. This has resulted in understatement of loss by ₹118.93 crore for the year and overstatement of value of investment in subsidiaries by the same amount.

Overall the loss is understated by ₹256.17 crore and loans (net) & investment are overstated by ₹137.24 crore and ₹118.93 crore, respectively.

Emphasis of Matter:

Reference is drawn to Note No 41 of the financial statements with regard to outstanding loan of ₹174.74 crore to one borrower, which has been classified as Stage-3 account and impairment allowance for ECL applied. In this case, RBI vide its letter dated November 20, 2017 has given dispensation from downgrading upto March 31, 2018. In absence of any further dispensation the borrower account has not been classified as 'Non-Performing Asset'. There is no impact on profitability as the account has been classified under Stage 3 and ECL calculated accordingly.

The point –wise management reply to the observations made by the Statutory Auditor as above is as under:

1. The Company has sanctioned a loan of ₹100 crore (outstanding ₹95.90 crore as at March 31, 2019) in a road project for widening of 4 lane highway into 6 lane, as a part of consortium finance. The project could not be completed within the original stipulated time and within three further extensions granted by the consortium of lenders. As per Independent Engineer appointed by NHAI, overall physical progress of the project was 91% upto March, 2019. NHAI vide letter dated January 11, 2019 has clarified that Appointed Date of the project has already been given as October 16, 2012 and Commercial Operations Date (COD) shall be from the Appointed Date. Accordingly, toll collection has already started from October 16, 2012 and the account is standard as per the record of recovery. It has been confirmed by the Lead Bank and all other members of the Consortium that this account has been classified as 'Standard Account' in their respective books of accounts as at March 31, 2019. Considering the overall status of the project and record of recovery, the account has been kept as 'Standard Restructured Account' under RBI norms and classified as Stage-2 and impairment allowance as per ECL has been applied accordingly.
2. The loan account of Jai Prakash Associates has been restructured as per the scheme approved by the consortium of lenders. As per the scheme of restructuring, a portion of overall debt (IFCI share – ₹235.61 crore) alongwith identified portfolio of real estate assets, is to be transferred to an Special Purpose Vehicle (SPV) which will issue 9.5% Optionally Convertible Debenture (OCDs) in lieu of the debt and the proceeds from the real estate portfolio will be utilized towards servicing of these OCDs. However, pending approval of the demerger plan from National Company Law Tribunal (NCLT), the process of transfer of debt and real estate assets to the SPV is not yet completed. The Company has classified the entire outstanding of ₹367.19 crore as Stage-3 asset and impairment allowance for ECL has been applied accordingly. As the debt of the SPV shall be backed by real estate assets having sufficient security cover, provision has been made by the Company as per uniformly applied accounting policy for ECL to the entire portfolio for Stage 3 assets.
3. IFCI is carrying the investment in subsidiary companies at cost net of impairment loss (if any) and opted for one time exemption under IndAS 101 for deemed cost being the carrying value of investment as at transition date i.e. April 1, 2017. As on March 31, 2019, the Company had investment in 27,41,54,700 no. of shares in its subsidiary, IFCI Factors Ltd. (IFL), comprising of 19,91,54,700 no. of equity shares and 7,50,00,000 no. compulsorily convertible preference shares (CCPS). There being indications of

impairment in these investments, the Company got the shares of IFL fair valued by an external expert valuer, registered as Category-I merchant banker, per which, the fair value of investments in shares of IFL was determined at ₹171.81 crore using the generally accepted valuation methodologies, in line with Indian Accounting Standards and accordingly, the resultant impairment loss has been charged in the books of account.

For Consolidated Financial Statements:

The Consolidated Financial Statements of the Company for the Financial Year 2018-19 was qualified by the Statutory Auditors of the Company. The qualifications, in addition to the qualifications and emphasis of matter, reported for Standalone Financials, are as under:

Disclaimer of opinion and emphasis of matter in case of IFCI Factors Ltd.:

(a) Basis for Disclaimer of Opinion

1. We draw attention to Note no. 7 to the financial statements regarding recognition of Deferred Tax Assets on account of provisions of Non-Performing Assets. In case of Deferred Tax Assets of ₹79.35 crore as on 31 March 2019, in the opinion of management there is reasonable certainty of availability of future taxable income to realize the deferred tax assets. Considering the past accumulated losses and further stressed standard assets and nature of factoring business, we are unable to comment on the sufficiency of the future taxable profits of the company which can realize the deferred tax assets.

   As a result of this matter, we have not been able to obtain sufficient appropriate audit evidence on the said matter to state whether any adjustments would be required to the information included in the financial statements and impact thereof.

2. The Company has deviated from its credit policy/ exceeded the limits, though the same has been authorised by the competent authority.

Disclaimer of Opinion

Because of the significance of matters described in the basis for Disclaimer of Opinion paragraph, we are unable to express an audit opinion on the same.

(b) Emphasis of Matter

We draw attention to the following matters relating to borrowers' accounts:

1. Impact of IL&FS Financial Services Limited payment crisis debacle on IFCI Factors Limited on the Company's loan accounts having high risk exposure.

   A. Exposure on IL&FS Transportation Networks Limited:

      As per the information provided to us, the Company has sanctioned exposure on IL&FS Transportation Networks Ltd (as a debtor) in case of two accounts, GHV India Pvt Ltd and Oriental Structural Engineers Pvt Ltd (hereinafter referred to as "OSEPL"). The total sanction amount is ₹36 crore till date. In the standalone Ind AS Financial Statements for the year ended 31 March 2019, the outstanding amount in case of OSEPL is Nil and in case of GHV is ₹17 crore (approx.). In case of GHV India Pvt Ltd as a client the company has taken cash flow as a security from IRCON International Ltd which is a CARE AAA rated company. GHV India Pvt Ltd is CRISIL A rated. The risk has been sufficiently covered.

2. In our view, the following accounts of the Company appear to be High risk accounts:

   A. Ind Swift Laboratories Limited

      The Company has sanctioned exposure of ₹18 crore in the company which had defaulted with all its bankers and public deposit schemes. The company has also defaulted with IFCI Limited.

      The company was suffering losses since 2012, however the company is now generating sufficient profits to cover its financial obligations. For the 9 months ended 31 December 2018, the company has reported a net profit of ₹71.33 crore (Source: moneycontrol.com)

   B. Real Estate Industry Exposure

      The Company has exposure in the real estate industry. Omaxe Ltd, Vatika Ltd, BPTP Ltd, Ganesh Housing Ltd and GTM Builders and Promoters Ltd are the clients having credit limits from the company. The real estate industry is struggling in the NCR region. Many clients like Jaypee, Amrapali, Lotus and 3C's have defaulted with banks and Financial institutions. The Company has exposure with real estate clients having long track record with them, but the risk is sufficiently covered.

   C. Shriram EPC Limited

      The account has been declared NPA by Axis Bank, Yes Bank, State Bank of India, ICICI Bank.

Emphasis of matters in case of M/s IFCI Infrastructure Development Limited

We draw attention to the following matters in the Financial Statement:

a) Company had received sum of ₹7,50,00,000.00 towards advance for sale of property located at Plot no. C-26 to C-34, Ramprastha, Ghaziabad in terms of agreement to sell dated 24.01.2013. As per the terms of agreement to sell, the party was to pay balance amount of ₹11,00,00,000.00 by 31st December, 2013. The party had failed to make payment of balance amount. The advance of ₹7,50,00,000.00 paid by the party was liable to be forfeited on non-payment to balance amount. However till date Company had not forfeited the advance, as per the terms and conditions of the agreement to sell dated 24.01.2013. The party is agreeable to exit from the project and accepted an amount of ₹6.75 crore after deduction of 10% of ₹7.5 crore advance. The above refund will subject to sale of the property by IIDL.

Emphasis of matters in case of M/s Stockholding Corporation of India Limited

Note No. 36 of the Standalone Ind AS Financial Statements related to outcome of continuing litigation with a Bank, pending adjudication of the matter by the Honourable Supreme Court. As per the legal opinion obtained by the Management, no provision has been recognised in the Statement of Profit and Loss.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Overall the consolidated loss of the company is understated by ₹256.17 crore and loans (net) & investment are overstated by ₹137.24 crore and ₹118.93 crore, respectively apart from the facts that auditors of M/s IFCI factors limited has given a disclaimer on the results of the company.

As per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the "Statement on Impact of Audit Qualifications" both for Standalone and Consolidated Financial Statements of the Company for the FY 2018-19 is enclosed herewith as **Annexure - V**

AUDITORS

M/s KPMR & Associates (DE0637) (Firm Reg. No. 02504N) was appointed as Statutory Auditors of Your Company for Financial Year 2018-19 by the Comptroller & Auditor General of India (C&AG). The Statutory Auditor for the Financial Year 2019-20 will also be appointed by C&AG.

QUALIFICATIONS, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE SECRETARIAL AUDITOR

M/s Navneet K. Arora & Co LLP Company Secretaries was appointed as Secretarial Auditor of the Company for the Financial Year 2017-18. The observations of the Secretarial Auditor are as under:

1. Constitution of the Board, Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee without appointment of minimum number of Independent Directors by the Administrative Ministry of the Government of India during the period from 01st April 2017 to 31st March 2019, due to cessation of Independent Directors namely Smt Savita Mahajan (DIN-06492679) Shri KS Sreenivasan (DIN-05273535) and Shri S V Ranganath(DIN-00323799) after completion of their tenure w.e.f. 1st April 2017 and Corporate Social Responsibility Committee after completion of tenure of Prof Arvind Sahay (DIN- 03218334) w.e.f. 12th September, 2017. Further, no Meeting of the Independent Directors was held during the Financial Year for carrying out the evaluation of performance of Directors, due to non- availability of minimum number of independent directors on the Board of the Company.
2. As stated in point no. 1 above, the Company was not having proper composition of the Board of Directors, due to non-appointment of Independent Directors on the Board and its Committee namely Audit Committee, Nomination and Remuneration Committee as per Regulation 17(1), 18(1), 19(1) & (2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, since 1st April 2017 to 31st March 2019 and BSE Limited (BSE) has imposed fine of ₹9,77,040/- each for the quarters ended 30th September, 2018 and 31st December, 2018, vide its letter dated 31st October, 2018 and 31st January, 2019, respectively. Further, for the quarter ended 31st March 2019, BSE Limited has imposed fine of ₹9,55,800/- vide its letter dated 02nd May, 2019. The National Stock Exchange of India Limited (NSE) has also imposed fine of ₹9,77,040/- each for the quarters ended 30th September, 2018 and 31st December, 2018 vide its letter dated 05th November, 2018 & 31st January, 2019, respectively. Further, for the quarter ended 31st March 2019, NSE has imposed fine of ₹9,55,800/- vide its letter dated 02nd May 2019.
3. Delay in filing of e-returns in Form No(s). NBS-7 for the quarter ended 30th June 2018, 30th September 2018, 31st December 2018 & 31st March 2019 with Reserve Bank of India.

The point – wise management reply to the observations made by the Secretarial Auditor as above is as under:

1. In terms of Section 149(6) of the Companies Act, 2013, the Department of Financial Services (DFS), Ministry of Finance (MOF), Government of India (GOI) being the Ministry administratively in charge of the Company, is the Competent Authority to appoint Independent Directors (IDs), requests were made for appointment/nomination of IDs on the Board of the Company. The appointments were awaited.
2. IFCI being a Government Company, the power to appoint the Independent Directors vest with the Administrative Ministry i.e. Department of Financial Services. Several request letters have been sent to the Department of Financial Services, requesting appointment of Independent Directors. However, the appointments are still awaited. As the appointment of Independent Directors are absolutely outside the control of the Company and its Board of Directors, hence the Stock Exchange were requested not to impose the fine and any subsequent actions on the Company.
3. The e-return NBS-7 return was filed only after Board approval of financial results/accounts for the respective periods. Reserve Bank of India was informed of the same, who had not objected to the request of the Company considering the facts. It was also explained to the Secretarial Auditor that the Company being a listed entity, the result which is part of NBS-7 return, cannot be disclosed prior to the same is provided to Stock Exchanges, where the shares of the Company are listed.

   Secretarial Audit Report for FY 2018-19 in Form MR-3 is annexed at **Annexure – VI**.

FRAUD REPORTING

During the Financial Year 2018-19, neither the Statutory Auditors nor the Secretarial Auditors have reported any fraud in their respective Audit Reports.

PERFORMANCE EVALUATION

The performance evaluation of the Board, its Committees and individual Directors was conducted by the Nomination and Remuneration Committee and the Board. Since, there was no Independent Director on the Board of the Company during the Financial Year 2018-19 hence, no Meeting of the Independent Directors could be held. Communications requesting appointment of requisite number of Independent Directors have been sent to the Administrative Ministry and the appointments are awaited.

DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

An Internal Complaint Committee has been formed and the Members of the said Committee, at present, are as under:

1. Ms Parul Khosla - External Member
2. Ms Jhummi Mantri, General Manager
3. General Manager (Human Resources) – Presiding Officer
4. Ms Anamika Ranawat, Deputy General Manager (Law)
5. Mr Ravish Jain, Assistant General Manager

In the absence of any of the aforesaid Members, Ms Sapna Jain, AGM (Law) would be the alternate member. The disclosures required to be made under Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013 are given below:

No. of complaints pending at the start of the Financial Year 2018-19	Nil
No. of complaints received during the Financial Year 2018-19	Nil
No. of complaints resolved during the Financial Year 2018-19	Nil
No. of Complaints pending at the end of the Financial Year 2018-19	Nil
Number of workshops or awareness programs against sexual harassment carried out during the Financial Year 2018-19	Nil
Nature of action taken by the employer	Not applicable

DISCLOSURE ON LOAN, GUARANTEES OR INVESTMENT UNDER SECTION 186 OF THE COMPANIES ACT, 2013.

As the Company is primarily engaged in the business of financing Companies in the capacity of being a Non-Banking Financial Company, therefore the provisions of Section 186 [except for sub-section (1)] of the Companies Act, 2013 are not applicable to the Company.

RISK MANAGEMENT POLICY

Disclosure indicating development and implementation of a Risk Management Policy is provided in the Management Discussion and Analysis Report forming part of this Report.

DISCLOSURE ON RECEIPT OF COMMISSION BY A DIRECTOR FROM SUBSIDIARY COMPANY

No Director of the Company, including the MD&CEO, was paid any commission during the FY 2018-19 from any of the subsidiary of Your Company, on whose Boards they were Directors as nominees of Your Company.

PUBLIC DEPOSITS

Your Company did not raise any public deposit during the year. There was no public deposit outstanding as at the beginning or end of the year as on March 31, 2019.

COST AUDIT

As per the requirement of Section 148 of the Companies Act, 2013, the requirement of Cost Audit is not applicable on the Company.

DISCLOSURE OF SIGNIFICANT OR MATERIAL ORDERS PASSED BY REGULATORS OR COURT IMPACTING THE GOING CONCERN STATUS OF THE COMPANY

During the FY 2018-19, there were no significant or material orders passed by Regulators or Court impacting the going concern status of the Company.

VIGILANCE

During 2018-19, Vigilance Manual of the Company was reviewed by the Board and updated for due compliance of CVC Guidelines. During the year, Vigilance Department organized following training / workshop programmes for vigilance awareness in the Company:

(i) Preventive Vigilance on Credit Appraisal;

(ii) CVC Guidelines for procurement of goods and services;

(iii) Lecture session on Cyber Security.

The Vigilance Department also undertook following initiatives for improvement in system and procedures in the Company:

(i) Vigilance Manual reviewed and updated for due compliance with CVC Guidelines;

(ii) E-procurement has been made mandatory at CVO's suggestion;

(iii) Online System for Vigilance clearance has been developed and implemented;

(iv) Rotation of staff in general and in sensitive post has been ensured;

(v) Majority of systemic improvement suggested by the Vigilance Department have been implemented by the Management.

The Company has put in place a Vigil Mechanism in terms of Section 177 (9) of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Guidelines on Corporate Governance for Central Public Sector Enterprises 2010. The Company has a Board approved Whistle Blower Policy which was updated during the year to confirm to the latest amendment in the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) as amended in 2018.

Under Whistle Blower Policy of IFCI Director(s) and employees(s) can report to the management their concerns about unethical behaviour, actual or suspected fraud or violation of the IFCI's Code of Conduct or ethics policy and to provide adequate safeguards to them against any sort of victimization on raising an alarm. The Policy also provides for direct access to the Chairman of the Audit Committee in exceptional cases. No personnel has been denied access to the Audit Committee.

Now IT Department is in process of developing a new web based interface for the existing whistle blower system, which would be implemented for IFCI employees and employees of subsidiaries of IFCI to send confidential whistle blower complaints through its interface to CVO, IFCI, since the vigilance administration of IFCI & Subsidiaries is with CVO, IFCI.

During the year under review, no instance of the protected disclosure was made to the Designated Authority or to the Chairman of the Audit Committee. The Vigil Mechanism / Whistle Blower Policy of Your Company is also available on the website at https://www.ifciltd.com/?q=content/whistle-blower-policy

CHANGE IN NATURE OF BUSINESS AND MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND REPORTING DATE.

There has been no change in the business of the Company during the reporting period. Further, there have been no material changes and commitments which affect the financial position between the end of Financial Year and date of Board's Report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;

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

(iv) The Directors had prepared the annual accounts on a going concern basis;

(v) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

(vi) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Details of Debenture Trustee

As per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant details of the Debenture Trustees are as under:

Name of Debenture Trustee	Contact Details
Axis Trustee Services Limited	Axis House, Bombay Dyeing Mills Compound Pandurang Budhkar Marg, Worli, Mumbai – 400 025 E-mail: debenturetrustee@axistrustee.com Website: www.axistrustee.com
IDBI Trusteeship Services Limited	Asian Building, Ground Floor 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001 E-mail: itsl@idbitrustee.com Website: www.idbitrustee.in
Centbank Financial Services Limited	3rd Floor (East Wing) Central Bank of India, MMO Building 55 M G Road, Mumbai – 400 001 E-mail: info@cfsl.in Website: www.cfsl.in

Appointment of Cost Auditor

The requirement of Cost Audit is not applicable on the Company.

Comments of Comptroller & Auditor General of India

The comments of Comptroller & Auditor General of India (C&AG) are at **Addendum**.

Appreciation

Your Directors wish to express gratitude for the cooperation, guidance and support from the Ministry of Finance, various other Ministries and Departments of the Government of India, The Reserve Bank of India, The Securities and Exchange Board of India, Stock Exchanges and other regulatory bodies, The Comptroller & Auditor General of India and State Governments. Your Directors also acknowledge the valuable assistance and continued cooperation received from all banks, financial institutions, overseas correspondent banks, other members of the banking fraternity and investors. Your Directors would also like to express their appreciation for the efforts and dedicated service put in by the employees at all levels of Your Company.

Dr Emandi Sankara Rao
Managing Director & Chief Executive Officer
DIN: 05184747
Address: IFCI Tower
61 Nehru Place
New Delhi - 110 019

Dated: June 24, 2019

Ms Kiran Sahdev
Non-Executive Director
DIN: 06718968
Address: IFCI Tower
61 Nehru Place
New Delhi - 110 019

ANNEXURE - I

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the Financial Year ended on March 31, 2019
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i) CIN: - L74899DL1993GOI053677

(ii) Registration Date: May 21, 1993

(iii) Name of the Company: IFCI Limited

(iv) Category/Sub-Category of the Company: Company Limited by Shares/Union Government Company

(v) Address of the Registered office and Contact Details: IFCI Tower, 61 Nehru Place, New Delhi-110019
Contact: +91-11-41732000, Email – complianceofficer@ifciltd.com

(vi) Whether Listed Company: Yes

(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: MCS Share Transfer Agent Ltd, F-65, Okhla Industrial Area, Phase-I, New Delhi – 110020, Contact: 011-41406149, Email ID: admin@mcsregistrars.com : Website: www.mcsregistrars.com.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main Products/Services	NIC Code of the Product/Services	% to Total Turnover of the Company
1.	Other Credit Granting Services	64920	87.47*

* Net Income from Operations has been considered. The financial statements of the Company for the Financial Year 2018-19 has been first time prepared under Ind-AS.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN (As on Board's Report Date)	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Stock Holding Corporation of India Ltd (SHCIL) Centre Point, Unit No.301, 3rd Floor Dr B Ambedkar Road, Parel Mumbai- 400 012	U67190MH1986GOI040506	Subsidiary	52.86	2(87) of the Companies Act, 2013
2.	IFCI Infrastructure Development Ltd (IIDL) IFCI Tower, 61, Nehru Place New Delhi - 110 019	U45400DL2007GOI169232	Subsidiary	100.00	2(87) of the Companies Act, 2013
3.	IFCI Venture Capital Funds Ltd (IVCF) IFCI Tower, 61, Nehru Place New Delhi - 110 019	U65993DL1988GOI030284	Subsidiary	98.59	2(87) of the Companies Act, 2013
4.	IFCI Factors Ltd (IFL) 10th Floor, IFCI Tower, 61, Nehru Place New Delhi - 110 019	U74899DL1995GOI074649	Subsidiary	99.89	2(87) of the Companies Act, 2013
5.	IFCI Financial Services Ltd (IFIN) IFCI Tower, 61, Nehru Place New Delhi - 110 019	U74899DL1995GOI064034	Subsidiary	94.78	2(87) of the Companies Act, 2013
6.	MPCON Ltd (MPCON) Ground Floor, 35, Rajeev Gandhi Bhawan Parisar-2, Shyamla Hills, Bhopal - 462 002	U74140MP1979GOI001502	Subsidiary	79.72	2(87) of the Companies Act, 2013
7.	IIDL Realtors Pvt Ltd (IRPL) 6th Floor, IFCI Tower, 61 Nehru Place New Delhi - 110 019	U70100DL2005GOI223060	Step-down Subsidiary	–	2(87) of the Companies Act, 2013
8.	IFIN Commodities Ltd (ICOM) 142, Mahatma Gandhi Road Nungambakkam, Chennai - 600 034	U93000TN2009GOI070524	Step-down Subsidiary	–	2(87) of the Companies Act, 2013
9.	IFIN Credit Ltd (IFIN Credit) 142, Mahatma Gandhi Road Nungambakkam, Chennai - 600 034	U67190TN1995GOI032057	Step-down Subsidiary	–	2(87) of the Companies Act, 2013
10.	IFIN Securities Finance Ltd (ISFL) Continental Chambers (3rd Floor) 142, Mahatma Gandhi Road Nungambakkam, Chennai - 600 034	U65991TN1989GOI017792	Step-down Subsidiary	–	2(87) of the Companies Act, 2013

Sl. No.	Name and Address of the Company	CIN/GLN (As on Board's Report Date)	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
11.	SHCIL Services Ltd (SSL) SHCIL House, P-51, T.T.C. Industrial Area MIDC, Mahape Navi Mumbai- 400 710	U65990MH1995GOI085602	Step-down Subsidiary	–	2(87) of the Companies Act, 2013
12.	StockHolding Document Management Services Ltd (SDMSL) Plot No. P-51, T.T.C. Industrial Area, MIDC Mahape, Navi Mumbai- 400 701	U74140MH2006GOI163728	Step-down Subsidiary	–	2(87) of the Companies Act, 2013
13.	StockHolding Securities IFSC Limited Unit No.518 Signature, 5th Floor, Block 13B, Zone-I, GIFT SEZ GIFT CITY Gandhinagar, Gujarat - 382 355	U65990GJ2018GOI103278	Step-down Subsidiary	–	2(87) of the Companies Act, 2013
14.	KITCO Ltd (KITCO) No.33/1676H, Femith's Puthiya Road N H Bypass, Vennala, Cochin-682 028	U74140KL1972GOI002425	Associate	20.26	2(6) of the Companies Act, 2013

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2018)				No. of Shares held at the end of the year (As on 31.03.2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
(1) Indian									
(a) Individual/HUF	–	–	–	–	–	–	–	–	–
(b) Central Govt	956955857	–	956955857	56.42	9569558 57	–	956955857	56.42	–
(c) State Govt(s)	–	–	–	–	–	–	–	–	–
(d) Bodies Corp.	–	–	–	–	–	–	–	–	–
(e) Banks/FI	–	–	–	–	–	–	–	–	–
(f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):	**956955857**	**–**	**956955857**	**56.42**	**956955857**	**–**	**956955857**	**56.42**	**–**
(2) Foreign									
(a) NRI's- Individuals	–	–	–	–	–	–	–	–	–
(b) Other Individuals	–	–	–		–	–	–	–	–
(c) Bodies Corp.	–	–	–	–	–	–	–	–	–
(d) Banks/FI	–	–	–	–	–	–	–	–	–
(e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2) :	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL Shareholding of Promoter									
(A)= (A)(1)+(A)(2)	**956955857**	**–**	**956955857**	**56.42**	**956955857**	**–**	**956955857**	**56.42**	**–**
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	37808933	8300	37817233	2.23	35829662	8300	35837962	2.11	(0.12)
(b) Banks/FI	90190840	2758700	92949540	5.48	89430569	2731000	92161569	5.43	(0.05)
(c) Central Govt.	–	–	–	–	–	–	–	–	–
(d) State Govt.(s)	–	–	–	–	–	–	–	–	–
(e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
(f) Insurance Companies	106685458	13300	106698758	6.29	103385458	13300	103398758	6.10	(0.19)
(g) FIIs	107662825	21100	107683925	6.35	91032969	20700	91053669	5.37	(0.98)
(h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
(i) Other (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (1):	**342348056**	**2801400**	**345149456**	**20.35**	**319678658**	**2773300**	**322451958**	**19.01**	**(1.34)**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2018)				No. of Shares held at the end of the year (As on 31.03.2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. **Non Institutions**									
(a) Bodies Corporate									
(i) Indian	61742260	190002	61932262	3.65	60399490	184601	60584091	3.57	(0.08)
(ii) Overseas	3000	–	3000	–	–	–	–	–	–
(b) Individuals									
(i) Individual shareholders Holding Nominal share capital upto ₹1 Lakh	209670252	13699294	223369546	13.17	214539338	12006109	226545447	13.36	0.19
(ii) Individual shareholders holding Nominal share capital in excess of ₹1 Lakh	93293510	152300	93445810	5.52	112052122	168000	112220122	6.62	1.10
(c) Other (Equity shares transferred to IEPF)	6078349	–	6078349	0.36	7425555	–	7425555	0.44	0.08
(i) Trust & Foundations	217736	600	218336	0.01	215994	600	216594	0.01	–
(ii) Non-Resident Individuals	8459876	380600	8840476	0.52	9212868	380600	9593468	0.57	0.05
Sub- total (B) (2)	**379464983**	**14422796**	**393887779**	**23.23**	**403845367**	**12739910**	**416585277**	**24.57**	**1.34**
Total Public Shareholding (B)= (B)(1) + (B) (2)	**721813039**	**17224196**	**739037235**	**43.58**	**723524025**	**15513210**	**739037235**	**43.58**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
GRAND TOTAL (A+B+C)	**1678768896**	**17224196**	**1695993092**	**100.00**	**1680479882**	**15513210**	**1695993092**	**100.00**	**–**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2018)			Shareholding at the end of the year (as on 31.03.2019)			% Change in Shareholding during the Year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	
1.	President of India	956955857	56.42	–	956955857	56.42	–	0.00

(iii) Change in Promoter's Shareholding:

Sl. No.	Shareholder's Name	Shareholding at the Beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	**President of India**				
	At the Beginning of the Year	**956955857**	**56.42**	**–**	**–**
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	–	–	956955857	56.42
	At the End of the Year	**–**	**–**	**956955857**	**56.42**

(iv) Shareholding Pattern of Top 10 Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on March 31, 2019:

Note:

(i) (P) denotes Purchase of shares and (S) denotes sale of shares.

(ii) All the increase / decrease in shareholding is due to Transfer only.

Sl. No.	For each of the Top 10 shareholders	Shareholding at the Beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	**Life Insurance Corporation of India**				
	At the Beginning of the Year	**61944644**	**3.65**		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	–	–	61944644	3.65
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**61944644**	**3.65**
2.	**Ishares Core Emerging Markets Mauritius Co**				
	At the Beginning of the Year	8918247	**0.53**		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	06.04.2018 – 87486 (P)	0.01	9005733	0.53
		13.04.2018 – 74988 (P)	0.00	9080721	0.54
		20.04.2018 – 106233 (P)	0.01	9186954	0.54
		27.04.2018 – 62490 (P)	0.00	9249444	0.55
		04.05.2018 – 433454 (P)	0.03	9682898	0.57
		08.06.2018 – 284976 (P)	0.02	9967874	0.59
		20.07.2018 – 832202 (P)	0.05	10800076	0.64
		10.08.2018 – 1269141 (P)	0.07	12069217	0.71
		31.08.2018 – 85646 (P)	0.01	12154863	0.72
		07.09.2018 – 210297 (P)	0.01	12365160	0.73
		29.09.2018 – 303059 (P)	0.02	12668219	0.75
		12.10.2018 – 64544 (P)	0.00	12732763	0.75
		19.10.2018 – 482319 (P)	0.03	13215082	0.78
		02.11.2018 – 661705 (P)	0.04	13876787	0.82
		09.11.2018 – 96723 (P)	0.01	13973510	0.82
		16.11.2018 – 786009 (P)	0.05	14759519	0.87
		23.11.2018 – 302511 (P)	0.02	15062030	0.89
		30.11.2018 – 155839 (P)	0.01	15217869	0.90
		07.12.2018 – 936475 (P)	0.06	16154344	0.95
		14.12.2018 – 28455 (P)	0.00	16182799	0.95
		21.12.2018 – 18970 (P)	0.00	16201769	0.96
		18.01.2019 – 485004 (P)	0.03	16686773	0.98
		25.01.2019 – 54000 (P)	0.00	16740773	0.99
		01.02.2019 – 563622 (S)	(0.03)	16177151	0.95
		15.02.2019 – 906294 (S)	(0.05)	15270857	0.90
		22.02.2019 – 10942 (P)	0.00	15281799	0.90
		01.03.2019 – 139272 (S)	(0.01)	15142527	0.89
		08.03.2019 – 186649 (S)	(0.01)	14955878	0.88
		15.03.2019 – 210063 (S)	(0.01)	14745815	0.87
		22.03.2019 – 420173 (S)	(0.02)	14325642	0.84
		31.03.2019 – 21156 (P)	0.00	14346798	0.85
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**14346798**	**0.85**

Sl. No.	For each of the Top 10 shareholders	Shareholding at the Beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
3.	**General Insurance Corporation of India**				
	At the Beginning of the Year	**16502700**	**0.97**		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	24.08.2018 – 100000 (S) 07.09.2018 – 200000 (S) 31.12.2018 – 1294031 (S) 18.01.2019 – 1705969 (S)	(0.01) (0.01) (0.08) (0.10)	16402700 16202700 14908669 13202700	0.97 0.96 0.88 0.78
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**13202700**	**0.78**
4.	**Canara Bank**				
	At the Beginning of the Year	**14757146**	**0.87**		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	–	–	–	–
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**14757146**	**0.87**
5.	**Central Bank of India**				
	At the Beginning of the Year	**11149326**	**0.66**		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	–	–	–	–
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**11149326**	**0.66**
6.	**Vanguard Total International Stock Index Fund**				
	At the Beginning of the Year	**10167305**	**0.60**		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	14.09.2018 – 441323 (P) 21.09.2018 – 289796 (P)	0.03 0.02	10608628 10898424	0.63 0.64
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**10898424**	**0.64**
7.	**Vanguard Emerging Markets Stock Index Fund**				
	At the Beginning of the Year	**10892947**	**0.64**		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	–	–	–	–
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**10892947**	**0.64**
8.	**The Oriental Insurance Company Limited**				
	At the Beginning of the Year	**10245438**	**0.60**		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	–	–	–	–
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**10245438**	**0.60**

Sl. No.	For each of the Top 10 shareholders	Shareholding at the Beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
9.	**Punjab National Bank**				
	At the Beginning of the Year	**9152100**	**0.54**		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	–	–	–	–
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**9152100**	**0.54**
10.	**Emerging Markets Core Equity Portfolio**				
	At the Beginning of the Year	**8624140**	**0.51**		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	08.06.2018 – 40991 (P) 30.11.2018 – 129079 (S) 07.12.2018 – 324029 (S) 14.12.2018 – 143967 (S) 21.12.2018 – 277038 (S) 31.12.2018 – 257956 (S) 15.02.2019 – 648044 (P) 22.02.2019 – 97205 (P) 01.03.2019 – 371966 (P) 08.03.2019 – 204763 (P)	0.00 (0.01) (0.02) (0.01) (0.02) (0.02) 0.04 0.01 0.02 0.01	8665131 8536052 8212023 8068056 7791018 7533062 8181106 8278311 8650277 8855040	0.51 0.50 0.48 0.48 0.46 0.44 0.48 0.49 0.51 0.52
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**8855040**	**0.52**

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors hold any shares in the Company. Shareholding of the Chief Financial Officer and Company Secretary is as under:

Sl. No.	For each of the KMP i.e. Chief Financial Officer and Company Secretary	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
11.	**Shri B N Nayak, CFO (01.03.2018 – 23.05.2018)**				
	At the Beginning of the Year	14716	0.00	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	–	–	14716	0.00
	At the End of the year	–	–	14716	0.00
	Smt Jhummi Mantri, CFO (24.05.2018 – 31.03.2019)				
	At the Beginning of the Year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	–	–	–	–
	At the End of the year	–	–	–	–
12.	**Smt Rupa Sarkar, Company Secretary**				
	At the Beginning of the Year	8657	0.00	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	–	–	8657	0.00
	At the End of the Year	–	–	8657	0.00

(V) INDEBTEDNESS

Indebtedness of the Company including interest Outstanding/Accrued but not due for payment **(₹in crore)**

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
(i) Principal Amount	2857.26	17280.70	–	20137.96
(ii) Interest due but not paid	–	–	–	–
(iii) Interest Accrued but not due	110.46	977.01	–	1087.47
Total (i+ii+iii)	**2967.72**	**18257.71**	**–**	**21225.43**
Change in indebtedness during the Financial Year*				
Addition	–	–	–	–
Reduction	–	4044.15	–	4044.15
Net Change	**–**	**(4044.15)**	**–**	**(4044.15)**
Indebtedness at the end of the Financial Year				
(i) Principal Amount	2857.26	13236.55	–	16093.81
(ii) Interest due but not paid	–	–	–	–
(iii) Interest Accrued but not due	127.32	1000.23	–	1127.55
Total (i+ii+iii)	**2984.58**	**14236.78**	**–**	**17221.36**

Note 1: Indebtedness includes Foreign Currency Loans.

Note 2: Interest accrued but not due includes both current and non-current under Long Term Liabilities.

Note 3: The financial statements of the Company for the Financial Year 2018-19 has been first time prepared under Ind-AS and accordingly, Indebtedness at the beginning of the Financial Year 2018-19 is not matching with the Indebtedness at the end of previous Financial Year.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Dr Emandi Sankara Rao (Managing Director & CEO)	Total Amount
		Amount (₹)	**Amount (₹)**
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of Income Tax Act, 1961	28,19,946.00	28,19,946.00
	(b) Value of Perquisites u/s 17(2) of Income Tax Act, 1961	82,580.00	82,580.00
	(c) Profits in lieu of Salary u/s 17(3) of Income Tax Act, 1961	3,87,030.00	3,87,030.00
2.	Stock Options	–	–
3.	Sweat Equity	–	–
4.	Commission	–	–
	- As % of profit	–	–
	- Others, specify	–	–
5.	- Others, please specify	–	–
	- Tax Borne by IFCI	95,790.00	95,790.00
	- PF Contribution	2,51,440.00	2,51,440.00
	Total (A)	**36,36,786.00**	**36,36,786.00**
	Ceiling as per Act – Not Applicable		

B. Remuneration to Other Directors: (Amount in ₹)

Non-Executive Directors	Prof N Balakrishnan	Prof Arvind Sahay	Ms Kiran Sahdev	Dr Bhushan Kumar Sinha	Shri Anshuman Sharma	Total Amount
Fees for attending Board / Committee Meetings	3,40,000.00	3,35,000.00	–	–	–	6,75,000.00
Commission	–	–	–	–	–	–
Others, please specify	–	–	–	–	–	–
Total						**6,75,000.00**
Ceiling as per the Act	Not Applicable					

Note: Sitting Fees paid for Board Meeting is ₹20,000/- and for Committee Meeting is ₹10,000/-. The sitting fees of only those Directors has been considered who were on the Board of Directors as on March 31, 2019. However, during March 2019, the sitting fees was revised to ₹40,000/- for attending the Meetings of the Board of Directors and to ₹20,000 for attending Committee Meetings. Also, in addition to the above mentioned sitting fees w.e.f. March 2019, the fees for acting as Chairperson of the Meeting of the Board of Directors is ₹10,000 and fees for acting as Chairperson of Meetings of Committees of Directors is ₹5,000/- per meeting.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (Amount in ₹)

Sl. No.	Particulars of Remuneration	Details of CFO Shri B N Nayak (01.04.2018 – 23.05.2018)	Details of CFO Smt Jhummi Mantri* (24.05.2018 – 31.03.2019)	Details of CS Smt Rupa Sarkar (01.04.2018 – 31.03.2019)	Total Amount
1.	**Gross Salary**				
	(a) Salary as per provisions contained in Section 17(1) of Income Tax Act, 1961	5,59,809.00	24,44,870.00	27,20,534.00	57,25,213.00
	(b) Value of Perquisites u/s 17(2) of Income Tax Act, 1961	1,95,901.00	11,69,280.00	12,35,379.00	26,00,560.00
	(c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	19,271.00	53,453.00	2,920.00	75,644.00
2.	Stock Options	–	–	–	–
3.	Sweat equity	–	–	–	–
4.	Commission	–	–	–	–
	- As % of profit	–	–	–	–
	- Others, specify	–	–	–	–
5.	Others, please specify				
	- Tax Borne by IFCI	924.00	12,307.00	720.00	13,951.00
	- PF Contribution	13,779.00	71,909.00	82,800.00	1,68,488.00
	Total	**7,89,684.00**	**37,51,819.00**	**40,42,353.00**	**85,83,856.00**

* Smt Jhummi Mantri, General Manager, was designated as Chief Financial Officer of the Company w.e.f. May 24, 2018. The remuneration, however, pertains to the whole of FY 2018-19.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: During the Financial Year 2018-19, no penalty/ punishment/ compounding of offences was imposed on the Company under the provisions of Companies Act, 2013.

Dr Emandi Sankara Rao
Managing Director & Chief Executive Officer
DIN: 05184747

Address: IFCI Tower
61 Nehru Place
New Delhi - 110019

Dated: June 24, 2019

Ms Kiran Sahdev
Non-Executive Director
DIN: 06718968
Address: IFCI Tower
61 Nehru Place
New Delhi - 110019

ANNEXURE - II

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILTY (CSR) ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programs undertaken and reference to the web-link to the CSR policy.**

(i) IFCI Ltd. (IFCI) since its inception in 1948 had a vision to empower the community through socio-economic development of the country as a whole. In its continued efforts to make a difference to the society at large, during the Financial Year (FY) 2018-19, IFCI has undertaken Corporate Social Responsibility (CSR) activities, through IFCI Social Foundation (ISF) with a vision as per CSR Policy.

(ii) The CSR Policy for FY 2018-19 (available at: https://www.ifciltd.com/?q=content/our-csr-policy) was approved by the Board of Directors with the following objectives:

- Support activities which aim at creating physical infrastructure/assets (comprising at least upto 70% of its total funds entrusted to ISF), so as to ensure better monitoring and sustainability.
- Support activities to drive measurable change in the communities, we work with and strive to create a positive impact through our initiatives on hunger & malnutrition, poverty, health & sanitation, education & skill development, employment & technology incubation, rural development, women empowerment and elderly care.

(iii) During FY 2018-19, in accordance with Schedule VII of Section 135 of Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, CSR activities were undertaken by IFCI Social Foundation (ISF), a registered Trust founded by IFCI Ltd. in a focused manner in sync with the CSR objectives of the Company. The entire CSR Budget allocation of IFCI Ltd. aggregating to ₹3.12 crore has been entrusted to ISF. Apart from this, ₹1.32 crore unavailed amount carried forward from previous years' sanction (including ₹0.08 crore of the capacity building and administrative expenses) has been added to the CSR budget of FY 2018-19. Therefore, the total Fund available for FY 2018-19 works out to ₹4.44 crore.

(iv) The entire CSR budget allocation of IFCI Ltd., aggregating to ₹4.44 crore (including the unspent amount carried forward from previous year) was entrusted with ISF for carrying out CSR activities on behalf of IFCI. The projects sanctioned by the Board of Trustees of ISF during FY 2018-19 were targeted towards achieving the objectives laid down in the CSR Policy of IFCI Ltd.

(v) After accounting for capacity building and administrative expenses ₹0.24 crore (i.e. 5% of ₹3.12 crore = ₹0.16 crore plus ₹0.08 crore unspent capacity building expenses carried forward from last year), the net fund available for CSR activities aggregates to ₹4.20 crore.

(vi) During the period under review i.e. FY 2018-19, ISF has allocated an amount of ₹4.20 crore towards CSR projects and ₹0.24 crore was set aside for capacity building and administrative expenses. During FY 2018-19, ISF has spent an amount of ₹2.11 crore on behalf of IFCI from ₹4.20 crore allocated towards CSR projects. The balance amount will be spent gradually in sync with the physical progress of the sanctioned CSR projects since payments are linked to progress on a milestone achievement basis. Apart from the above, ₹0.10 crore was spent on capacity building and administrative expenses out of ₹0.24 crore set aside for the same.

(vii) Further, ₹3.37 crore was spent by ISF on account of previous years' sanctions, out of which ₹0.27 crore was spent directly by IFCI for projects sanctioned in earlier years, whereas, ₹3.10 crore was spent by ISF for projects sanctioned in FY 2015-16, 2016-17 and 2017-18.

(viii) CSR activities undertaken during the year: **(Amount Spent on CSR Activities)**

A. CSR projects undertaken directly by IFCI: (₹0.27 crore)

Out of Sanctions of FY 2018-19

NIL; as the CSR expenditure was carried out by IFCI Social Foundation

Out of Sanctions of FY 2017-18

NIL; as the CSR expenditure was carried out by IFCI Social Foundation

Out of Sanctions of FY 2016-17

- ₹0.11 crore to Naandi Foundation for installation of one unit of Community Water Filtration Centre in the rural region of Rewari District of Haryana State to provide safe drinking water at affordable rates.

Out of Sanctions of FY 2015-16

- ₹0.04 crore to Project "Shakti" of SOS Village of India at its centre at the Village Anangpur (Haryana) by way of education, health and livelihood initiatives for one year for 100 most vulnerable and underprivileged children and their caregivers under the family strengthening programme.
- ₹0.12 crore to Society for Welfare of the Handicapped for installation of Solar Steam Cooking System at the roof-top of girls' hostel for 230 deaf and blind students.

B. CSR Projects through IFCI Social Foundation: (₹5.21 crore)

The whole amount of the CSR budget for the FY 2018-19 has been transferred to ISF. Hence, there is no corpus left with IFCI Ltd. to be spent for undertaking CSR activities for FY 2018-19. Accordingly, for the purpose of CSR Reporting in the Annual Report, the entire amount entrusted to ISF has been considered as spent out of which 5% of the Fund for FY 2018-19 has been set aside for meeting capacity building expenses incurred by ISF.

Out of Sanctions of FY 2018-19: (₹2.11 crore)

- ₹0.10 crore to Sri Gurudeva Charitable Trust for distribution of artificial limbs and polio calipers and other prosthetics to the needy handicapped people in and around Andhra Pradesh, Telangana, Tamil Nadu, Kerala and Odisha.
- ₹0.03 crore to Indian Association of Blood Cancer and Allied Diseases for providing blood transfusion services to 10 child patients suffering from blood disorder and/or blood cancer.
- ₹0.08 crore to Centre of Excellence & Advanced Research for Childhood Neurodevelopmental disorders - All India Institute of Medical Sciences for distribution of six e-learning modules namely, Epilepsy, Cerebral Palsy & Developmental disorders, Auto immune disorders, infection, Autism etc.
- ₹0.10 crore to Healthy Aging India (HAI) for procurement and installation of medical equipment in the mobile medical care van for providing primary and continual medical diagnosis and treatment at door step for vulnerable elderly residing at Old Age Homes of Delhi/NCR.

- ₹0.07 crore to Shanti Sahyog (SS) for providing capital assets viz. Non-AC Maruti Van, Laptop, Audio Visual Aid Projector with Screen etc. and Desktops from IFCI.
- ₹0.07 crore to The Leprosy Mission Trust India (TLMTI), AP & Bihar towards installation of rooftop Solar Power Plant at Salur Hospital, Vizianagram, AP (50 KWp) and Muzaffarpur Hospital, Bihar (30 KWp).
- ₹0.42 crore to Shirdi Sai Baba Temple Society (SSBTS), Faridabad for construction of 2 class rooms and provision of complete class room infrastructure for 2nd and 3rd floor of the New block of Shirdi Sai Baba School, Faridabad run by the Society.
- ₹0.05 crore to Purkal Youth Development Society (PYDS), Dehradun for renovation and construction of PYDS School Road and renovation of Basketball Court, Purkal village, Dehradun.
- ₹0.05 crore to Sri Gurudeva Charitable Trust- Proposal for distribution of wheel chairs, tricycles and callipers to differently abled people of TITLI cyclone affected Srikakulam, Vizianagram and Visakhapatnam Districts of Andhra Pradesh.
- ₹0.18 crore to Reaching the Unreached - Proposal for providing school bus for transportation of RTU School children in Theni District, Tamil Nadu.
- ₹0.44 crore to Yanam Old Age Home for construction of orphanage for girls and procurement of mobile vehicle for supply of food to poor people.
- ₹0.05 crore to United Way of Mumbai – Isha Education (Isha Vidhya) for Scholarship to underprivileged children.
- ₹0.09 crore to Social Upliftment and Development for Health Action (SUADHA) for procurement of benches in a school at Maharashtra.
- ₹0.09 crore to Institute of Leadership Development for meeting running expenses of Amal Aagosh Bridge School.
- ₹0.10 crore to Sri Badrika Ashram cum Charitable and Social Welfare Society for construction of setting up of Library towards furniture and fixtures.
- ₹0.19 crore to Laxmanrao Mankar Smruti Sanstha for sponsorship of 75 Ekalavya Ekal Vidyalayas of Amravati distt. of Virdarbha region.
- ₹5488/- to Mandal Education Officer for purchase of desktops and mouse for the students of ZPH School, Andra, MPP School Andra and Kuneru of Vizianagaram Distt., AP.

Out of Sanctions of FY 2017-18 : (₹2.16 crore)

- ₹0.05 crore to Hope Ek Asha for setting up of "Day Care Centre" for Stage I and II Alzheimer Disease patients.
- ₹0.05 crore to Ramakrushna Temple Trust for building of Shelter House/ Shed and toilet for socially and economically backward people of Village Tunda, Cuttack, Odisha, a flood affected region.
- ₹0.25 crore to Save our Soul under Swachhta Action Plan for construction of toilets and renovation of road in the vicinity of IFCI Tower, Nehru place and also in the neighborhood area of IFCI Residential Colony, Paschim Vihar.
- ₹0.56 crore to Institute of Leadership Development, Jaipur for setting-up of Centre of Excellence in Textiles at ILD, Campus.
- ₹0.04 crore to Institute of Leadership Development, Jaipur for Running expenses of Amal Aagosh, a bridge School under Village Adoption programme by ILD, Jaipur.
- ₹0.05 crore to Asu Machines for providing innovative Asu machines to women weavers of Pochampalli tradition in the State of Telangana.
- ₹0.03 crore to Kalyanam Karoti, Mathura for construction of toilet complex with two toilets for differently abled students (both boys and girls) and two toilets for general boys and girls as part of Govt.'s Swachhta Action Plan.
- ₹0.32 crore to The Akshaya Patra Foundation for purchase of 3 Meal Distribution vehicles in Vishakhapatnam, Bhubaneshwar (Orissa) and Mangalgiri (A.P).
- ₹0.10 crore to Rhythmic Gymnast - Ms Meghna Gundlapally for coaching fee for practice for the Commonwealth games and Asian games to be held in Athens and Moscow.
- ₹0.36 crore to Aroh Foundation for repair, paint and building of toilets with water tanks in six Govt schools of Gram Panchayat Singhibahni, Sitamarhi, Bihar.
- ₹0.31 crore to Sulabh Sanitation Mission Foundation for construction of 100 Individual Household Tiled Toilets in village Hasanpur, Distt Nuh, Haryana.
- ₹0.04 crore to Mandal Education Officer for improving the government village schools infrastructure facilities by providing study desks, tables, chairs, black boards, school bags etc. in MP Primary School, ZPH School, Andhra and MPP School, Kuneru of Vizianagaram Distt. AP.

Out of Sanctions of FY 2016-17: (₹0.93 crore)

- ₹0.07 crore to National Backward Classes Finance & Development Corporation for conducting Skill Development Programs of 600 youth in collaboration with Apparel Made-ups & Home Furnishing Sector Skill Council (AMHSSC) in Odisha, WB, Bihar, Jharkhand and Tripura.
- ₹0.60 crore to National Schedule Caste Finances & Development Corporation (NSCFDC) for conducting Skill Development Programmes (SDP) for 360 candidates in collaboration with Central Institute of Plastic Engineering & Technology (CIPET) in various states.
- ₹0.26 crore Rashtriya Gramin Vikas Nidhi, Guwahati for enhancement of productivity and establishment of People's Institutions in Goalpara District, Assam – Agriculture and Livestock Sector covering 500 poor farmers belonging to SC, ST and other backward classes in 5 villages.

Out of Sanctions of FY 2015-16: (₹0.01 crore)

- ₹0.01 crore to HIMCON for Adoption of village at District Bilaspur, H.P., for development of basic infrastructure by providing pure drinking water, construction of low cost toilets and solar street lighting.

2. **The composition of the CSR Committee :**

In pursuance of Section 135 of the Companies Act, 2013, IFCI has constituted a CSR Committee of the Board of Directors, as under :

(i) Dr E S Rao, MD & CEO - Chairman of the Committee

(ii) Shri Anshuman Sharma

(iii) Ms Kiran Sahdev

(iv) Prof N Balakrishnan

3. Average Net Profit of the Company for last 3 Financial Years :

The calculation of the "average net profit" of IFCI Ltd., in accordance with the provisions of Section 198 of the Companies Act, 2013 and the rules mentioned in the Companies (Corporate Social Responsibility Policy) Rules, 2014, is provided below:

Year	Net Profit (₹crore)	Average Net Profit for last three Financial Years (₹crore)
2015-16	633.61	**155.97**
2016-17	(95.91)	
2017-18	(69.86)	

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)** : ₹3.12 crore

5. Details of CSR spend during the Financial Year:

(a) Total amount to be spent for the year: ₹4.44 crore (being the amount actually transferred to ISF i.e. ₹3.12 crore plus ₹1.32 crore - carried forward from previous year)

Total amount spent during the year: ₹4.44 crore (being the amount transferred to ISF for CSR projects including capacity building and administrative expenses)

(b) Amount unspent, if any : Nil

Manner in which the amount has been spent during the Financial Year is detailed below:

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects/ Programs 1. Local area/ others* 2. Specify the state and district where project/ program was undertaken	Amount outlay (budget) project or program wise (₹in crore)	Amount spent on the project/ program Sub heads: 1. Direct expenditure on project or program 2. Overheads (₹in crore)		Cumulative expenditure upto to the reporting period (₹in crore)	Amount spent: Direct/ through implementing agency
					Direct	Over- head		
1.	Through IFCI Social Foundation	Development of Rural Areas/ Sustainable Development / Development of Human Capital/ Water Conservation/ Promotion of sports activities / etc.	Local - Delhi	4.44	4.44	–	4.44	Through implementing agency
	Total			**4.44****	**4.44**	**–**	**4.44**	**–**

* Office of IFCI Social Foundation.

** ₹4.20 crore has been allocated for CSR project in line with CSR Policy and ₹0.24 crore has been set aside for Capacity building and administrative expenses.

- For the FY 2018-19, the entire CSR expenditure for IFCI Ltd. was entrusted to the IFCI Social Foundation (ISF) which was established as a "Charitable Trust". Accordingly, the entire corpus required to be earmarked for undertaking the CSR activities i.e. ₹3.12 crore was transferred to ISF. ISF, in turn disburses the amount on the sanctioned projects in phased manner as payments are based on milestone achievement basis.
- Out of the CSR fund sanctioned during FY 2015-16, FY 2016-17 & FY 2017-18, un-availed amount of ₹1.32 crore has been added in the CSR Corpus of FY 2018-19. Thus the total CSR budget for FY 2018-19 works out to ₹4.44 crore.

6. In case the Company has failed to spend the 2% of the Average Net Profit (INR) of the last 3 Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount:

During the year 2018-19, the entire CSR activities was entrusted to the IFCI Social Foundation. Accordingly, IFCI had transferred the total amount earmarked for CSR expenditure to the ISF. Hence, there is no amount which the Company has failed to spend on CSR.

7. A responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

The IFCI Social Foundation, during FY 2018-19, has taken due care to sanction the CSR projects and activities in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. IFCI's CSR Policy for FY 2018-19 was approved by the Board of Directors on the recommendation of the CSR Committee of Directors at its meeting held on July 02, 2018. It is hereby stated that the implementation and monitoring of the said policy, is in compliance with the CSR objectives and policy of the Company.

Dr Emandi Sankara Rao
Managing Director & Chief Executive Officer
Chairman – Corporate Social Responsibility Committee
DIN: 05184747

Address: IFCI Tower, 61 Nehru Place
New Delhi - 110 019

Dated: June 24, 2019

ANNEXURE – III

BOARD'S REPORT DISCLOSURE

PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 AND RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

(i) The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2018-19:

The ratio of the remuneration of MD&CEO to the median remuneration of the employees of the Company for the FY 2018-19 is 1.35.

No other Director was paid remuneration during the year 2018-19.

(ii) The percentage increase in remuneration of each Director, Chief Financial officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year 2018-19

The percentage increase in the remuneration of the MD&CEO in the Financial Year is 99.60%.

The percentage increase in the remuneration of the Shri B N Nayak* (CFO – 01-04-2018 – 23-05-2018) was (81.08%).

*For the purpose of determination of % age increase in remuneration, the remuneration drawn by Shri B N Nayak for the complete FY 2018-19 has been considered.

Since, Smt Jhummi Mantri was appointed as CFO w.e.f. May 24, 2018, therefore comparative increase / decrease in remuneration is not applicable for the period under report.

The percentage increase in the remuneration of Company Secretary was 14.92%.

(iii) The percentage increase in the median remuneration of employees in the Financial Year 2018-19.

The percentage increase in the median remuneration of employees in the Financial Year is 6.83%.

(iv) Number of permanent employees on the rolls of the Company as on March 31, 2019 (excluding contract employees).

The Number of permanent employees on the rolls of the Company as on March 31, 2019 (excluding contract employees) is 225.

(v) Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The percentage increase in the remuneration of the managerial personnel is 27.24%.

The percentage increase in the remuneration of the employees other than the managerial personnel is 6.83%.

(vi) Affirmation that the remuneration is as per the remuneration policy of the Company.

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

(vii) The names of the top 10 employees in terms of remuneration drawn and the name of every employee, who-

(i) if employed throughout the Financial Year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore two lakh rupees;

(ii) if employed for a part of the Financial Year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh fifty thousand rupees per month;

(iii) if employed throughout the Financial Year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.

The statement referred to in (vii) above shall also indicate –

(i) designation of the employee;

(ii) remuneration received;

(iii) nature of employment, whether contractual or otherwise;

(iv) qualifications and experience of the employee;

(v) date of commencement of employment;

(vi) the age of such employee;

(vii) the last employment held by such employee before joining the Company;

(viii) the percentage of equity shares held by the employee in the Company; and

(ix) whether any such employee is a relative of any director or manager of the Company and if so, name of such director or manager

Not Applicable.

ANNEXURE - IV

Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014]

1. Details of contracts or arrangements or transaction not at arm's length basis. - NIL
   (a) Name(s) of the related party and nature of relationship
   (b) Nature of contracts / arrangements / transactions
   (c) Duration of contracts / arrangements / transactions
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any
   (e) Justification for entering into such contracts or arrangements or transactions
   (f) Date(s) of approval by the Board
   (g) Amount paid as advances, if any
   (h) Date on which the special resolution was passed in the General Meeting as required under first proviso to Section 188
2. Details of material contracts or arrangements or transaction at arm's length basis.
   There were no contracts or arrangements or transactions at arm's length basis which were material in nature.
   (a) Name(s) of the related party and nature of relationship
   (b) Nature of contracts / arrangements/ transactions
   (c) Duration of the contracts / arrangements / transactions
   (d) Salient terms of the Contracts or arrangements or transactions including the value, if any
   (e) Date(s) of approval by the Board, if any
   (f) Amount paid as advances, if any

Dr Emandi Sankara Rao
Managing Director & Chief Executive Officer
DIN: 05184747

Address: IFCI Tower
61 Nehru Place
New Delhi - 110019

Dated: June 24, 2019

Ms Kiran Sahdev
Non-Executive Director
DIN: 06718968
Address: IFCI Tower
61 Nehru Place
New Delhi - 110019

ANNEXURE - V

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS

STANDALONE ANNUAL AUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

1. **Financial Impact of Audit Qualifications**

(₹ in crore)

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total income	2,466.20	2,466.20
2.	Total Expenditure	3,157.49	3413.66
3.	Net Profit/(Loss) before minority interest	(443.83)	(700)
4.	Total comprehensive income for the year	(483.18)	(739.35)
5.	Earnings Per Share	(2.62)	(4.13)
6.	Total Assets	22,255.55	21,999.38
7.	Total Liabilities	18030.25	18030.25
8.	Net Worth	4,225.30	3969.13

2. **Audit Qualifications**

The details of audit qualifications reported by our Statutory Auditors are provided below:

Audit Qualification - 1

(a) Details of Audit Qualification:

Basis for Qualified opinion

1. One borrower account has been considered as 'Standard Restructured Account' and classified under Stage-2 by the Company, as at March 31, 2019, for the reasons stated in the Note No 5 of financial results In our opinion, as the project could not achieve the COD inspite of three extensions, the account should be considered as non-performing account (NPA) and classified under stage-3. This has resulted in lower impairment allowance (ECL) by ₹44.06 crore on outstanding loan amount of ₹95.90 crore. Consequently, the loss of the Company is understated to the extent of ₹44.06 crore and loans (net) are overstated by the same amount.

(b) Type of Audit Qualification: Qualified Opinion

(c) Frequency of Qualification: First time

For Audit Qualification where the impact is quantified by the auditor, Management's view:

The Company has sanctioned a loan of ₹100 crore (outstanding ₹95.90 crore as at March 31, 2019) in a road project for widening of 4 lane highway into 6 lane, as a part of consortium finance. The project could not be completed within the original stipulated time and within three further extensions granted by the consortium of lenders. As per Independent Engineer appointed by NHAI, overall physical progress of the project is 91% upto March, 2019. NHAI vide letter dated January 11, 2019 has clarified that Appointed Date of the project has already been given as October 16, 2012 and Commercial Operations Date (COD) shall be from the Appointed Date. Accordingly, toll collection has already started from October 16, 2012 and the account is standard as per the record of recovery. It has been confirmed by the Lead Bank and all other members of the Consortium that this account has been classified as 'Standard Account' in their respective books of accounts as at March 31, 2019. Considering the overall status of the project and record of recovery, the account has been kept as 'Standard Restructured Account' and classified under Stage-2 and impairment allowance as per ECL has been applied accordingly.

Audit Qualification - 2

(a) Details of Audit Qualification:

Basis for Qualified opinion

Reference is drawn to Note No 6 of the financial results regarding loan exposure to another borrower having outstanding exposure of ₹367.19 crore. The account was restructured on January 04, 2018 and an amount of ₹235.61 crore was identified as unsustainable debt, which was to be converted into 9.5% Optionally Convertible Debentures (OCDs) of a Special Purpose Vehicle (SPV) backed by portfolio of real estate assets, which has not happened. The Company classified the entire outstanding of ₹367.19 crore under Stage-3 assets and has applied impairment allowance for ECL. In our opinion, the Company should make 100% provision against unsustainable portion of ₹235.61 crore. Thus, the loss of the Company has been understated by ₹93.18 crore and loans (net) are overstated to that extent.

(b) Type of Audit Qualification: Qualified Opinion

(c) Frequency of Qualification: First time

(d) For Audit Qualification where the impact is quantified by the auditor, Management's view:

The loan account of Jai Prakash Associates has been restructured as per the scheme approved by the consortium of lenders. As per the scheme of restructuring, a portion of overall debt (IFCI share – ₹235.61 crore) alongwith identified portfolio of real estate assets, is to be transferred to an Special Purpose Vehicle (SPV) which will issue 9.5% Optionally Convertible Debenture (OCDs) in lieu of the debt and the proceeds from the real estate portfolio will be utilized towards servicing of these OCDs. However, pending approval of the demerger plan from National Company Law Tribunal (NCLT), the process of transfer of debt and real estate assets to the SPV is not yet completed. The Company has classified the entire outstanding of ₹367.19 crore as Stage-3 asset and impairment allowance for ECL has been applied accordingly. As the debt of the SPV shall be backed by real estate assets having sufficient security cover, provision has been made by the Company as per uniformly applied accounting policy for ECL to the entire portfolio for Stage 3 assets.

Audit Qualification - 3

(a) Details of Audit Qualification:

Basis for Qualified opinion

In one of the subsidiary companies i.e. IFCI Factors Ltd. (IFL), the Company is holding 27,41,54,700 no. of shares, which are being carried at ₹171.84 crore as on March 31, 2019, for the reasons stated in Note No 7 of the financial results. However, in our opinion, the book value of these investments as at March 31, 2019 be taken at ₹52.91 crore (excluding Deferred Tax Assets and Intangible Assets), the Company has not recognized further impairment loss of ₹118.93 crore. This has resulted in understatement of loss by ₹118.93 crore for the year and overstatement of value of investment in subsidiaries by the same amount.

(b) Type of Audit Qualification: Qualified Opinion

(c) Frequency of Qualification: First time

(d) For Audit Qualification where the impact is quantified by the auditor, Management's view:

IFCI is carrying the investment in subsidiary companies at cost net of impairment loss (if any) and opted for one time exemption under IndAS 101 for deemed cost being the carrying value of investment as at transition date i.e. April 1, 2017. As on March 31, 2019, the Company had investment in 27,41,54,700 no. of shares in its subsidiary, IFCI Factors Ltd. (IFL), comprising of 19,91,54,700 no. of equity shares and 7,50,00,000 no. compulsorily convertible preference shares (CCPS). There being indications of impairment in these investments, the Company got the shares of IFL fair valued by an external expert valuer, registered as Category-I merchant banker, per which, the fair value of investments in shares of IFL was determined at ₹171.81 crore using the generally accepted valuation methodologies, in line with Indian Accounting Standards and accordingly, the resultant impairment loss has been charged in the books of account.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the issues stated in the "Basis for three Qualified opinions" mentioned above, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS norms, of the state of affairs of the Company as at 31st March 2019 and its Loss, its cash flows and the changes in equity for the year ended on that date.

Overall the loss is understated by ₹256.17 crore and loans(net) & investment are overstated by ₹137.24 crore and ₹118.93 crore, respectively.

Dr E S Rao
Managing Director &
Chief Executive Officer

Prof Arvind Sahay
Audit Committee Chairman

Jhummi Mantri
General Manager & CFO

Deepak Jain
Partner-
M No 090854
KPMR & Associates
Firm Reg. 02504N

Place: New Delhi
Dated: May 21, 2019

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS

CONSOLIDATED ANNUAL AUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

3. Financial Impact of Audit Qualifications

(₹ in crore)

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total income	3,134.49	3,134.49
2.	Total Expenditure	3,828.46	4,084.63
3.	Net Profit/(Loss) before minority interest	(475.99)	(732.16)
4.	Earnings Per Share	(2.88)	(4.32)
5.	Total Assets	26,042.14	25,785.97
6.	Total Liabilities	19,574.68	19,574.68
7.	Net Worth	6,467.46	6,211.29

4. **Audit Qualifications**

The details of audit qualifications reported by our Statutory Auditors based on audit report of M/s IFCI Limited (Holding Company) and report of Statutory Auditors of our Subsidiary Company i.e. M/s IFCI factors Limited are provided below:

M/s IFCI Limited (Holding Company)

Audit Qualification - 1

(a) Details of Audit Qualification:

Basis for Qualified opinion

1. One borrower account has been considered as 'Standard Restructured Account' and classified under Stage-2 by the Company, as at March 31, 2019, for the reasons stated in the Note No 5 of financial results In our opinion, as the project could not achieve the COD inspite of three extensions, the account should be considered as non-performing account (NPA) and classified under stage-3. This has resulted in lower impairment allowance (ECL) by ₹44.06 crore on outstanding loan amount of ₹95.90 crore. Consequently, the loss of the Company is understated to the extent of ₹44.06 crore and loans (net) are overstated by the same amount.

(b) Type of Audit Qualification: Qualified Opinion

(c) Frequency of Qualification: First time

For Audit Qualification where the impact is quantified by the auditor, Management's view:

The Company has sanctioned a loan of ₹100 crore (outstanding ₹95.90 crore as at March 31, 2019) in a road project for widening of 4 lane highway into 6 lane, as a part of consortium finance. The project could not be completed within the original stipulated time and within three further extensions granted by the consortium of lenders. As per Independent Engineer appointed by NHAI, overall physical progress of the project is 91% upto March, 2019. NHAI vide letter dated January 11, 2019 has clarified that Appointed Date of the project has already been given as October 16, 2012 and Commercial Operations Date (COD) shall be from the Appointed Date. Accordingly, toll collection has already started from October 16, 2012 and the account is standard as per the record of recovery. It has been confirmed by the Lead Bank and all other members of the Consortium that this account has been classified as 'Standard Account' in their respective books of accounts as at March 31, 2019. Considering the overall status of the project and record of recovery, the account has been kept as 'Standard Restructured Account' and classified under Stage-2 and impairment allowance as per ECL has been applied accordingly.

Audit Qualification - 2

(a) Details of Audit Qualification:

Basis for Qualified opinion

Reference is drawn to Note No 6 of the financial results regarding loan exposure to another borrower having outstanding exposure of ₹367.19 crore. The account was restructured on January 04, 2018 and an amount of ₹235.61 crore was identified as unsustainable debt, which was to be converted into 9.5% Optionally Convertible Debentures (OCDs) of a Special Purpose Vehicle (SPV) backed by portfolio of real estate assets, which has not happened. The Company classified the entire outstanding of ₹367.19 crore under Stage-3 assets and has applied impairment allowance for ECL. In our opinion, the Company should make 100% provision against unsustainable portion of ₹235.61 crore. Thus, the loss of the Company has been understated by ₹93.18 crore and loans (net) are overstated to that extent.

(b) Type of Audit Qualification: Qualified Opinion

(c) Frequency of Qualification: First time

(d) For Audit Qualification where the impact is quantified by the auditor, Management's view:

The loan account of Jai Prakash Associates has been restructured as per the scheme approved by the consortium of lenders. As per the scheme of restructuring, a portion of overall debt (IFCI share – ₹235.61 crore) alongwith identified portfolio of real estate assets, is to be transferred to an Special Purpose Vehicle (SPV) which will issue 9.5% Optionally Convertible Debenture (OCDs) in lieu of the debt and the proceeds from the real estate portfolio will be utilized towards servicing of these OCDs. However, pending approval of the demerger plan from National Company Law Tribunal (NCLT), the process of transfer of debt and real estate assets to the SPV is not yet completed. The Company has classified the entire outstanding of ₹367.19 crore as Stage-3 asset and impairment allowance for ECL has been applied accordingly. As the debt of the SPV shall be backed by real estate assets having sufficient security cover, provision has been made by the Company as per uniformly applied accounting policy for ECL to the entire portfolio for Stage 3 assets.

Audit Qualification - 3

(a) Details of Audit Qualification:

Basis for Qualified opinion

In one of the subsidiary companies i.e. IFCI Factors Ltd. (IFL), the Company is holding 27,41,54,700 no. of shares, which are being carried at ₹171.84 crore as on March 31, 2019, for the reasons stated in Note No 7 of the financial results. However, in our opinion, the book value of these investments as at March 31, 2019 be taken at ₹52.91 crore (excluding Deferred Tax Assets and Intangible Assets), the Company has not recognized further impairment loss of ₹118.93 crore. This has resulted in understatement of loss by ₹118.93 crore for the year and overstatement of value of investment in subsidiaries by the same amount.

(b) Type of Audit Qualification: Qualified Opinion

(c) Frequency of Qualification: First time

(d) For Audit Qualification where the impact is quantified by the auditor, Management's view:

IFCI is carrying the investment in subsidiary companies at cost net of impairment loss (if any) and opted for one time exemption under IndAS 101 for deemed cost being the carrying value of investment as at transition date i.e. April 1, 2017. As on March 31, 2019, the Company had investment in 27,41,54,700 no. of shares in its subsidiary, IFCI Factors Ltd. (IFL), comprising of 19,91,54,700 no. of equity shares and 7,50,00,000 no. compulsorily convertible preference shares (CCPS). There being indications of impairment in these investments, the Company got the shares of IFL fair valued by an external expert valuer, registered as Category-I merchant banker, per which, the fair value of investments in shares of IFL was determined at ₹171.81 crore using the generally accepted valuation methodologies, in line with Indian Accounting Standards and accordingly, the resultant impairment loss has been charged in the books of account.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the issues stated in the "Basis for three Qualified opinions" mentioned above, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS norms, of the state of affairs of the Company as at 31st March 2019 and its Loss, its cash flows and the changes in equity for the year ended on that date.

M/s IFCI Factors Limited

Audit Qualification - 4

(a) Details of Audit Qualification:

Basis of Disclaimer of Opinion:

We draw attention to Note No. 7 to the financial statements regarding recognition of Deferred Tax Assets on account of provisions of Non-Performing Assets. In case of Deferred Tax Assets of ₹79.35 crore as on 31 March 2019, in the opinion of management there is reasonable certainty of availability of future taxable income to realize the deferred tax assets. Considering the past accumulated losses and further stressed standard assets and nature of factoring business, we are unable to comment on the sufficiency of the future taxable profits of the Company which can realize the deferred tax assets.

As a result of this matter, we have not been able to obtain sufficient appropriate audit evidence on the said matter to state whether any adjustments would be required to the information included in the financial statements and impact thereof.

The Company has deviated from its credit policy/ exceeded the limits, though the same has been authorised by the competent authority.

Disclaimer of Opinion:

Because of significance of these matter described in the basis of Disclaimer of Opinion paragraph, we are unable to express our opinion for the same.

(b) Type of Audit Qualification: Disclaimer of opinion

(c) Frequency of Qualification: Repetitive, the same was reported in FY 2017-18

(d) For Audit Qualification where the impact is not quantified by the auditor:

(i) Management estimation on the impact of audit qualification – Impact not quantifiable.

(ii) If management is unable to estimate the impact, reasons for the same: In the opinion of Management of IFCI Factors Limited, there is reasonable certainty of availability of future taxable income to realize the deferred tax assets.

(iii) Auditors' Comment on (ii) above: We do not agree with the management comments.

Overall the loss is understated by ₹256.17 crore and loans(net) & investment are overstated by ₹137.24 crore and ₹118.93 crore, respectively.

Dr E S Rao	**Prof Arvind Sahay**	**Jhummi Mantri**	**Deepak Jain**
Managing Director &	Audit Committee Chairman	General Manager & CFO	Partner
Chief Executive Officer			M No 090854
Place: New Delhi			KPMR & Associates
Dated: May 21, 2019			Firm Reg. 02504N

ANNEXURE – VI

SECRETARIAL AUDIT REPORT

[For the Financial Year ended on 31st March 2019]

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

To,
The Members

IFCI LIMITED
Regd. Office: IFCI Tower
61, Nehru Place, New Delhi - 110019

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IFCI LIMITED (CIN No. L74899DL1993GOI053677)** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion there on.

Based on our verification of **IFCI LIMITED** 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 on **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:

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 thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing - No Transaction other than repayment of the subsisting Kfw Frank furt line of credit (foreign currency) was held during the Financial Year, hence applicable to the Company during the audit period to that extent only;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz:-

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

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

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  (f) 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;

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

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

  [No such transaction was held during the Financial Year, hence the Regulations stated at (v)- (e) to (h) above were not applicable on the Company during the audit period].

(vi) Labour, Environment & Other specific applicable Acts / Laws for which Secretarial Audit was conducted as an overview test check basis audit and was generally based / relied upon on the documents provided to us, management confirmation certificate & other audit report and certificates given by other professionals, the Company has complied with the following Acts / Laws applicable to the Company during the audit period:

  (a) The Employees Provident Fund & Miscellaneous Provisions Act, 1952.

  (b) The Payment of Gratuity Act, 1972.

  (c) The Contract Labour (Regulations and Abolition) Act, 1970.

  (d) The Maternity Benefit Act, 1961.

  (e) The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 read with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013.

(f) Environment (Protection) Act, 1986 read with The Environment (Protection) Rules, 1986 & Hazardous Waste (Management Handling &Trans boundary Movement) Rules, 2008 and other Environment Laws.

(g) Reserve Bank of India Act, 1934 read with applicable Non-Banking Financial Companies (Reserve Bank) Directions, as amended till date.

(h) Right to Information Act, 2005.

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) Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of listed equity shares and Bonds / Debentures with BSE Ltd. and The National Stock Exchange of India Limited.

We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. Constitution of the Board, Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee without appointment of minimum number of Independent Directors by the Administrative Ministry of the Government of India during the period from 01st April 2017 to 31st March 2019, due to cessation of Independent Directors namely Smt Savita Mahajan (DIN-06492679) Shri K S Sreenivasan (DIN-05273535) and Shri S V Ranganath(DIN-00323799) after completion of their tenure w.e.f. 1st April 2017 and Corporate Social Responsibility Committee after completion of tenure of Prof Arvind Sahay (DIN- 03218334) w.e.f. 12th September, 2017. Further, no Meeting of the Independent Directors was held during the Financial Year for carrying out the evaluation of performance of Directors, due to non- availability of minimum number of independent directors on the Board of the Company.

   As per information and explanation given to us, in terms of Section 149(6) of the Companies Act, 2013, the Department of Financial Services (DFS), Ministry of Finance (MOF), Government of India (GOI) being the Ministry administratively in charge of the Company, is the Competent Authority to appoint Independent Directors (IDs), requests were made for appointment/nomination of IDs on the Board of the Company. The appointments were awaited.

2. Non-Compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and imposition of Fine.

   - As stated in point no. 1 above, the Company was not having proper composition of the Board of Directors, due to non-appointment of Independent Directors on the Board and its Committee namely Audit Committee, Nomination and Remuneration Committee as per Regulation 17(1), 18(1), 19(1) & (2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, since 1st April 2017 to 31st March 2019 and BSE Limited (BSE) has imposed fine of ₹9,77,040/- each for the quarters ended 30th September, 2018 and 31st December, 2018, vide its letter dated 31st October, 2018 and 31st January, 2019, respectively. Further, for the quarter ended 31st March 2019, BSE Limited has imposed fine of ₹9,55,800/- vide its letter dated 02nd May, 2019. The National Stock Exchange of India Limited (NSE) has also imposed fine of ₹9,77,040/- each for the quarters ended 30th September, 2018 and 31st December, 2018 vide its letter dated 05th November, 2018 & 31st January, 2019, respectively. Further, for the quarter ended 31st March 2019, NSE has imposed fine of ₹9,55,800/- vide its letter dated 02nd May 2019.

   - IFCI being a Government Company, the power to appoint the Independent Directors vest with the Administrative Ministry i.e. Department of Financial Services. Several request letters have been sent to the Department of Financial Services, requesting appointment of Independent Directors. However, the appointments are still awaited. As the appointment of Independent Directors are absolutely outside the control of the Company and its Board of Directors, hence the Stock Exchange were requested not to impose the fine and any subsequent actions on the Company.

3. Delay in filing of e-returns in Form No(s). NBS-7 for the quarter ended 30th June 2018, 30th September 2018, 31st December 2018 & 31st March 2019 with Reserve Bank of India.

   As per information and explanation given to us, the e-return NBS-7 return was filed only after Board approval of financial results/ accounts for the respective periods. Reserve Bank of India was informed of the same, who had not objected to the request of the Company considering the facts. It was also explained to us that the Company being a listed entity, the result which is part of NBS-7 return, cannot be disclosed prior to the same is provided to Stock Exchanges, where the shares of the Company are listed.

We further report that:

1. Adequate notice was given to all Directors to schedule the Board and Committee Meetings as per the statutory provisions, and agenda and detailed notes on agenda which were sent at shorter notice were taken up after obtaining the requisite permission of the Chairman and with the consent of the majority of the Directors / Committee Members present in the meeting, respectively, in compliance of clause 1.3.7 of the Secretarial Standard -1 of ICSI and 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.

2. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

3. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

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

We further report that with due compliance of applicable provisions under the Companies Act, 2013 and rules made there under and Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, during the audit period:

(a) The Company was required to redeem 22,50,00,000 (Twenty-two Crore Fifty Lacs) 0.10% Cumulative Redeemable Preference Shares of ₹10/- each amounting to ₹225 crore in different trances during the Financial Year 2018-19 till Financial Year 2020-21, but were pre-redeemed by the Company on 31st August 2018.

(b) The Company has redeemed its 6,316 number of Infra Bond Series-I amounting to ₹3,15,80,000/-; 22,765 number of Infra Bond Series-II amounting to ₹11,38,25,000/-; 26,699 number of Infra Bond Series-III amounting to ₹13,34,95,000/-; 48,017 number of Infra Bond Series-IV amounting to ₹24,00,85,000/- and 16,859 number of Infra Bond Series-V amounting to ₹8,42,95,000/-during the period under review.

We further report that during the audit period, there were no instances of:

(a) Public / Sweat Equity.

(b) Merger / Amalgamation / Reconstruction etc. and

(c) Foreign Technical Collaborations.

For Navneet K Arora & Co LLP
Company Secretaries

CS Navneet Arora
Managing Partner
FCS: 3214, COP: 3005

Place: New Delhi
Date: : 20th May, 2019

[Note: This report is to be read with our letter of even date which is annexed as **"Annexure-A"** and forms an integral part of this report].

ANNEXURE –"A"

To,
The Members

IFCI LIMITED
Regd Office: IFCI Tower
61 Nehru Place, New Delhi -110019

Our report of even date is to be read along with this letter as under:

(1) Maintenance of secretarial record is the responsibility of the management of 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 basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, 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 responsibility of the management. Our examination was limited to the verification of procedures on test 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 Navneet K Arora & Co LLP
Company Secretaries

CS Navneet Arora
Managing Partner
FCS: 3214, COP: 3005

Place: New Delhi
Date: 20th May, 2019

ADDENDUM

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF IFCI LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of IFCI Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 21 May, 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of IFCI Limited for the year ended 31 March 2019 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following. significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Comments on Profitability

A.1 Balance Sheet

Assets

Financial Assets

Loan (Note No. 7) ₹13109.49 crore

Loan has been overstated and loss for the year has been understated by ₹139.41 crore as detailed below:

(i) The Company approached National Company Law Tribunal (NCLT) for the recovery of outstanding dues of ₹592.34 crore against M/s Rainbow Papers Limited (₹100.25 crore) and M/s Alok Industries Limited (₹492.09 crore). As per NCLT decision and resolution plan, IFCI's claims has been restricted to ₹190.79 crore (M/s Rainbow Papers Limited ₹64 crore and M/s Alok Industries Limited ₹126.79 crore). Though the Company has written off the balance dues of ₹401.55 crore, it recognized accrued interest income of ₹43.28 crore on ₹190.79 crore considering the settled amount as principal amount instead of final settlement which has resulted in overstatement of interest income and outstanding loan by ₹43.28 crore. Consequently, loss for the year has been understated to the same extent.

(ii) Considering the repeated default in payments of dues towards term loan of ₹89.60 crore (Sew Green Energy Ltd. - ₹20.83 crore[1]; SEW Infrastructure Limited-₹68.77 crore[2]), one time settlements (OTS) were entered into with these Companies and it was agreed to settle the dues for ₹31 crore (₹8.14 crore by Sew Green Energy Ltd.-and ₹22.86 crore by SEW Infrastructure Limited). However, the entire dues of ₹89.60 crore were considered as Stage III loan and Impairment loss allowance was created for ₹54.16 crore instead of writing off the remaining dues of ₹58.60 crore (₹89.60 crore - ₹31.00 crore). As per OTS, the loan amount should have been shown at ₹12.26 crore after adjustment of Impairment loss allowance of' ₹18.74 crore required to be provided. Non-adjustment of dues as per OTS has resulted in overstatement of loan by ₹23.18 crore (₹58.60 crore - ₹35.42 crore) and overstatement of Impairment loss allowance by ₹35.42 crore. Consequently, loss for the year has been understated by ₹23.18 crore.

(iii) Loan assets of the Company includes outstanding loan of ₹33.75 crore due from IL&FS Transportation Network Limited against which the Company has security in the form of a Fixed Deposit of ₹8.10 crore. The Company has classified this loan as Stage III loan and recognized interest income of ₹1.63 crore (after adjustment of Impairment loss allowance of ₹2.49 crore) and loan amount of ₹13.35 crore (after adjustment of Impairment loss allowance of ₹20.40 crore).

The rating of IL&FS group has been downgraded to lowest level 'D' by ICRA and CARE which means the instruments with this rating are in default or are expected to be in default soon. Further, its Board has been reconstituted by the Government of India in October 2018 to manage the affairs of the IL&FS group of companies. Moreover, as per proceeding before National Company Law Appellate Tribunal available in public domain, IL&FS Transportation Network Limited has been placed under the 'Red' category by the new Board of Directors which means that such entities cannot meet their payment obligations towards even senior secured financial creditors.

In view of above circumstances, entire outstanding loan of ₹29.77 crore not covered by any security should have been provided for and loan of ₹3.20 crore only to be shown as outstanding after adjustment of Impairment loss allowance of

1 Principal ₹14.28 crore +interest ₹6.55 crore=₹20.83 crore;
2 Principal ₹40.15 crore +interest ₹28.62 crore = ₹68.77 crore

₹4.90 crore, considering the security. Non-adjustment of the same has resulted in overstatement of loan by ₹11.78 crore (₹29.77 [3]crore - ₹17.99 crore) and overstatement of Impairment loss allowance by ₹17.99 crore. Consequently, loss for the year has been understated by ₹11.78 crore.

(iv) Loan of ₹103.30 crore (Principal) and ₹60.72 crore stage III income are due against Adhunik Metaliks Ltd. (AML) as on 31st March 2019. Company has the first charge by way of hypothecation and mortgage on all present and future movable and immovable assets of Orissa Manganese and Minerals Limited (OMML), AML & Zion Steel Limited (ZSL) being the Obligor & Co-obligors except mining rights and asset purchased under hire purchase and loan for office premises, if any, with the other lender of OMML, AML & ZSL.

IFCI called for resolution plan to take over the debts of AML and as per offer of Liberty House Group Pvt. Ltd and Maharashtra Seamless Ltd. IFCI would receive maximum of ₹33.60 crore against the total dues of ₹164.02 crore.

In view of the above, the Company should have written off balance dues of ₹130.42 crore (₹103.30 crore + ₹60.72 crore - ₹33.60 crore) and shown ₹13.29 crore as net loan (₹33.60 crore - ₹20.31 crore) outstanding from AML. Non adjustment of the same has resulted in overstatement of "Loan" by ₹51.58 crore (₹130.42 crore - ₹78.84 crore) and overstatement of Impairment loss allowance by 78.84 crore (₹99.15 crore - ₹20.31 crore). Consequently, loss for the year are understated by ₹51.58 crore.

(v) Dues of ₹24.96[4] crore towards loan provided to Geetanjali Gems Limited was outstanding as on 31 March 2019 on which Impairment loss allowance of ₹15.09 crore was provided considering this as Stage III loan and net loan of ₹9.87 crore was shown in the books. The loan was secured by pledge/NDU-POA[5] of shares of Gitanjali Gems Limited and gems valued at ₹45 crore at the time of sanctioning of loan. On valuation (November 2018) of gems by another Govt. approved valuer, gems have been valued at ₹70 lakh only.

In view of the present scenario of Geetanjali Gems Limited and value of security available, entire balance dues of ₹24.26 crore not covered by security should have been written off. Accordingly, the loan of ₹0.28 crore is to be shown after adjustment of Impairment loss allowance of ₹0.42 crore on the security amount of ₹0.70 crore available. Classification of this loan as Stage III has resulted in overstatement of Loan by ₹9.59 crore (₹24.26 crore - ₹14.67 crore) and overstatement of impairment loss allowance by ₹14.67 crore. Consequently, loss for the year was understated by ₹9.59 crore.

B. Comments on Auditor's Report

(i) Independent Auditor vide Annexure I of his report stated that IFCI Limited is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets, except for leased plant and machinery having gross block of ₹197.92 crore which have been fully depreciated in the earlier years.

However, it was observed that though the Fixed Assets Register (FAR) did not contain details such as the situation/quantity of various assets such as flats, paintings and land etc. this was not commented upon by the Independent Auditor as required under clause 3 (i) of CARO Rules 2016.

(ii) Similarly, Independent Auditor has stated that Fixed Assets are being physically verified by the Management and no material discrepancies were noticed. Audit observed that physical inspection report did not provide a comparison between Assets as shown in the FAR vis-a-vis found during physical verification and hence, discrepancy, if any in comparison to Assets given in FAR was not available and the report only contained a general statement that most of the Assets are in line with the document provided (FAR).

Hence, the Report of Independent Auditor is deficient to that extent.

For and on the behalf of the
Comptroller & Auditor General of India

(Prachi Pandey)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board – II,
New Delhi

Place: New Delhi
Date: 16.08.2019

3 ₹33.75 crore + ₹4.12 - ₹8.10 crore
4 Principal ₹20.84 crore + Interest ₹4.12 crore
5 Non-Disposable undertaking - Power Of Attorney

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF IFCI LIMITED FOR THE YEAR ENDED 31 MARCH, 2019

The preparation of consolidated financial statements of IFCI Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act is responsible for expressing opinion on the financial statements under Section 143 read with Section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 21 May, 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of IFCI Limited for the year ended 31 March 2019 under Section 143(6)(a) read with Section 129(4) of the Act. We conducted a supplementary audit of the financial statements of companies mentioned in Annexure-A, but did not conduct supplementary audit of the financial statements of Stock Holding Corporation of India Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) read with Section 129(4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the consolidated financial statements and the related audit report:

A. Comments on Consolidated Profitability

Balance Sheet

A.1 Assets

Financial Assets

Loan (Note No. 7) ₹13713.52 crore

Loan has been overstated and loss for the year has been understated by ₹139.41 crore as detailed below:

(i) The Company approached National Company Law Tribunal (NCLT) for the recovery of outstanding dues of ₹592.34 crore against M/s Rainbow Papers Limited (₹100.25 crore) and M/s Alok Industries Limited (₹492.09 crore). As per NCLT decision and resolution plan, IFCI's claims has been restricted to ₹I90.79 crore (M/s Rainbow Papers Limited ₹64 crore and M/s Alok Industries Limited ₹126.79 crore). Though the Company has written off the balance dues of ₹401.55 crore, it recognized accrued interest income of ₹43.28 crore on ₹190.79 crore considering the settled amount as principal amount instead of final settlement which has resulted in overstatement of interest income and outstanding loan by ₹43.28 crore. Consequently, loss for the year has been understated to the same extent.

(ii) Considering the repeated default in payments of dues towards term loan of ₹89.60 crore (Sew Green Energy Ltd.- ₹20.83 crore[1]; SEW Infrastructure Limited - ₹68.77 crore[2]), one time settlements (OTS) were entered into with these Companies and it was agreed to settle the dues for ₹31 crore (₹8.14 crore by Sew Green Energy Ltd. - and ₹22.86 crore by SEW Infrastructure Limited). However, the entire dues of ₹89.60 crore were considered as Stage III loan and Impairment loss allowance was created for ₹54.16 crore instead of writing off the remaining dues of ₹58.60 crore (₹89.60 crore - ₹31.00 crore). As per OTS, the loan amount should have been shown at ₹12.26 crore after adjustment of Impairment loss allowance of ₹18.74 crore required to be provided. Non-adjustment of dues as per OTS has resulted in overstatement of loan by ₹23.18 crore (₹58.60 crore - ₹35.42 crore) and overstatement of Impairment loss allowance by ₹35.42 crore. Consequently, loss for the year has been understated by ₹23.18 crore.

(iii) Loan assets of the Company includes outstanding loan of ₹33.75 crore due from IL&FS Transportation Network Limited against which the Company has security in the form of a Fixed Deposit of ₹8.10 crore. The Company has classified this loan as Stage III loan and recognized interest income of ₹1.63 crore (after adjustment of Impairment loss allowance of ₹2.49 crore) and loan amount of ₹13.35 crore (after adjustment of Impairment loss allowance of ₹20.40 crore).

The rating of IL&FS group has been downgraded to lowest level 'D' by ICRA and CARE which means the instruments with this rating are in default or are expected to be in default soon. Further, its Board has been reconstituted by the Government of India in October 2018 to manage the affairs of the IL&FS group of companies. Moreover, as per proceeding before National Company Law Appellate Tribunal available in public domain, IL&FS Transportation Network Limited has been placed under the 'Red' category by the new Board of Directors which means that such entities cannot meet their payment obligations towards even senior secured financial creditors.

1 Principal ₹14.28 crore +interest ₹6.55 crore = ₹20.83 crore;
2 Principal ₹40.15 crore +interest ₹28.62 crore = ₹68.77 crore
3 ₹33.75 crore + ₹4.12 crore - ₹8.10 crore

In view of above circumstances, entire outstanding loan of ₹29.77 crore not covered by any security should have been provided for and loan of ₹3.20 crore only to be shown as outstanding after adjustment of Impairment loss allowance of ₹4.90 crore, considering the security. Non-adjustment of the same has resulted in overstatement of loan by ₹11.78 crore (₹29.77[3] crore - ₹17.99 crore) and overstatement of Impairment loss allowance by ₹17.99 crore. Consequently, loss for the year has been understated by ₹11.78 crore.

(iv) Loan of ₹103.30 crore (Principal) and ₹60.72 crore stage III income are due against Adhunik Metaliks Ltd. (AML) as on 31st March 2019. Company has the first charge by way of hypothecation and mortgage on all present and future movable and immovable assets of Orissa Manganese and Minerals Limited (OMML), AML & Zion Steel Limited (ZSL) being the Obligor & Co-obligors except mining rights and asset purchased under hire purchase and loan for office premises, if any, with the other lender of OMML, AML & ZSL.

IFCI called for resolution plan to take over the debts of AML and as per offer of Liberty House Group Pvt. Ltd and Maharashtra Seamless Ltd. IFCI would receive maximum of ₹33.60 crore against the total dues of ₹164.02 crore.

In view of the above, the Company should have written off balance dues of ₹130.42 crore (₹103.30 crore + ₹60.72 crore-₹33.60 crore) and shown ₹13.29 crore as net loan (₹33.60 crore - ₹20.31 crore) outstanding from AML. Non adjustment of the same has resulted in overstatement of "Loan" by ₹51.58 crore (₹130.42 crore - ₹78.84 crore) and overstatement of Impairment loss allowance by ₹78.84 crore (₹99.15 crore - ₹20.31 crore). Consequently, loss for the year are understated by ₹51.58 crore.

(v) Dues of ₹24.96[4] crore towards loan provided to Geetanjali Gems Limited was outstanding as on 31 March 2019 on which Impairment loss allowance of ₹15.09 crore was provided considering this as Stage III loan and net loan of ₹9.87 crore was shown in the books. The loan was secured by pledge/NDU-POA[5] of shares of Gitanjali Gems Limited and gems valued at ₹45 crore at the time of sanctioning of loan. On valuation (November 2018) of gems by another Govt. approved valuer, gems have been valued at ₹70 lakh only.

In view of the present scenario of Geetanjali Gems Limited and value of security available, entire balance dues of ₹24.26 crore not covered by security should have been written off. Accordingly, the loan of ₹0.28 crore is to be shown after adjustment of Impairment loss allowance of ₹0.42 crore on the security amount of ₹0.70 crore available. Classification of this loan as Stage III has resulted in overstatement of Loan by ₹9.59 crore (₹24.26 crore - ₹14.67 crore) and overstatement of impairment loss allowance by ₹14.67 crore. Consequently, loss for the year was understated by ₹9.59 crore.

A.2 Liabilities and Equity

Non-Financial Liabilities

Other Non-Financial Liabilities -Note. No. 22 ₹48.86 crore

Above includes ₹7.50 crore received against sales of the plot nos. C-26 to C-34 at Ramparastha, Ghaziabad, but the same was cancelled by IFCI Infrastructure Development Limited (IIDL) at the request of the purchaser, with a condition that the amount of advance would be refunded after deducting 10 per cent of the advance i.e. ₹0.75 crore. The condition was agreed to by the purchaser. Accordingly, ₹0.75 crore should have been booked as other income and the remaining ₹6.75 crore alone booked as Other Current Liabilities.

Non-recognition of income has resulted in overstatement of Non-Financial Liabilities by ₹0.75 crore and overstatement of loss to the same extent.

A.3 Statement of Profit and loss

Expenses

Depreciation and Amortization-Note No. 31 ₹63.46 crore

The above is understated by ₹2.98 crore due to charging of depreciation/amortization on the basis of assessment of useful life of assets held at Fraser Suites unit (set up as service apartment and providing lodging and restaurant facilities) of IFCI Infrastructure Development Limited, as 10 years instead of 08 years as per the Schedule II of the Companies Act, 2013. Further, consideration of the useful life as 10 years is against the Significant Accounting Policy No. 2.3 (Depreciation/Amortization) of the Company, which inter-alia stipulates that *"Depreciation on fixed assets is provided on straight line method at the estimated useful life? of fixed assets prescribed by Schedule II of the Companies Act, 2013 or based on Management assessment of useful life, if lower than what is prescribed under Schedule"*. This, has resulted in understatement of loss for the year by ₹0.56 crore and overstatement of Other Equity by ₹2.42 crore.

4 Principle ₹20.84 crore + interest ₹4.12 crore
5 Non-Disposal undertaking - Power Of Attorney

B. Comments on consolidated financial Position

Balance Sheet

B.1 Non-Financial Assets

Inventories - ₹155.05 crore

Above includes ₹0.75 crore (being 50 per cent of the disputed amount relating to short payment of stamp duty by IFCI Infrastructure Development Limited) deposited with Honorable High Court of Allahabad. As the matter related to short payment of stamp duty is pending for adjudication, the same should have been shown as advance other than Capital advance under the head other Non-Current Assets instead of inventories.

This has resulted in understatement of other Non-Financial Assets and overstatement of inventories by ₹0.75 crore.

B.2 Financial Assets

Loan (Note No. 7) ₹13,713.52 crore

Gross Loan amount of the IFCI Venture Capital Limited as on 31 March 2019 was ₹308.83 crore after adjustment of ₹6.39 crore on account of interest received from five parties[6]. However Audit observed that out of ₹6.39 crore, ₹4.65 crore was incorrectly adjusted for Ashwani Infra against which no amount of loan was outstanding as on 31.03.2019.

Further during the year the Company has written off loan account of Viz Infra. However, while writing off the outstanding loan account of Viz Infra, a receipt of ₹0.81 crore from Viz Infra was not adjusted, leading to excess being written off during the year.

The above has resulted in understatement of interest income by ₹4.65 crore and overstatement of expenses by ₹0.81 crore. Consequently, loss for the period has been overstated and loan has been understated by ₹5.46 crore.

For and on the behalf of the
Comptroller & Auditor General of India

(Prachi Pandey)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board – II,
New Delhi

Place: New Delhi
Date: 28.08.2019

ANNEXURE A:

Name of the Company/subsidiary companies of which supplementary audit conducted.

SI. No.	Name of the Joint Venture/Subsidiary	Type of the Company
I.	IFCI Limited	Holding Company
2.	IFCI Infrastructure Development Limited (IIDL)	Subsidiary
3.	IFCI Venture Capital Funds Limited	Subsidiary
4.	IFCI Factors Limited	Subsidiary
5.	MPCON Limited	Subsidiary
6.	IFCI Financial Services Limited	Subsidiary

6 Trinethra Infra, Viz Infra, Ashwini Infra, VVA Developers and CRS Builders.

CONSOLIDATED IFCI'S COMMENTS ON CAG SUPPLEMENTARY AUDIT OBSERVATIONS OF STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS CONDUCTED FOR FINANCIAL YEAR 2018-19

C&AG Observations	IFCI Management Comments
A. Comments on Consolidated Profitability **A.1 Balance sheet** **Assets** **Financial Assets** **Loan (Note No. 7) ₹13713.52 crore** Loan has been overstated and loss for the year has been understated by ₹139.41 as detailed below:	
(i) The Company approached National Company Law Tribunal (NCLT) for the recovery of outstanding dues of ₹592.34 crore against M/s Rainbow Papers Limited (₹100.25 crore) and M/s Alok Industries Limited (₹492.09 crore). As per NCLT decision and resolution plan, IFCI's claims has been restricted to ₹190.79 crore (M/s Rainbow Papers Limited ₹64 crore and M/s Alok Industries Limited ₹126.79 crore). Though the Company has written off the balance dues of ₹401.55 crore, it recognized accrued interest income of ₹43.28 crore on ₹190.79 crore considering the settled amount as principal amount instead of final settlement which has resulted in overstatement of interest income and outstanding loan by ₹43.28 crore. Consequently, loss for the year has been understated to the same extent.	**(i) M/s Rainbow Papers Limited and M/s Alok Industries Ltd :** Under Ind AS 109, as per para 5.4.1 on Effective interest method, it is stated that, Interest revenue shall be calculated by using the effective interest method. This shall be calculated, in case of financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets, by applying effective interest rate to the amortised cost of the financial asset in subsequent reporting periods. Under Ind AS 109, amortised cost of a financial asset is computed after adjustment of impairment loss allowance. Based on the aforesaid provisions, interest has been recognised in the books. The position of outstanding, including stage-3 income in the books and net of Expected credit loss @60.45%, as on 31st March 2019 for M/s Rainbow Papers Limited and M/s Alok Industries Ltd. were ₹40 crore and ₹79 crore, respectively, as against recovery of ₹64 crore and ₹127 crore, expected as per their respective resolution plans (RP). Thus, the net amount is lower than the claims approved as per RP and non-recognition of Net Stage-3 income would lead to non-compliance of Ind AS 109. The procedure followed is consistent with the Ind AS principles and therefore there is no overstatement of interest income and understatement of loss by Rs.43.28 crores.
(ii) Considering the repeated default in payments of dues towards term loan of ₹89.60 crore [Sew Green Energy Ltd.-₹20.83 crore (Principal ₹14.28 crore + interest ₹6.55 crore); SEW Infrastructure Limited-₹68.77 crore (Principal ₹40.15 crore + interest ₹28.62 crore)], one time settlements (OTS) were entered into with these Companies and it was agreed to settle the dues for ₹31 crore (₹8.14 crore by Sew Green Energy Ltd.-and ₹22.86 crore by SEW Infrastructure Limited). However, the entire dues of ₹89.60 crore were considered as Stage III loan and Impairment loss allowance was created for ₹54.16 crore instead of writing off the remaining dues of ₹58.60 crore (₹89.60 crore - ₹31.00 crore). As per OTS, the loan amount should have been shown at ₹12.26 crore after adjustment of Impairment loss allowance of ₹18.74 crore required to be provided. Non-adjustment of dues as per OTS has resulted in overstatement of loan by ₹23.18 crore (₹58.60 crore - ₹35.42 crore) and overstatement of Impairment loss allowance by ₹35.42 crore. Consequently, loss for the year has been understated by ₹23.18 crore. (iii) Loan assets of the Company includes outstanding loan of ₹33.75 crore due from IL&FS Transportation Network Limited against which the Company has security in the form of a Fixed Deposit of ₹8.10 crore. The Company has classified this loan as Stage III loan and recognized interest income of ₹1.63 crore (after adjustment of Impairment loss allowance of ₹2.49 crore) and loan amount of ₹13.35 crore (after adjustment of Impairment loss allowance of ₹20.40 crore). The rating of IL&FS group has been downgraded to lowest level 'D' by ICRA and CARE which means the instruments with this rating are in default or are expected to be in default soon. Further, its Board has been reconstituted by the Government of India in October 2018 to manage the affairs of the IL&FS group of companies. Moreover, as per proceeding before National Company Law Appellate Tribunal available in public domain, IL&FS Transportation Network Limited has been placed under the 'Red' category by the new Board of Directors which means that such entities cannot meet their payment obligations towards even senior secured financial creditors. In view of above circumstances, entire outstanding loan of ₹29.77 crore not covered by any security should have been provided for and loan of ₹3.20 crore only to be shown as outstanding after adjustment of Impairment loss allowance of ₹4.90 crore, considering the security. Non-adjustment of the same has resulted in overstatement of loan by ₹11.78 crore [₹29.77 crore (₹33.75 crore + ₹4.12 crore – ₹8.10 crore) - ₹17.99 crore] and overstatement of Impairment loss allowance by ₹17.99 crore. Consequently, loss for the year has been understated by ₹11.78 crore.	**(ii), (iii), (iv) and (v):** Impairment allowance is applied either by way of Expected Credit Loss (ECL) provision or Write-off. In principle, write-offs do not have an impact on profit or loss, because the amounts written off are already reflected in the loss allowance which is again based on expectation of recovery. In effect, any expected shortfall in recovery is taken care of by creating ECL provision on the individual loan asset. Under Ind AS, ECL provision has been provided by the company, based on portfolio basis i.e. averaging provision across the portfolio without considering each loan individually. As a result loans with higher provision requirement and loans with lower provision requirement are subjected to average Loss Given Default (LGD) rate under a portfolio approach, which was 60.45% as on 31.03.2019. The observation is based on the assumption that portfolio LGD of 60.45% is same as individual LGD, which is inconsistent with the Ind AS principles. It leads to interpretation, that short provision has been created on any individual asset and there is a shortfall which requires a write-off. RBI Circular No. RBI/2013-14/502DBOD.BP.BC.No. 98/21.04.132/2013-14 dated February 26, 2014 regarding Framework for Revitalising Distressed Assets in the Economy-Refinancing of Project Loans, Sale of NPA and Other Regulatory Measures states: "Banks are custodians of public deposits and are therefore expected to make all efforts to protect the value of their assets. Banks are required to extinguish all available means of recovery before writing-off any account fully or partly." Therefore, write-off in any account requires careful consideration of all relevant facts. Writing-off a loan amount is generally discouraged in haste because once a loan is written-off, it is perceived as non-recoverable, even if some recovery could have been made using various recovery/legal actions. Any impairment allowance is charged by creating provisions only. Even for "Loss" assets, RBI directions require these assets to be 'fully provided' for or 'written-off'. A write-off has to be cautiously applied and is final step in the lifecycle of any loan. Any write-off prior to crystallisation of loss would result in ECL provision on the recoverable amount also, resulting in overstatement of loss and understatement of loans. – **Sew Green Energy Limited and Sew Infrastructure Limited:** Since all the payments under OTS have not been received and loss has not been crystallised, write-off has not been undertaken. Impairment allowance basis portfolio LGD rate @60.45% has been created. OTS is a settlement between the lender and the borrower for closure of the loan account after payment of the settled amount by the borrower as per the terms of OTS and only after such payment, the sacrifice by the lender is crystallised and accounted.

C&AG Observations	IFCI Management Comments
(iv) Loan of ₹103.30 crore (Principal) and ₹60.72 crore stage III income are due against Adhunik Metaliks Ltd. (AML) as on 31st March 2019. Company has the first charge by way of hypothecation and mortgage on all present and future movable and immovable assets of Orissa Manganese and Minerals Limited (OMML), AML & Zion Steel Limited (ZSL) being the Obligor & Co-obligors except mining rights and asset purchased under hire purchase and loan for office premises, if any, with the other lender of OMML, AML & ZSL. IFCI called for resolution plan to take over the debts of AML and as per offer of Liberty House Group Pvt. Ltd and Maharashtra Seamless Ltd. IFCI would receive maximum of ₹33.60 crore against the total dues of ₹164.02 crore. In view of the above, the Company should have written off balance dues of ₹130.42 crore (₹103.30 crore + ₹60.72 crore - ₹33.60 crore) and shown ₹13.29 crore as net loan (₹33.60 crore - ₹20.31 crore) outstanding from AML. Non adjustment of the same has resulted in overstatement of "Loan" by ₹51.58 crore (₹130.42 crore - ₹78.84 crore) and overstatement of Impairment loss allowance by ₹78.84 crore (₹99.15 crore - ₹20.31 crore). Consequently, loss for the year are understated by ₹51.58 crore. (v) Dues of ₹24.96 crore (Principal ₹20.84 crore + interest ₹4.12 crore) towards loan provided to Geetanjali Gems Limited was outstanding as on 31 March 2019 on which Impairment loss allowance of ₹15.09 crore was provided considering this as Stage III loan and net loan of ₹9.87 crore was shown in the books. The loan was secured by pledge/NDU-POA (Non-Disposal Undertaking – Power of Attorney) of shares of Gitanjali Gems Limited and gems valued at ₹45 crore at the time of sanctioning of loan. On valuation (November 2018) of gems by another Govt. approved valuer, gems have been valued at ₹70 lakh only. In view of the present scenario of Geetanjali Gems Limited and value of security available, entire balance dues of ₹24.26 crore not covered by security should have been written off. Accordingly, the loan of ₹0.28 crore is to be shown after adjustment of Impairment loss allowance of ₹0.42 crore on the security amount of ₹0.70 crore available. Classification of this loan as Stage III has resulted in overstatement of Loan by ₹9.59 crore (₹24.26 crore - ₹14.67 crore) and overstatement of impairment loss allowance by ₹14.67 crore. Consequently, loss for the year was understated by ₹9.59 crore.	Lender retains the right to revoke OTS in the circumstances of non-adherence by the borrower to the terms of OTS. Thus minimum value assigned to such OTS during the period it is in vogue, is the settlement amount agreed upon and maximum value is the realizable value of the loan including underlying security. As long as the OTS is in vogue, zero value can't be assigned to the right enjoyed by the lender and thus no write-off is considered during the period the OTS is in vogue. Since the OTS was under implementation and in case the payments under OTS were delayed, IFCI had an option to revoke the OTS and pursue recovery of entire outstanding through other means. Keeping the spirit of RBI circular in mind and the value of security available (DSV of 42.68 crore in SEW Infra and 3.43 crore in SEW Infra), partial write off of the exposure, on entering into OTS, was not done. Therefore, procedure followed is consistent with the Ind AS principles and there is no overstatement of loan and understatement of loss by ₹23.18 crore. – **IL&FS Transport Network Limited:** MCA has taken over the management of IL&FS group and is running the process of monetisation of the company's assets. Impairment allowance basis portfolio LGD rate @60.45%, has been created. The impairment allowance has been created on portfolio basis as permitted under Ind AS. Recovery process through Resolution plan is under process. Any further impairment allowance on individual loan basis would cause duplicate impairment allowance computation. The observation is based on the assumption that portfolio LGD of 60.45% is same as individual LGD, which is inconsistent with the Ind AS principles. The procedure followed is consistent with the Ind AS principles and therefore there is no overstatement of loans and understatement of loss by ₹11.78 crore. – **Adhunik Metaliks Limited:** Liberty House Group (LHG) did not make payment as per the resolution plan approved by NCLT. The lenders sought NCLT permission for issuance of fresh EoIs, which had potential to discover better price. However, NCLT on July 8, 2019 ordered liquidation of the company on "going concern" basis. In view of these developments, as on 31st March 2019, IFCI could not crystallise the extent of write off warranted. Impairment allowance basis portfolio LGD rate @60.45%, has been created. The procedure followed is consistent with the Ind AS principles and therefore there is no overstatement of loans and understatement of loss by ₹51.58 crore . – **Gitanjali Gems Limited:** The Company was admitted under NCLT on October 8, 2018. Subsequently, RP filed an application before NCLT for liquidation in the first quarter of FY 2020. In view of these developments, as on 31st March 2019, IFCI could not crystallise the extent of write off warranted. Impairment allowance, basis portfolio LGD rate @60.45% has been created. The procedure followed is consistent with the Ind AS principles and therefore there is no overstatement of loans and understatement of loss by ₹9.59 crore. The corresponding observations have applied portfolio LGD rate for determining shortfall at individual loan level which is inconsistent with the Ind AS principles and consequently, observing overstatement of loans and understatement of loss by ₹96.13 crore in respect of para (ii) to (v). Certain accounts requiring 5% or 10% of loans as provisions as per RBI norms on individual loan assessment basis, have been subjected to 60.45% ECL under Ind AS accounting on portfolio basis. Hence, any additional write-off in addition to the overall loss allowance already created on portfolio basis would lead to inaccurate application of Ind AS principles and distort financial statements.
A.2 Liabilities and Equity **Non - Financial Labilities** **Other Non - Financial Liabilities - Note. No. 22 ₹48.86 crore** Above includes ₹7.50 crore received against sales of the Plot Nos. C-26 to C-34 at Ramparastha, Ghaziabad, but the same was cancelled by IFCI Infrastructure Development Limited (IIDL) at the request of the purchaser, with a condition that the amount of advance would be refunded after deducting 10 per cent of the advance i.e. ₹0.75 crore. The condition was agreed to by the purchaser. Accordingly, ₹0.75 crore should have been booked as other income and the remaining ₹6.75 crore alone booked as Other Current Liabilities. Non-recognition of income has resulted in overstatement of Non-Financial Liabilities by ₹0.75 crore and overstatement of loss to the same extent.	As per LOI executed on 26th December 2017 between M/s Mohinder Estate Private Limited and IFCI Infrastructure Development Limited ("IIDL") with respect of Plot Nos. C-26 to C-34, Ramprastha, Ghaziabad, the refund of ₹6.75 crore shall be made after deducting 10% i.e. ₹0.75 crore from the advance money of ₹7.50 crore. However, the refund is further subject to realization from sale being not less than ₹18.50 crore i.e. reserve price fixed by the competent authority. IIDL is in process of sale of plots and forfeited amount of ₹0.75 crore would be refunded after conclusion of the sale transaction and sale realization being not less than ₹18.50 crore. Necessary rectification for accounting Rs.0.75 crore as income shall be carried out in the books of accounts in the financial year 2019-2020.

<table>
<tr><th>C&AG Observations</th><th>IFCI Management Comments</th></tr>
<tr><td>A.3 Statement of Profit and loss
Expenses
Depreciation and Amortization - Note No. 31 ₹63.46 crore
The above is understated by ₹2.98 crore due to charging of depreciation/ amortization on the basis of assessment of useful life of assets held at Fraser Suites unit (set up as service apartment and providing lodging and restaurant facilities) of IFCI Infrastructure Development Limited (IIDL), as 10 years instead of 08 years as per the Schedule II of the Companies Act, 2013. Further, consideration of the useful life as 10 years is against the Significant Accounting Policy No. 2.3 (Depreciation/Amortization) of the Company, which inter-alia stipulates that, "Depreciation on fixed assets is provided on straight line method at the estimated useful life of fixed assets prescribed by Schedule II of the Companies Act, 2013 or based on Management assessment of useful life, if lower than what is prescribed under Schedule". This, has resulted in understatement of loss for the year by ₹0.56 crore and overstatement of Other Equity by ₹2.42 crore.</td><td>Being a service apartment and not a hotel and also as per the assessment of the management, the useful life of the furniture & fixture in Fraser Suites unit has been considered as 10 years, in line with the provisions under schedule II to the Companies Act, 2013 and accordingly, depreciation has been charged.
However, despite lack of clarity, necessary rectification for accounting of depreciation considering useful life of 8 year shall be carried out in the books of accounts in the financial year 2019-2020.</td></tr>
<tr><td>B. Comments on Consolidated Financial Position
Balance Sheet
B.1 Non - Financial Assets
Inventories - ₹155.05 crore
Above includes ₹0.75 crore (being 50 per cent of the disputed amount relating to short payment of stamp duty by IFCI Infrastructure Development Limited (IIDL) deposited with Honourable High Court of Allahabad. As the matter related to short payment of stamp duty is pending for adjudication, the same should have been shown as advance other than Capital advance under the head other Non-Current Assets instead of inventories.
This has resulted in understatement of other Non-current Assets and overstatement of inventories by ₹0.75 crore.</td><td>The classification and disclosure of ₹0.75 crore under the head 'Other Non-Current Assets' would not have material impact on the reported consolidated assets.
However, necessary rectification for correct disclosure shall be carried out in the financial statements for the financial year 2019-20.</td></tr>
<tr><td>B.2 Financial Assets
Loan (Note No.7) ₹13,713.52 crore
Gross Loan amount of IFCI Venture Capital Limited as on 31 March 2019 was ₹308.83 crore after adjustment of ₹6.39 crore on account of interest received from five parties. However Audit observed that out of ₹6.39 crore, ₹4.65 crore was incorrectly adjusted for Ashwani Infra against which no amount of loan was outstanding as on 31.03.2019.
Further during the year the company has written off loan account of Viz.Infra. However, while writing off the outstanding loan account of Viz.Infra, a receipt of ₹0.81 crore from Viz.Infra was not adjusted, leading to excess being written off during the year.
The above has resulted in understatement of interest income by ₹4.65 crore and overstatement of expenses by ₹0.81 crore. Consequently, loss for the period has been overstated and loan has been understated by ₹5.46 crore.</td><td>In the instant case, interest of ₹5.45 crore was received in 2 NPA cases in FY 2017-18. The interest amount of ₹4.65 crore, received in one account, was reversed inadvertently in Ind AS financial statements for FY 2017-18, while calculating stage-3 income, despite there being no stage-3 interest accrual during that year, the account having been closed during the year. The interest amount of ₹0.80 crore, received in another account, and recognised as income, was correctly reversed in FY 2017-18, since, the same was already considered as stage-3 accrued income. However, the unrealisable amount was written off during FY 2018-19, inadvertently, without deducting the reversed accrued income of ₹0.80 crore. This has resulted in negative balances in the above two accounts as on 31st March 2019 and the same shall be rectified in the FY 2019-20.</td></tr>
<tr><td>C. Comments on Standalone Auditor's Report
(i) Independent Auditor vide Annexure I of his report stated that IFCI Limited is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets, except for leased plant and machinery having gross block of ₹197.92 crore which have been fully depreciated in the earlier years.
However, it was observed that though the Fixed Assets Register (FAR) did not contain details such as the situation/quantity of various assets such as flats, paintings and land etc. this was not commented upon by the Independent Auditor as required under clause 3(i) of CARO Rules 2016.
(ii) Similarly, Independent Auditor has stated that Fixed Assets are being physically verified by the Management and no material discrepancies were noticed. Audit observed that physical inspection report did not provide a comparison between Assets as shown in the FAR vis-à-vis found during physical verification and hence, discrepancy, if any in comparison to Assets given in FAR was not available and the report only contained a general statement that most of the Assets are in line with the document provided (FAR).
Hence, the Report of Independent Auditor is deficient to that extent.</td><td>(i) The details regarding situation/location of assets, quantity of paintings, number of flats and area of land, though not forming part of the Fixed Assets Register are being maintained in the system, are being adequately maintained separately in various records such as invoices, memos, other registers etc. The same shall be captured in the FY 2019-20 onwards.
(ii) The Physical verification of Fixed Assets (other than IT assets) had been carried out using services of a third party vendor i.e. M/s. Quikr Realty. Though the physically verification has been carried out, the comparison with Fixed Assets Register has not been captured in the physical verification report. The same shall be captured in the FY 2019-20 onwards. IT assets had been got verified through assertive usage by the users through a system software.</td></tr>
</table>

Dr E S RAO	**JHUMMI MANTRI**	**RUPA SARKAR**
Managing Director and	General Manager and	Company Secretary
Chief Executive Officer	Chief Financial Officer	
DIN: 05184747		

Date: 21.09.2019

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is based on the principle of fairness, equity, transparency, accountability and dissemination of information. IFCI believes in maintaining highest standards of Corporate Governance as essential to its existence. IFCI is fully committed to practicing best Corporate Governance and upholding the highest ethical standards in conducting business.

2. BOARD OF DIRECTORS:

(A) Composition, Category and Attendance of the Board of Directors:

As on March 31, 2019, the Board of the Company consisted of 6 (Six) Directors, out of whom 5 (Five) Directors were Non-Executive Directors while 1 (one) was Managing Director & Chief Executive Officer (MD & CEO).

The composition of the Board was not in conformity with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and the guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 (DPE Guidelines), in the absence of Independent Director on the Board. The composition of the Board, Number of Board Meetings held, Attendance of the Directors at the Board Meetings and last Annual General Meeting and the number of Directorship and Chairmanship / Membership of Committees across all Companies in which he/she was a Director as on March 31, 2019 is given here-in below:

Sl. No.	Name of Director	Category	Attendance Category			No. of Directorships/ Committee Memberships/ Chairmanships across all Companies		
			No. of Board Meetings during the FY 2018-19		At AGM held on September 28, 2018	Other Directorships	Committee Memberships	Committee Chairmanships
			Held	Attended				
1.	Dr E S Rao	Managing Director & Chief Executive Officer	8	8	Yes	4	1	–
2.	Dr B K Sinha(*)	Nominee Director – Government of India	8	5	No	–	1	–
3.	Shri Anshuman Sharma	Nominee Director – Government of India	8	4	No	2	2	–
4.	Ms Kiran Sahdev	Non-Executive Director	8	6	No	–	1	1
5.	Prof N Balakrishnan	Non-Executive Director	8	6	No	1	–	–
6.	Prof Arvind Sahay	Non-Executive Director	8	8	Yes	2	4	1
DIRECTOR RETIRED/RESIGNED DURING THE FY 2018-19								
1.	Shri R N Dubey(**)	Nominee Director – Government of India	–	–	NA	–	–	–

(*) Dr B K Sinha was appointed on Board on 21.05.2018.

(**)Shri R N Dubey ceased to be on Board w.e.f. 01.04.2018.

NOTES:

1. Number of Meetings represents the Meetings held during the period in which the Director was Member of the Board.
2. Number of other Directorships/ Committee Memberships / Chairmanships indicated above is exclusive of the Directorships on the Board of Private Ltd. Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.
3. In case of Directors Retired / Resigned, the status of other Directorship and Committee Membership is on the basis of the last disclosure made by the Director.
4. None of the Directors are related to each other or to any Key Managerial Personnel of the Company.
5. None of the Directors on the Board are Members of more than 10 (ten) committees or Chairman of more than 5 (five) committees across all the companies in which they are Directors. Necessary disclosures regarding the positions in other public companies as on March 31, 2019 have been made by the Directors. Further, for the purpose of reckoning the limit for Committee(s) Chairmanship/Membership, only Audit Committee and Stakeholders' Relationship Committee have been considered.
6. The independence of a Director is determined by the criteria stipulated under the Listing Regulations, wherever applicable. As on March 31, 2019, there were no Independent Directors on the Board of the Company.
7. Other Directorships in Listed entities (only whose equity is listed), where a Board Member, IFCI, is a Director and the category of Directorship:- No other Board Member holds directorship in other listed entities, except the following:-

Sl. No.	Name of Director	Name of other Listed Entities and Category of Directorship
1.	Shri Anshuman Sharma	IDFC Limited (Nominee Director)
2.	Prof Arvind Sahay	1. HIL Limited (Independent Director) 2. Gujarat Narmada Valley Fertilizers & Chemicals Limited (Independent Director)

(B) Number of Board Meetings held and dates:

During the FY 2018-19, the Board of Directors met 8 (eight) times. The dates of the Meetings held in 2018 were May 23, July 02, July 27, September 08, October 08, December 07 and February 14, March 08, in 2019.

(C) Details of appointment of new Directors / re-appointment of a Director forms part of the Notice of Annual General Meeting.

(D) None of the Non-Executive Directors held shares of the Company as on March 31, 2019.

(E) Familiarization Programme for Independent Directors

Familiarization programme is an ongoing process. The Company endeavors to undertake familiarization programmes for the Directors of the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and so on. The detail of such familiarization programme held in past has been disclosed on the website of the Company, at www.ifciltd.com. However, during the FY 2018-19 no such programme was held as there was no Independent Director on the Board.

(F) Chart/ Matrix setting out the skills/expertise / competence of Board of Directors

1.	Educational Qualification	(i)	Possess any Graduation/ Post Graduation/ M. Phil / Doctorate/such other qualification as may be deemed fit.
		(ii)	Possess any other Professional Qualification / Degree/ Diploma/such other qualification as may be deemed fit.
2.	Experience / Expertise	(i)	Possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.
		(ii)	Preferably have undergone requisite training programme or mid - career Professional Development trainings which would have enabled him/her to adapt to changing dynamics of business environment.

3. AUDIT COMMITTEE:

(A) Terms of Reference:

The terms of reference of the Audit Committee is to see the effectiveness of operations of the audit function of the Company, review the systems and procedures of internal control, oversee the Company's financial reporting process, review with the management the periodical and annual financial statements before submission to the Board and ensure compliance with the regulatory guidelines. The Committee is also responsible for objectively reviewing the reports of the internal auditors and statutory auditors and ensuring adequate follow up action by the management. The Committee also proposes the fixation of their fees.

The Committee further carries out the scrutiny of inter- corporate loans and investments, valuation of undertakings or assets of the Company, evaluation of internal financial control and risk management, monitoring the end use of funds raised through public offers, overseeing of the vigil mechanism and approval or any subsequent modification of transactions of the Company with related parties.

(B) Composition, Meetings and Attendance of the Committee:

As on March 31, 2019, the Audit Committee of IFCI consisted of four Directors. The Chairman of the Committee was a Non-Executive Director. The composition of the Audit Committee and attendance of Directors at the Meetings during the FY 2018-19 is shown below:

Sl. No.	Name of Director	Category	Date of Appointment / Cessation	No. of Meetings during the FY 2018-19	
				Held	Attended
MEMBERS OF THE COMMITTEE					
1.	Prof Arvind Sahay	Chairman*	30.10.2017	7	7
2.	Dr B K Sinha	Member	23.05.2018	7	5
3.	Shri Anshuman Sharma	Member	13.09.2017	7	5
4.	Ms Kiran Sahdev	Member	24.04.2017	7	5
DIRECTORS WHO CEASED TO BE MEMBER DURING F.Y. 2018-19					
1.	Shri R N Dubey	Member	01.04.2018	–	–

*Note: In the absence of Independent Directors, Prof Arvind Sahay has been elected as Chairman to chair the Meeting of Committee, till the time Independent Directors are appointed on the Board of the Company.

The Statutory Auditors and other senior executives were invited to participate in the Meetings of the Audit Committee wherever necessary, as decided by the Committee. The Company Secretary acts as the Secretary to the Audit Committee.

During the FY 2018-19, the Audit Committee of Directors of IFCI met 07 (Seven) times. In 2018, the Meetings were held on May 23, July 02, July 27, September 08, December 07 and February 14, March 08 in 2019.

4. NOMINATION AND REMUNERATION COMMITTEE:

(A) Terms of Reference:

The Nomination and Remuneration Committee of Directors had been constituted as per the requirement of the Listing Regulations and the Companies Act, 2013. The terms of reference of the Committee is to identify persons who are qualified to become Directors (excluding Independent Directors and Nominee Directors), recommendation of appointment of Senior Management. The Committee recommend to the Board, all remuneration, in whatever form, payable to Senior Management, to formulate the criteria for evaluation of performance of Independent Directors and Board. The Committee also peruse the Policy on HR matters including career management and succession planning.

(B) Performance Evaluation:

The Nomination and Remuneration Policy of IFCI has laid down the criteria for conducting performance evaluation of Board of Directors including Independent Directors. The criteria for performance evaluation cover their role, functions and various other attributes.

(C) Composition, Meetings and Attendance of the Committee:

As on March 31, 2019, the Committee consisted of four Directors all of whom were Non-Executive Directors. During the year, 2 (two) Meetings of the Committee were held on May 23 and July 02, in 2018. The composition of the Committee and attendance of Directors at the Meetings is shown below:

Sl. No.	Name of Director	Category	Date of Appointment / Cessation	No. of Meetings during the FY 2018-19	
				Held	Attended
	MEMBERS OF THE COMMITTEE				
1.	Dr B K Sinha	Member	23.05.2018	2	2
2.	Shri Anshuman Sharma	Member	13.09.2017	2	1
3.	Ms Kiran Sahdev	Member	24.04.2017	2	1
4.	Prof Arvind Sahay	Member	30.10.2017	2	2
	DIRECTORS WHO CEASED TO BE MEMBER DURING F.Y. 2018-19				
1.	Shri R N Dubey	Member	01.04.2018	–	–

Note:- There is no Chairman of the Committee. At every Meeting of the Committee, the Members elect one amongst themselves to Chair the Meetings.

(D) Following are the details of the remuneration paid to the managerial personnel during the FY 2018-19:

Dr E S Rao, Managing Director and Chief Executive Officer, from 01.04.2018 to 31.03.2019

Particulars	(₹ in lakhs)
Salary & Allowances (excluding Perquisites)	28.20
Perquisite Allowance (inclusive of Tax borne by IFCI on perquisites)	0.96
Contribution to PF & Other Funds	2.51
Perquisites as per IT Act Sec – 17(2)	0.83
Perquisites as per IT Act Sec – 17(3)	3.87
TOTAL	**36.37**

(E) During the FY 2018-19, the Company paid sitting fees to the Non-Executive Directors excluding Government and Nominee Directors. The sitting fees of ₹20,000/- per Meeting for the Board and ₹10,000/- per Meeting of Committee thereof, was paid for the Meetings held till February, 2019. The Board at its Meeting held on March 08, 2019, had revised with immediate effect, the sitting fee payable to Non-Executive and Independent Directors excluding Government Nominees, to ₹40,000/- and ₹20,000/- per Meeting for attending the Board and Committee of Directors Meeting, respectively. Further, additional sitting fee of ₹10,000/- and ₹5,000/- per Meeting was also payable for Chairing the Board and Committee of Directors Meeting, respectively. Accordingly, the sitting fee was paid as per revised rate for the Meetings held after March 08, 2019. There were no Independent Directors during the FY 2018-19.

The Non-Executive and Independent Directors do not receive any remuneration besides the sitting fees.

(F) As per the disclosure made by the Directors of the Company, none of them hold any share or any other convertible instruments of IFCI as on March 31, 2019.

(G) There are no Stock options being held by the Directors of the Company.

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

(A) Stakeholders' Relationship Committee of Directors of IFCI consisted of four Directors as on March 31, 2019. During the FY 2018-19, the Committee met two times on May 23, 2018 and December 07, 2018. The composition of the Committee and attendance of Directors at the Meetings during the FY 2018-19 is shown below:

Sl. No.	Name of Director	Category	Date of Appointment / Cessation	No. of Meetings during the FY 2018-19	
	MEMBERS OF THE COMMITTEE			Held	Attended
1.	Ms Kiran Sahdev	Chairperson	24.04.2017	2	–
2.	Dr E S Rao	Member	17.08.2017	2	2
3.	Shri Anshuman Sharma	Member	01.07.2016	2	1
4.	Prof Arvind Sahay	Member	30.10.2017	2	2

(B) Name & Designation of Compliance Officer

Smt Rupa Sarkar, General Manager & Company Secretary

Email: complianceofficer@ifciltd.com

(C) The number of complaints received from the shareholders and bondholders of the listed securities, during FY 2018-19 and the number of pending complaints are shown below:

Equity Shares & Bonds	
No. of Complaints received during the FY 2018-19	4047*
Pending as on March 31, 2019	–

(*) Excluding complaints / issues in respect of which cases are pending in courts / CDRF.

The Company has redeemed IFCI Family Bonds, issued under Public Issue in 1996 on completion of the tenure/exercise of call option. Payment of redemption amount has been made to the bondholders. Payment in respect of the redemption cheques lying under stale cheques, is being made on receipt of request from bondholders. Family Bonds wherein redemption is not done even after 7 years from redemption date/ call option date, these funds are being transferred to IEPF. Application being received from investors to get refund from IEPF is being processed from to time-to-time.

(D) The Company has constituted a Committee of its executives for approval of the share transfers, transmissions and transpositions, etc. Generally, the Committee had met four times a month, during FY 2018-19. As the transfer of shares will not be carried out in physical form, after April 01, 2019, in terms of SEBI Gazette Notification dated June 08, 2018 read with SEBI Press Release dated December 03, 2018, the Share Transfer Committee of Executives, will now meet as and when required, instead of four times a month. All the requests for share transfers etc. were processed and the related share certificates were dispatched within 15 days from the date of receipt of complete documents thereof. Except for certain cases under litigation, there was no share transfer pending for more than 15 days.

(E) In accordance with the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company has adopted Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct to Regulate, Monitor and Report Trading by Insiders. The Company also adopts the concept of Trading Window Closure, to prevent its Directors, officers, employees and other connected persons from trading in the securities of IFCI at the time when there is unpublished price sensitive information. The Company has obtained the relevant disclosures as on March 31, 2019 under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

(F) The Board of Directors has laid down a Code of Conduct for its Board Members and Employees and the same has been posted on the website of the Company at www.ifciltd.com.

6. Details of Other Committees:

The Company also has in place other Board level Committees. The number and dates of Meetings of such other Committees held during the FY 2018-19 and attended by the Members is as under:

(A) Corporate Social Responsibility Committee - The Corporate Social Responsibility Committee met twice during the FY 2018-19 on July 02, 2018 and February 14, 2019. The composition of the Committee and attendance of the Directors at said Meetings were as under:

Sl. No.	Name of Director	Category	No. of Meetings during the FY 2018-19	
MEMBERS OF THE COMMITTEE			**Held**	**Attended**
1.	Dr E S Rao	Chairman	2	2
2.	Shri Anshuman Sharma	Member	2	1
3.	Ms Kiran Sahdev	Member	2	–
4.	Prof N Balakrishnan	Member	2	2

(B) Executive Committee– The Meetings of the Executive Committee during the FY 2018-19 were held on May 07, May 23, June 20, July 02, July 27, August 25, October 08, November 26 and December 27 in 2018 and February 14, February 26, March 08 and March 28 in 2019. The composition of the Committee and attendance of the Directors at said Meetings were as under:

Sl. No.	Name of Director	Category	No. of Meetings during the FY 2018-19	
MEMBERS OF THE COMMITTEE			**Held**	**Attended**
1.	Dr E S Rao	Chairman	13	13
2.	Ms Kiran Sahdev	Member	13	8
3.	Prof N Balakrishnan	Member	13	12

(C) Risk and Asset Liability Management Committee –The Risk and Asset Liability Management Committee met twice during the FY 2018-19 on July 02 and December 07, in 2018. The composition of the Committee and attendance of the Directors at said Meetings were as under:

Sl. No.	Name of Director	Category	No. of Meetings during the FY 2018-19	
	MEMBERS OF THE COMMITTEE		**Held**	**Attended**
1.	Dr E S Rao	Chairman	2	2
2.	Dr B K Sinha	Member	2	1
3.	Ms Kiran Sahdev	Member	2	1
4.	Prof Arvind Sahay	Member	2	2
5.	Prof N Balakrishnan*	Member	–	–
DIRECTORS WHO CEASED TO BE MEMBER DURING FY 2018-19				
1	Shri R N Dubey	Member	–	–

(*) Prof N Balakrishnan was inducted to the Committee on February 14, 2019.

(D) E-Governance Committee - The Committee met on June 20, 2018 in the FY 2018-19. The composition of the Committee and attendance of the Directors at said Meeting was as under:

Sl. No.	Name of Director	Category	No. of Meetings during the FY 2018-19	
MEMBERS OF THE COMMITTEE			**Held**	**Attended**
1.	Prof N Balakrishnan	Chairman	1	1
2.	Dr E S Rao	Member	1	1
3.	Shri Anshuman Sharma	Member	1	–

(E) Business Responsibility Reporting Committee – The Committee met on May 23, 2018 in the FY 2018-19. The composition of the Committee and attendance of the Directors at said Meeting was as under:

Sl. No.	Name of Director	Category	No. of Meetings during the FY 2018-19	
MEMBERS OF THE COMMITTEE			**Held**	**Attended**
1.	Dr E S Rao	Chairman	1	1
2.	Dr B K Sinha	Member	1	–
3.	Prof Arvind Sahay	Member	1	1
DIRECTORS WHO CEASED TO BE MEMBER DURING FY 2018-19				
1	Shri R N Dubey	Member	–	–

(F) Review Committee on Wilful Defaulters and Fraud Reporting Committee

The Committee consists of 4 Directors viz. Dr E S Rao (Chairman of the Committee), Ms Kiran Sahdev, Dr B K Sinha and Prof N Balakrishnan, Members.

However, no Meeting of the Committee was held during FY 2018-19.

(G) Review Committee of Non-Cooperative Borrowers and Recovery & NPA Management Committee – During the FY 2018-19 the Committee met on July 02, 2018. The composition of the Committee and attendance of the Directors at said Meeting was as under:

Sl. No.	Name of Director	Category	No. of Meetings during the FY 2018-19	
MEMBERS OF THE COMMITTEE			**Held**	**Attended**
1.	Dr E S Rao	Chairman	1	1
2.	Shri Anshuman Sharma	Member	1	–
3.	Ms Kiran Sahdev	Member	1	–
4.	Prof Arvind Sahay	Member	1	1

7. GENERAL BODY MEETING:

(A) Location and time, where last three Annual General Meetings held:

Sl. No.	AGM Date	Location	Time
1.	28.09.2018	Auditorium, 1st Floor, IFCI Tower, 61 Nehru Place, New Delhi-110019	10:30 A.M.
2.	30.10.2017	Auditorium, 1st Floor, IFCI Tower, 61 Nehru Place, New Delhi-110019	10:30 A.M.
3.	28.09.2016	Mavlankar Auditorium, Constitution Club of India, Rafi Marg, Delhi – 110001	10:30 A.M.

No special resolution for the equity shareholders was put through Postal Ballot in the last year, as there were no such items, which required passing through Postal Ballot.

(B) Details of special resolutions passed in the previous three Annual General Meetings:-

AGM Date	As per Companies Act.	Particulars of special resolutions
28.09.2018	u/s 42 & 71 of Companies Act, 2013	Approve Private Placement of Securities
	u/s 42,55 & 62 of Companies Act, 2013	Approve issue of Cumulative Redeemable Preference Shares.
30.10.2017	u/s 42 & 71 of Companies Act, 2013	Approve Private Placement of Securities
	u/s 14 of Companies Act, 2013	Approve insertion of Article 79A with marginal notes
28.09.2016	u/s 42 & 71 of Companies Act, 2013	Approve Private Placement of Securities

8. DISCLOSURES:

(A) Related Party Transactions

Related Party Transactions (RPT(s)) during the year have been disclosed in the Notes to Accounts in the Annual Report as required under Ind AS 24 (erstwhile Accounting Standard 18) issued by the Institute of Chartered Accountants of India. The RPT(s) were in the normal course of business and were done at arm's length. There were no materially significant RPT(s) during the FY 2018-19. The Company also has in place a Policy on Materiality of Related Party Transactions (RPT(s)) and Dealing with RPT(s) and the same is placed on the website of the Company at www.ifciltd.com. The relevant disclosures as required under the provisions of the Companies Act, 2013 have also been disclosed as annexure to the Board's Report.

(B) Disclosure of Accounting Treatment

The financial statements for the year ended March 31, 2019, are the first financial statements, the Company has prepared in accordance with Ind AS. The Company has prepared its financial statements in accordance with Companies (Account) Rules, 2014 and Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. Any application guidance/ clarifications/ directions issued by RBI or other regulators will be implemented as and when they are issued/ applicable.

(C) Risk Management

Business Risk evaluation and management is an ongoing process wherein risks are identified, assessed, managed and mitigated arising out of business, viz. Credit Risk, Market Risk and Operational Risk. The effectiveness of a risk management system depends on putting in place appropriate and effective risk management architecture. In pursuance of RBI guidelines, Your Company has set up necessary role centres in the organizational structure to facilitate discharge of risk management functions. The organizational structure for Risk Management in IFCI comprises of the Board of Directors, the Risk and Asset Liability Management Committee of Directors (RALMCD), the Risk and Asset Liability Management Committee of Executives (RALMCE) and the Risk Management & Credit Audit Department (RMCAD).

Your Company periodically reviews Lending Policy and Risk Management Policies in order to strengthen and align with industry's best practices, learning curve gained from various financing/investment activities, regulations from the Reserve Bank of India and striving towards reduction in turnaround time. Your Company has availed premier services & products from acclaimed credit rating agencies like CRISIL and CARE towards effective credit risk management and sanctioning process.

(D) Management Discussion and Analysis Report

Management Discussion and Analysis forms part of the Board's Report and is given separately in the Annual Report.

(E) Details of Non-compliance with regard to Capital Market

There were no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years except fines of ₹58,19,760/- (₹29,09,880/- per exchange for the quarters ended September, 2018; December, 2018 and March, 2019) imposed by BSE Limited and the National Stock Exchange of India, for non-compliance with the provisions of Regulation 17(1), 18(1), 19(1) & (2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, relating to composition of the Board of Directors and Committees namely Audit Committee, Nomination and Remuneration Committee. IFCI being a Government Company, the power to appoint the Independent Directors vest with the Administrative Ministry i.e. Department of Financial Services. Several request letters have been sent to the Department of Financial Services, requesting appointment of Independent Directors. However, the appointments were awaited. As the appointment of Independent Directors were absolutely outside the control of the Company and its Board of Directors, hence the Stock Exchanges were requested not to impose the fine and any subsequent actions on the Company.

(F) Details of Compliance with requirements

1. The Company has duly complied with all the mandatory requirements of Corporate Governance stipulated in Listing Regulations, except w.r.t. the composition of the Board, Audit Committee, Nomination & Remuneration Committee, in the absence of Independent Director on the Board of IFCI. Letters were sent to the Department of Financial Services (DFS), Ministry of Finance (MOF), being the Administrative Ministry requesting appointment/ nomination of Independent Directors. The said appointments are awaited.
2. The Company has duly complied with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, though the name of IFCI is still not reflecting in the latest list of CPSEs available at www.dipam.gov.in, except w.r.t. the composition of the Board, Audit Committee, Nomination & Remuneration Committee, in the absence of Independent Director on the Board of IFCI.
3. Shri Sameer Kishore Bhatnagar, Practicing Company Secretary has certified the Corporate Governance Report for the FY 2018-19 as stipulated in Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Guidelines on Corporate Governance for CPSE. The said certificate is appended to this report. Further, Shri Sameer Kishore Bhatnagar, Practicing Company Secretary has also certified that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority.

(G) Subsidiary Companies

The Company as on March 31, 2019 had 6 (six) subsidiaries viz. IFCI Financial Services Ltd., IFCI Venture Capital Funds Ltd., IFCI Infrastructure Development Ltd., IFCI Factors Ltd., MPCON Ltd., Stock Holding Corporation of India Ltd. The Company also had 7 (seven) step-down subsidiaries viz. IIDL Realtors Pvt. Ltd., IFIN Commodities Ltd., IFIN Credit Limited., IFIN Security Finance Ltd., StockHolding Document Management Services Ltd., SHCIL Services Ltd. and StockHolding Securities IFSC Limited. The requirement under the Listing Regulations, as applicable, in respect of the above Companies, as and when required, have been duly complied with. The Company has also formulated a policy for determining "material" subsidiary and the same has been placed on the website of the Company at www.ifciltd.com.

(H) CEO/CFO Certificate

The certification under Regulation 17 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by CEO and CFO to the Board forms part of this report.

(I) Whistle Blower Policy

The Company has put in place a Vigil Mechanism in terms of the provisions of Section 177 (9) and (10) of the Companies Act, 2013, Listing Regulations and the Guidelines on Corporate Governance for Central Public Sector Enterprises 2010. The Company has a Board approved Whistle Blower Policy which was updated during the year to confirm to the latest amendment in the SEBI (Prohibition of Insider Trading) Regulation, 2015 (PIT Regulations) as amended in 2018. Under Whistle Blower Policy, Director(s) and employee(s) of IFCI, can report to the Management their concerns about unethical behaviour, actual or suspected fraud or violation of the IFCI's code of conduct or ethics policy and to provide adequate safeguards to them against any sort of victimization on raising an alarm. The Policy also provides for direct access to the Chairman of the Audit Committee in exceptional cases. No personnel has been denied access to the Audit Committee. Now, IT Department is in the process of developing a new web based interface for the existing whistle blower system, which would be implemented for IFCI employees and employees of subsidiaries of IFCI to send confidential whistle blower complaints through this interface to CVO, IFCI, since the vigilance administration of IFCI & subsidiaries is with CVO, IFCI.

During the year under review, no instance of the protected disclosure has been made to the Designated Authority or to the Chairman of the Audit Committee.

(J) Training of Board Members

The Board has formulated a Director's Training Policy for its Board Members for the business model of the Company as well as the risk profile of the business parameters of the Company and their responsibilities as Directors.

(K) Details of Adoption of Discretionary Requirements

The Company has complied with and adopted the following discretionary Requirements of Regulation 27(1) of Listing Regulations, 2015:-

(i) Shareholder Rights:

The half-yearly declaration of financial performance is not sent individually to each household of shareholders but published in the newspapers and also disseminated to the Stock Exchanges where shares of the Company are listed.

(L) No Presidential Directives have been received by the Company since the Company became a Government Company.

(M) There were no expenditure debited in the books of accounts, which are not for the purpose of the business except expenses on CSR Activity of ₹4.21 crore. As the Company has adopted Ind AS for FY 2018-19, accordingly the expenses ratios are revised as per Ind AS schedule. The administrative & office expenses and financial expenses constitute 6.45% and 55.62%, respectively, of total expenses as against 7.13% and 64.03% in previous year i.e. FY 2017-18.

(N) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations - No funds have been raised during the FY 2018-19.

(O) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part - Details of fee paid to statutory auditor for standalone and consolidated for the year ended March 31, 2019 is mentioned below:

Sl. No.	Particulars of Payments to Auditors	Standalone Information (₹ in crore)	Consolidated Information (₹ in crore)
1.	Audit Fees	0.39	1.19
2.	Taxation Matters	–	0.12
3.	Certification and other services	0.04	0.17
4.	Reimbursement of Expenses	0.01	0.05
	Total	**0.44**	**1.53**

(P) Credit Rating

Ratings assigned by credit rating agencies and migration of ratings during the period ended March, 2019:-

Ratings by	31-Mar-18	Migration during the year	31-Mar-19
Long Term (Bonds/NCDs/Term Loans)			
ICRA	[ICRA] A-	[ICRA] BBB+ w.e.f. 30/05/2018	[ICRA] BBB+
CARE	(CARE) A-	(CARE) BBB+ w.e.f. 31/05/2018 (CARE) BBB w.e.f. 23/02/2019	(CARE) BBB
Brickwork	(BWR) A+	(BWR) A- w.e.f. 27/06/2018	(BWR) A-
Short Term (Commercial Paper/Short term borrowings)			
ICRA	[ICRA] A1	[ICRA]A2+ w.e.f. 30/05/2018	[ICRA]A2+
Brickwork	–	(BWR) A1 w.e.f. 27/06/2018	(BWR) A1
For Structured Secured NCD			
Brickwork	(BWR) AA+ (SO)	(BWR) AA- (SO) w.e.f. 27/06/2018	(BWR) AA- (SO)
CARE	(CARE) A+ (SO)	(CARE) A (SO) w.e.f. 31/05/2018 (CARE) A- (SO) w.e.f. 23/02/2019	(CARE) A- (SO)
Subordinate Bonds			
CARE	(CARE) BBB+	(CARE) BBB+ w.e.f. 31/05/2018 (CARE) BBB- w.e.f. 23/02/2019	(CARE) BBB-

(Q) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:-

(a) number of complaints filed during the FY - Nil

(b) number of complaints disposed of during the FY - NA

(c) number of complaints pending as on end of the FY - Nil

(R) There was no commodity holding and / or trading during the year. Foreign Exchange Risk associated with outstanding ECBs have been mitigated by the way of hedging in form of currency swap / future / forward contracts.

9. MEANS OF COMMUNICATION:

IFCI's quarterly/ half-yearly/ yearly financial results are published in the leading Hindi and English papers. The Financial Results for FY 2018-19 were published in Business Standard (English in all editions), Business Standard (Hindi in all editions), Financial Express (English in all editions), Jansatta (Hindi in Delhi NCR edition), Hindustan Times (English in all editions), Mint (English in all editions), Hindustan (Hindi in Delhi NCR Edition), Free Press Journal (English in Mumbai edition), Navshakti (Marathi in Mumbai Edition) and Amar Ujala (Hindi in Delhi NCR Edition). Official press release are also displayed on Company's website (www.ifciltd.com). All price sensitive information is made public at the earliest through intimation to Stock Exchanges where the Equity Shares are listed viz. The National Stock Exchange of India Limited and BSE Limited. During the year, IFCI's corporate presentation have been uploaded on the website. The same was duly reported to the Exchanges prior to uploading. During the year, no presentation was made to Institutional Investors or to the Analysts.

10. GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting:

Date	:	Wednesday, October 30, 2019
Time	:	10:30 A.M.
Venue	:	Auditorium, 1st Floor, IFCI Tower, 61 Nehru Place, New Delhi-110 019

(ii) Financial Calendar (Tentative):

Results for quarter ending June 30, 2019	:	Second Week of August, 2019
Results for quarter ending September 30, 2019	:	Second week of November, 2019
Results for quarter ending December 31, 2019	:	Second Week of February, 2020
Results for quarter ending March 31, 2020	:	Third week of May, 2020

(iii) Dates of Book Closure : Thursday, October 24, to Wednesday, October 30, 2019 (both days inclusive)

(iv) Dividend Payment Date : No dividend had been declared on the Equity Shares of the Company for the FY 2018-19.

(v) Listing on Stock Exchange:

- Equity Shares

BSE Limited (BSE)
Department of Corporate Services
Phiroze JeeJeebhoy Tower
Dalal Street, Fort
Mumbai – 400 001

The National Stock Exchange of India Limited (NSE)
Exchange Plaza
Plot No. C/1, G Block, Bandra Kurla Complex
Bandra (East)
Mumbai – 400 051

Note:

(i) During the FY 2003-04, IFCI had redeemed all the Family Bonds and advised the Stock Exchanges to discontinue the listing of the bonds. Bonds issued under Private Placement Basis under Series 47 to Series 61, Infrastructure Bonds (5 Series), Subordinate Bonds (5 Series), Tax Free Bonds and erstwhile SLR Bonds, are listed on BSE Ltd. Secured NCDs issued through public issue are listed both on BSE and NSE.

(ii) The Annual Listing Fee for the FY 2019-20 had been paid to the BSE and NSE.

(vi) Stock Code (Equity) : 500106 (BSE)
IFCI (NSE)

ISIN number

Equity Shares : INE039A01010

(vii) Market Price data:

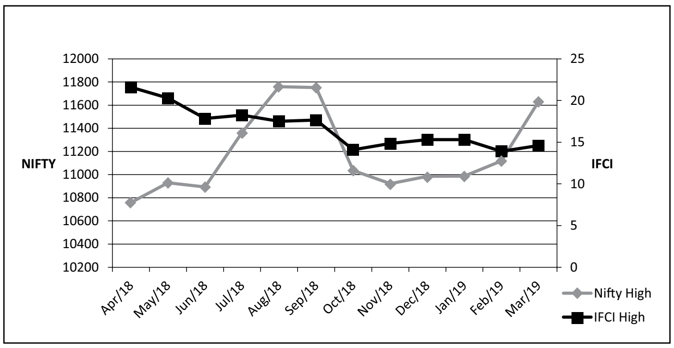
(Price in ₹)

Month & Year	National Stock Exchange		Bombay Stock Exchange	
	High	Low	High	Low
April, 2018	21.60	19.30	21.60	19.35
May, 2018	20.30	16.40	20.30	16.40
June, 2018	17.85	14.45	18.00	14.40
July, 2018	18.25	14.50	18.20	14.50
August, 2018	17.50	15.90	17.55	16.00
September, 2018	17.65	11.60	17.65	11.60
October, 2018	14.10	11.50	14.08	11.50
November, 2018	14.85	13.35	14.90	13.35
December, 2018	15.30	12.30	15.29	12.26
January, 2019	15.30	13.05	15.35	13.16
February, 2019	13.90	11.80	13.92	11.82
March, 2019	14.60	12.40	14.58	12.40

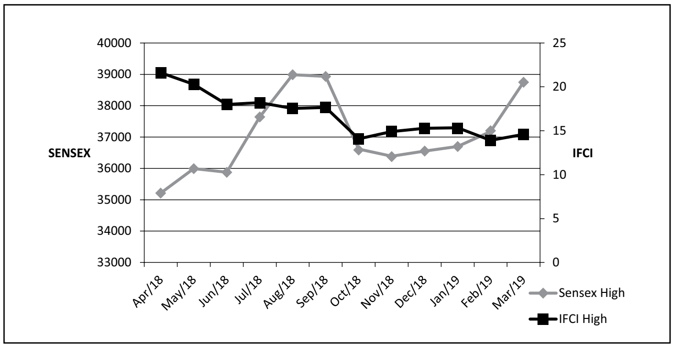
Source: NSE / BSE

(viii) Performance in comparison to broad based indices:

IFCI share price as compared to NSE NIFTY during the year:



IFCI share price as compared to BSE SENSEX during the year:



(ix) Registrar and Transfer Agent (including their correspondence details):

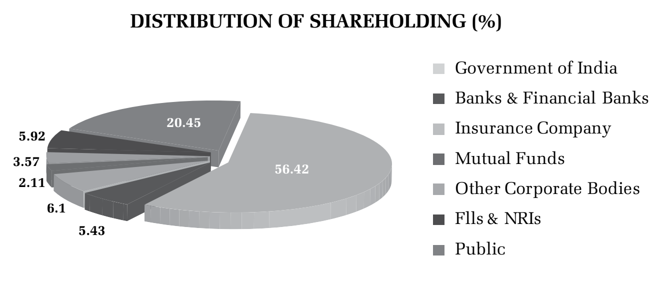
Both for Equity Shares and Family bonds	MCS Share Transfer Agent Limited Ist Floor, F-65, Okhla Industrial Area, Phase –I, New Delhi-110 020 Website: www.mcsregistrars.com Email: helpdeskdelhi@mcsregistrars.com Contact Number: 011-4140 6149/51/52
For Infrastructure Bonds (series I & II)	Beetal Financial & Computer Services (P) Ltd. Beetal House, 3rd Floor, 99 Madangir Behind LSC, Near Dada Harsukhdas Mandir, New Delhi-110 062 Website: www.beetalfinancial.com Email: ifcibonds1@gmail.com Contact Number: 011-2996 1281-83
For Infrastructure Bonds (series III, IV & V) and Secured Non-Convertible Debentures Tranche I & II	Karvy Fintech Private Limited Karvy Selenium, Tower B, Plot Number 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad - 500 032 Website: www.karvycomputershare.com Email: einward.ris@karvy.com Contact Number: 040-6716 2222/1589/1595
For Subordinate Bonds (series I & III)	Link Intime India Pvt. Ltd. C-101, 247 Park, LBS Marg, Vikhroli West, Mumbai-400083 Website: www.linkintime.co.in Email: bonds.helpdesk@linkintime.co.in team.bonds@linkintime.co.in Contact Number: 022-4918 6000/6270
For Tax Free Bonds And any other query	IFCI Limited IFCI Tower, 61 Nehru Place New Delhi – 110 019 CIN: L74899DL1993GOI053677 Website: www.ifciltd.com Email: ppbonds@ifciltd.com Contact: 011 - 4173 2000/4179 2800

(x) Share Transfer System :

At present, shares for transfer, which are received in physical form, are duly transferred within a period of 15 days from the date of receipt, subject to documents being valid and complete in all respects.

(xi) Distribution of Shareholding (as on March 31, 2019):

The Equity Shareholding in IFCI by major categories of Shareholders as on March 31, 2019 is as under:



(A) Shareholding Pattern:

Shareholding Pattern of Equity Shares of IFCI as on March 31, 2019 and March 31, 2018 is given as under:

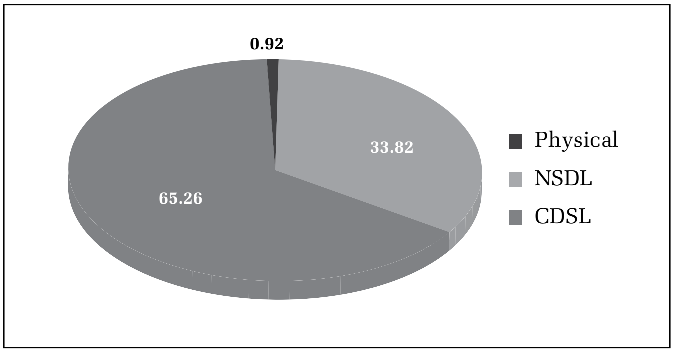
Category	As on 31.03.2019 No. of Equity Shares	%	As on 31.03.2018 No. of Equity Shares	%
Government of India	**95,69,55,857**	**56.42**	**95,69,55,857**	**56.42**
Banks & Financial Institutions	**9,21,61,569**	**5.43**	**9,29,49,540**	**5.48**
Insurance Companies	**10,33,98,758**	**6.10**	**10,66,98,758**	**6.29**
Mutual Funds	**3,58,37,962**	**2.11**	**3,78,17,233**	**2.23**
Other Bodies Corporate	**6,05,84,091**	**3.57**	**6,19,32,262**	**3.65**
FIIs & NRIs	**10,06,47,137**	**5.92**	**11,65,27,401**	**6.87**
Public	**34,64,07,718**	**20.45**	**32,31,12,041**	**19.06**
Total	**1,69,59,93,092**	**100.00**	**1,69,59,93,092**	**100.00**

(B) Distribution Schedule Range Analysis as on March 31, 2019:

Sl. No.	Category From	To	No. of Shareholders	% of total Shareholders	No. of Equity Shares	% Shares
1.	1	500	4,35,968	82.21	6,81,45,811	4.02
2.	501	1000	45,351	8.55	3,77,45,920	2.23
3.	1001	2000	23,753	4.48	3,68,72,629	2.17
4.	2001	3000	8,439	1.59	2,19,41,599	1.29
5.	3001	4000	3,935	0.74	1,43,13,390	0.84
6.	4001	5000	3,578	0.67	1,70,90,300	1.01
7.	5001	10000	5,171	0.98	3,85,44,992	2.27
8.	10001	50000	3,422	0.65	7,04,84,960	4.16
9.	50001	100000	364	0.07	2,62,42,448	1.55
10.	100001 and above		323	0.06	1,36,46,11,043	80.46
	Total		**5,30,304**	**100.00**	**1,69,59,93,092**	**100.00**

(xii) Dematerialization of Shares and liquidity:

About 99.08% of the Equity Shares of the Company have already been dematerialized up to March 31, 2019. IFCI's Shares are listed at major Stock Exchanges of the Country and being traded actively.



(xiii) Outstanding GDRs / ADRs/ Warrants or any Convertible instruments:

There is no GDR/ADR or Warrants or any other Convertible Instrument, which are pending for conversion into equity shares.

(xiv) Registered Office: IFCI is a Public Financial Institution and a Government Company, having its Registered Office at IFCI Tower, 61 Nehru Place, New Delhi – 110 019.

Regional Offices at:

Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata and Mumbai

Declaration of Compliance with the Code of Conduct as provided in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to confirm that the Company has adopted a Code of Conduct for Board Members and its employees. The Code of Conduct as adopted is available on the Company's website. It is further confirmed that the Company has in respect of the Financial Year ended March 31, 2019, received from the employees of the Company and the Members of the Board, a declaration of Compliance with the Code of Conduct as applicable to them.

Dr Emandi Sankara Rao
Managing Director & Chief Executive Officer
DIN: 05184747

CERTIFICATE IN TERMS OF REGULATION 17 (8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

In terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is certified as under that:

(a) The financial statements and the cash flow statement for the year have been reviewed and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

The financial statements for the year ended 31st March, 2019 have been drawn up on the basis of Ind-AS that are applicable to the Company as at 01st April, 2018 based on the Press Release issued by the Ministry of Corporate Affairs ("MCA") on 18th January, 2016. Any application / guidance / clarifications / directions issued by RBI or other regulators shall be implemented as and when they are issued / made applicable.

Jhummi Mantri	**Dr E S Rao**
General Manager & Chief Financial Officer	Managing Director & Chief Executive Officer

Date: May 16, 2019
Place: New Delhi

CERTIFICATION ON CORPORATE GOVERNANCE

TO THE MEMBERS OF M/S IFCI LIMITED

We have examined the compliance of conditions of Corporate Governance by M/s IFCI Limited ("Company"), for the year ended on March 31, 2019, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidelines on Corporate Governance for Central Public Sector Enterprises, wherever applicable.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliances of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that:-

1. The Company has complied with the conditions of corporate governance as stipulated in the above mentioned Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidelines on Corporate Governance for Central Public Sector Enterprises, wherever applicable, except w.r.t. the composition of the Board, Audit Committee, Nomination & Remuneration Committee, in the absence of Independent Directors on the Board of IFCI Limited.
2. None of the directors on the board of IFCI Limited, have been debarred or disqualified from being appointed or continuing as directors of the companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sameer Kishore Bhatnagar
Practicing Company Secretary
M. No. 30997
COP No. 13115

Date : June 13, 2019
Place : Delhi

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART "A" : SUBSIDIARIES

As at March 31, 2019 (₹ in crore)

		Direct Subsidiaries						Step-down Subsidiaries						
Sl. No.	Name of the Subsidiary	IFCI Venture Capital Funds Ltd.	IFCI Infrastructure Development Ltd.	IFCI Factors Ltd	IFCI Financial Services Ltd.	Stock Holding Corporation of India Ltd.	MPCON Ltd.	IIDL Realtors Pvt. Ltd.	IFIN Commodities Ltd.	IFIN Credit Ltd.	IFIN Securities Finance Ltd.	Stockhoding Document Management Services Ltd.	SHCIL Services Ltd.	Stockhoding Securities IFSC Ltd.
1.	Share capital	60.37	427.09	274.44	41.53	21.05	1.00	0.01	5.00	2.50	30.01	55.75	6.09	15.00
2.	Reserves & surplus	102.20	85.34	(142.26)	30.19	2,260.47	5.42	19.82	0.42	(0.56)	(1.20)	26.87	59.94	(0.67)
3.	Total assets	319.57	556.74	493.61	95.13	3,700.32	19.07	25.46	8.80	2.10	29.21	141.87	183.29	14.84
4.	Total liabilities	157.00	44.31	366.43	23.41	1,418.80	12.65	5.63	3.38	0.15	0.39	59.25	117.26	0.51
5.	Investments	58.42	125.01	9.38	–	2,247.37	–	–	–	–	16.77	–	16.38	–
6.	Turnover	92.83	93.31	50.80	17.87	386.58	46.13	2.48	1.99	0.14	5.41	51.78	50.98	–
7.	Profit before taxation	(17.20)	9.66	(3.85)	0.36	27.90	(1.16)	1.12	0.44	(0.02)	(3.80)	(9.41)	11.90	(0.52)
8.	Provision for taxation	15.73	0.52	16.23	0.07	(5.24)	–	0.31	0.06	–	0.55	–	3.31	0.02
9.	Profit after taxation	(32.94)	9.14	(20.08)	0.29	33.14	(1.16)	0.81	0.37	(0.02)	(4.35)	(6.93)	8.59	(0.50)
10.	Proposed dividend	–	–	–	–	–	0.10	–	–	–	–	–	–	–
11.	% of shareholding *	98.59%	100%	99.88%	94.78%	52.86%	79.72%	100%	100%	100%	100%	100%	100%	100%

* % of shareholding indicated for step-down subsidiaries represents the shareholding of their respective immediate Holding Company.

Note: All subsidiary companies have been incorporated in India and are following the same reporting period as of Holding co. i.e. 12 months ending on 31st March each year.

Dr E S Rao
Managing Director &
Chief Executive Officer
DIN 05184747

Prof Arvind Sahay
Director
DIN 03218334

Place: New Delhi
Date: May 21, 2019

Jhummi Mantri
General Manager &
Chief Financial Officer

Rupa Sarkar
Company Secretary

PART "B" : ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(₹ in crore)

Sl. No.	Name of Associates/Joint Ventures	Athena Chattisgarh Power Pvt. Ltd.	Gati Infrastructure Bhasmey Power Pvt. Ltd. $	Kitco Ltd. $	Nagai Power Pvt. Ltd.	Rajahmundry Godavari Bridge Ltd.	Shiga Energy Private Ltd.	Vadraj Cements Ltd.	Vadraj Energy (Gujarat) Ltd.
1.	Latest audited Balance Sheet Date	31-Mar-17	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18
2.	Shares of Associate/Joint Ventures held by the Company on the year end								
	No. of Equity Shares	138,540,000	45,020,000	19,950	5,640,000	49,980,000	51,000,000	63,916,797	36,000,000
	Amount of Investment in Associates/Joint Venture - Equity Shares	137.29	45.02	0.04	5.17	34.73	50.44	63.92	35.44
	Extend of Holding	14.32%	38.73%	20.26%	26.46%	24.50%	28.43%	3.20%	24.00%
3.	Reason why the associate / joint venture is not consolidated	As per Ind AS 28, para 20, an entity shall apply Ind AS 105 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. After the disposal takes place, an entity shall account for any retained interest in the associate or joint venture in accordance with Ind AS 109 unless the retained interest continues to be an associate or a joint venture, in which case the entity uses the equity method. As the investment in these companies have been classified as held for sale, accordingly these companies has not been consolidated.							
4.	Networth of the Company	949.68	116.44	62.13	334.61	91.94	131.54	-1,112.87	-137.35
5.	Networth attributable to Shareholding as per latest audited Balance Sheet (Equity Only)	135.99	45.10	12.59	88.54	22.53	37.40	(35.57)	(32.96)
6.	Profit / Loss for the year	(10.35)	(0.03)	9.35	(0.59)	(79.07)	(47.90)	(1,595.05)	(212.99)
	(i) Considered in Consolidation	–	–	–	–	–	–	–	–
	(ii) Not Considered in Consolidation	(10.35)	(0.03)	9.35	(0.59)	(79.07)	(47.90)	(1,595.05)	(212.99)

$ I-GAAP financials have been considered.

Dr E S Rao
Managing Director &
Chief Executive Officer
DIN 05184747

Prof Arvind Sahay
Director
DIN 03218334

Place: New Delhi
Date: May 21, 2019

Jhummi Mantri
General Manager &
Chief Financial Officer

Rupa Sarkar
Company Secretary

INDEPENDENT AUDITORS' REPORT

To the Members of IFCI Limited
Report on the Standalone Ind AS Financial Statements

Qualified Opinion

We have audited the accompanying standalone Ind AS financial statements of IFCI Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for qualified Opinion section of our report, the aforesaid standalone Ind AS 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 including the Ind AS norms, of the state of affairs of the Company as at 31st March, 2019, and its Loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

1. One borrower account has been considered as 'Standard Restructured Account' and classified under Stage-2 by the Company, as at March 31, 2019, for the reasons stated in the Note No. 38 of financial statements. In our opinion, as the project could not achieve the COD inspite of three extensions, the account should be considered as non-performing account (NPA) and classified under stage-3. This has resulted in lower impairment allowance (ECL) by ₹44.06 crore on outstanding loan amount of ₹95.90 crore. Consequently, the loss of the Company is understated to the extent of ₹44.06 crore and loans (net) are overstated by the same amount.
2. Reference is drawn to Note No. 39 of the financial statements regarding loan exposure to another borrower having outstanding exposure of ₹367.19 crore. The account was restructured on January 04, 2018 and an amount of ₹235.61 crore was identified as unsustainable debt, which was to be converted into 9.5% Optionally Convertible Debentures (OCDs) of a Special Purpose Vehicle (SPV) backed by portfolio of real estate assets, which has not happened. The Company classified the entire outstanding of ₹367.19 crore under Stage-3 assets and has applied impairment allowance for ECL. In our opinion, the Company should make 100% provision against unsustainable portion of ₹235.61 crore. Thus, the loss of the Company has been understated by ₹93.18 crore and loans (net) are overstated to that extent.
3. In one of the subsidiary companies i.e. IFCI Factors Ltd. (IFL), the Company is holding 27,41,54,700 no. of shares, which are being carried at ₹171.84 crore as on March 31, 2019, for the reasons stated in Note No. 40 of financial statements. However, in our opinion, the book value of these investments as at March 31, 2019 be taken at ₹52.91 crore (excluding Deferred Tax Assets and Intangible Assets), the Company has not recognized further impairment loss of ₹118.93 crore. This has resulted in understatement of loss by ₹118.93 crore for the year and overstatement of value of investment in subsidiaries by the same amount.

   Overall the loss is understated by ₹256.17 crore and loans(net) & investment are overstated by ₹137.24 crore and ₹118.93 crore, respectively.

   We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. 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 Companies Act, 2013 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 Matters

Reference is drawn to Note No. 41 of the financial statements with regard to outstanding loan of ₹174.74 crore to one borrower, which has been classified as Stage-3 account and impairment allowance for ECL applied. In this case, RBI vide its letter dated November 20, 2017 has given dispensation from downgrading upto March 31, 2018. In absence of any further dispensation the borrower account has not been classified as 'Non-Performing Asset'. There is no impact on profitability as the account has been classified under Stage 3 and ECL calculated accordingly.

Key Audit Matters

Key audit matters are those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current year. The attention is invited to the following Key Audit Matters related to the audit conducted for the year:

1. Replacement of RBI prudential (IRAC) Norm's Provision with Expected Credit Loss (ECL) which have following features :
   - I. ECL has been calculated based on the Probability of Default (PD) and Loss Given Default (LGD).
   - II. LGD has been computed based on the discounted recovery rate of accounts turned NPA's within previous seven years from the reporting date. Accounts which became NPA's within three years from reporting date are not considered for LGD computation, unless closed.
   - III. Availability or non-availability of securities has not been considered for calculation of LGD, consequently ECL.
   - IV. ECL calculated upto 31/03/2017 has been adjusted in opening balances as on April 01, 2017 and that for FY 2017-18 and FY 2018-19 charged to the Profit and Loss Statement for the respective years.
   - V. ECL has also been calculated on off balance sheet items like undisbursed commitments and non-fund facilities.
2. Recognition of interest on Stage III assets [including on Non-Performing Assets (NPA's)].
3. Loss/Gain on valuation of Investments Portfolio are divided into two parts and dealt with accordingly:
   - I. Fair Value through Profit & loss (FVTPL):
     - (a) Valuation of Investments in securities held for sale are valued at cost or fair Value whichever is less.
     - (b) Investment in Subsidiaries and Associates is valued at cost less impairment.
     - (c) Other investments are valued at Fair value.
   - II. Fair Value through Other Comprehensive Income (FVTOCI):

     Valuation of Investments in debt securities with dual purpose and certain equity securities identified by the management are valued at fair value.
4. Amount calculated on the basis of difference in rate of interest due to preferential rates of certain Non-convertible debentures and

cumulative redeemable Preference Shares have been considered as deemed equity and included in Statement of Changes in Equity and also has been charged in the Profit & Loss Statement.

5. RBI IRAC norms have been partially followed, instead following are considered in Ind AS financials:
   I. Income on Stage 3 assets which includes NPA's is recognized on net of ECL basis.
   II. Assets classified into Stage I, Stage II and Stage III assets as per Ind AS requirement instead of standard, sub-standard, doubtful and loss assets.
   III. That amount of provision is recognised which is higher of provision as per IRAC norms and as per ECL calculation, on portfolio level.

   These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and the auditor does not provide a separate opinion on these matters.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the relevant information provided by the management 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.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position and financial performance including other comprehensive income, cash flow and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Other Matters

The comparative financial information of the Company for the year ended March 31, 2018 and on the transition date opening balance sheet as at 1st April 2017 included in these Ind AS financial statements, are based on the previously audited statutory financial statements prepared in accordance with the accounting standards specified under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India, the financial statements for the year ended March 31, 2018 were audited by us and for the year ended March 31, 2017 jointly audited with M/s ASA & Associates LLP whose report for the year ended March 31, 2018 and March 31, 2017 dated May 23, 2018 and May 19, 2017 expressed an unmodified opinion on those financial statements, as adjusted for the difference in the accounting principles adopted on transition to the Ind AS, which have been audited by us.

The financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company has adopted Ind AS from 1 April 2018 with effective transition date of 1 April 2017 and accordingly, these financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS, prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India.

This transition to Ind AS has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder, guidelines issued by the Reserve Bank of India (The RBI') and other generally accepted accounting principles in India (collectively referred to as 'the Previous GAAP'). Accordingly, the impact of transition has been adjusted in the opening reserves as at 1 April 2017 and the corresponding adjustments pertaining to comparative previous year as presented in these financial statements have been restated/reclassified in order to conform to current period presentation.

Reference is drawn to Note No. 37 of the financial statements with regards to contingent liabilities in which contingent liability pertaining to income tax demands of significant amount for several assessment years remains pending before various authorities. Management has not calculated total quantum of such demands, however there is no impact on the profitability and liabilities of the Company on this account.

Our Opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required under Section 143(5) of the Companies Act, 2013, we enclose herewith, as per Annexure II, our report for the Company on the directions and sub-directions (Part A and Part B, respectively) issued by the Comptroller & Auditor General of India.
3. 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 and the Statement of Profit and Loss, the Cash Flow Statement and Statement of change in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
   (e) On the basis of the written representations received from the directors, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure III; and
   (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 of pending litigations on its financial position in its financial statements – Refer Note No. 35.2 to the financial statements;
      (ii) The Company has made provision, as required under the applicable law and accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note No. 52 to the financial statements; and
      (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **KPMR & Associates**
Chartered Accountants
Firm Registration No: 02504N

Deepak Jain
Partner
Membership No. 090854

Place: New Delhi
Date: May 21, 2019

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

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, except for leased plant and machinery having gross block of ₹197.92 crore which have been fully depreciated in the earlier years.

(b) The fixed assets are being physically verified by the management at all its office in a phased manner at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company is a Non-Banking Financial Company, accordingly it does not hold any inventory. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) According to the information provided and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register mentioned under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.

(iv) According to the information and explanations given to us, the Company has not granted any loans, investments, guarantees and security covered under Section 185 of the Companies Act, 2013. The provisions of Section 186 of the Companies Act, 2013 is not applicable on the Company. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) According to the information provided and explanations given to us, the Company has not accepted any deposits from the public during the year within the meaning of Section 73 to 76 of the Companies Act, 2013.

(vi) According to the information provided and explanation given to us, maintenance of cost records by the Company has not been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013. Thus, paragraph 3(vi) of the Order is not applicable.

(vii) (a) According to the information provided and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, goods and goods and service tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it with the appropriate authorities. There are no outstanding statutory dues existing as at the last day of the Financial Year for a period of more than six months from the day they became payable.

(b) According to the information and explanations given to us, there were no amounts due as on March 31, 2019 in respect of income tax or sales tax or wealth tax or service tax or goods and service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute other than those indicated below:

Name of the Statute	Nature of disputed dues	Amount (in crore)	Year to which demand relates	Forum, where dispute is pending
Finance Act, 1994 (Service Tax) #	Service Tax and Penalty demanded	10.82	FY 2004-05 to FY 2007-08	CESTAT, New Delhi
Finance Act, 1994 (Service Tax) #	Service Tax and Penalty demanded	3.63	FY 2008-09 to FY 2010-11	CESTAT, New Delhi
Finance Act, 1994 (Service Tax) #	Service Tax and Penalty demanded	1.12	FY 2005-06 to FY 2007-08	CESTAT, Bangalore
Finance Act, 1994 (Service Tax)	Service Tax and Penalty demanded	0.59	FY 2006-07 to FY 2010-11	CESTAT, New Delhi
Finance Act, 1994 (Service Tax)	Service Tax and Penalty demanded	1.80	FY 2008-09 to FY 2010-11	CESTAT, New Delhi
Finance Act, 1994 (Service Tax)	Service Tax and Penalty demanded	1.61	FY 2008-09 to FY 2010-11	CESTAT, New Delhi

Stay order has been received against the amount disputed and not deposited

(viii) According to the information provided and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or Government or dues to debenture holders.

(ix) According to the information provided and explanations given to us, no moneys have been raised by way of initial public offer or further public offer (including debt instruments) and the term loans.

(x) According to the information and explanations given to us and to the best of our knowledge and belief, no fraud by or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and in terms of GSR 463 (E) dated June 05, 2015, issued by the Ministry of Corporate Affairs, the provisions of Section 197 pertaining to managerial remuneration do not apply to a government Company. Accordingly, paragraph 3(xi) of the Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.

(xvi) According to the information provided and explanations given to us, the Company is registered under Section 45-IA of the Reserve Bank of India Act, 1934. The Company has been granted certificate of registration to commence/carry on the business of non-banking financial institution without accepting pubic deposits on August 18, 2009 vide registration No. is B-14.00009.

For **KPMR & Associates**
Chartered Accountants
Firm Registration No: 02504N

Deepak Jain
Partner
Membership No. 090854

Place: New Delhi
Date: May 21, 2019

Annexure II referred to in paragraph 2 of Report on Other Legal and Regulatory Requirements of our report of even date of standalone financial statements

Part A–Directions

<table>
<tr><th>Sl. No.</th><th>Directions</th><th>Reply</th></tr>
<tr><td>1</td><td>Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.</td><td>Yes, the accounting transactions process through IT system. The income tax computation and deferred tax computation have been done manually on MS excel, however the accounting transactions for both is passed through IT system only.</td></tr>
<tr><td>2.</td><td>Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.</td><td>There is no restructuring of loans during the year under reference.
There are no cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan.
However, according to the information and explanations provided to us by the Company, there are case(s) of waiver/ write-off of debts/ loan/ interest etc. The details of such write-off/waiver are as under:
<table>
<tr><th>Sl. No.</th><th>Nature of Dues</th><th>No. of Cases</th><th>Amount (in crore)</th></tr>
<tr><td>A.</td><td>Waiver/Write-off/ Technical write-off of loans</td><td>36</td><td>1843.85</td></tr>
<tr><td>B.</td><td>Debtors write-offs</td><td>5</td><td>0.81</td></tr>
</table>
It was informed that the waiver/ write-off is decided on case to case basis with due assessment of the possibility of recovery/realization in each case considering the available security, status of the borrower/investee and pending litigation. The outstanding in technical write-offs/ waiver cases was fully provided for in the books of accounts to the extent of the amount of write-off/ waiver.</td></tr>
<tr><td>3.</td><td>Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.</td><td>Yes, the funds received for Credit Enhancement Guarantee Scheme For Scheduled Castes have been properly accounted for and utilized as per terms and conditions of the scheme.</td></tr>
</table>

Part B–Sub–Directions

<table>
<tr><th>Sl. No.</th><th>Sub–Directions</th><th>Reply</th></tr>
<tr><td>1.</td><td>Investments
Whether the titles of ownership in respect of CGS/ SGS/ Bonds/ Debentures etc. are available in physical/de-mat form and these, in aggregate, agree with the respective amounts shown in the Company's books of accounts? If not, details may be stated.</td><td>According to the information and explanations provided by the Company and based on audit procedures performed by us, the titles of ownership in respect of CGS/ SGS/ Bonds/ Debentures, etc. are available in physical/de-mat form and these, in aggregate, agree with the respective amounts shown in the Company's books of accounts, except for the cases mentioned below:
a) Where shares are lying in Demat or physical form but not accounted for in the books of accounts to the extent identified on test check basis.
<table>
<tr><th>Sl. No.</th><th>Company Name</th><th>Mode</th><th>No. of shares</th></tr>
<tr><td>1</td><td>ACC Ltd.</td><td>Demat</td><td>80</td></tr>
<tr><td>2</td><td>Reliance Industries Ltd</td><td>Demat</td><td>4,664</td></tr>
<tr><td>3</td><td>Tata Motors Ltd.</td><td>Demat</td><td>600</td></tr>
<tr><td>4</td><td>Tata Steel Ltd.</td><td>Demat</td><td>300</td></tr>
<tr><td>5</td><td>Asian Hotels (East) Ltd.</td><td>Demat</td><td>265</td></tr>
<tr><td>6</td><td>Asian Hotels (North) Ltd.</td><td>Demat</td><td>265</td></tr>
<tr><td>7</td><td>Asian Hotels (West) Ltd.</td><td>Demat</td><td>265</td></tr>
<tr><td>8</td><td>Bengal & Assam Company Ltd</td><td>Demat</td><td>23</td></tr>
<tr><td>9</td><td>Bhilwara Technical Textiles Ltd</td><td>Demat</td><td>958</td></tr>
<tr><td>10</td><td>Birla Precision Technology Ltd</td><td>Demat</td><td>13</td></tr>
<tr><td>11</td><td>Cimmco Ltd</td><td>Demat</td><td>24,550</td></tr>
<tr><td>12</td><td>Coromandel International Ltd</td><td>Demat</td><td>69,220</td></tr>
<tr><td>13</td><td>E I D Parry (India) Ltd.</td><td>Demat</td><td>430</td></tr>
<tr><td>14</td><td>Eveready Industries India Ltd.</td><td>Demat</td><td>200</td></tr>
<tr><td>15</td><td>Excel Glasses Ltd</td><td>Demat</td><td>50</td></tr>
<tr><td>16</td><td>Gabriel India Ltd., Parwanoo</td><td>Demat</td><td>3,500</td></tr>
<tr><td>17</td><td>GKW Ltd</td><td>Demat</td><td>110</td></tr>
<tr><td>18</td><td>Graphite India Ltd</td><td>Demat</td><td>366</td></tr>
<tr><td>19</td><td>Gujarat Sidhee Cement Ltd</td><td>Demat</td><td>275</td></tr>
<tr><td>20</td><td>HEG Ltd</td><td>Demat</td><td>1,785</td></tr>
<tr><td>21</td><td>Hi-Tech Gears Ltd</td><td>Demat</td><td>2,700</td></tr>
<tr><td>22</td><td>Indian Metals & Ferro-Alloys Ltd.</td><td>Demat</td><td>89</td></tr>
<tr><td>23</td><td>ITC Ltd</td><td>Demat</td><td>67</td></tr>
<tr><td>24</td><td>J. K. Cement Ltd</td><td>Demat</td><td>20</td></tr>
<tr><td>25</td><td>Larsen & Toubro Ltd</td><td>Demat</td><td>1,125</td></tr>
<tr><td>26</td><td>National Organic Chemical Industries Ltd</td><td>Demat</td><td>130</td></tr>
<tr><td>27</td><td>Ponni Sugars & Chemicals Ltd</td><td>Demat</td><td>64,800</td></tr>
<tr><td>28</td><td>Rainbow Denim Ltd</td><td>Demat</td><td>40</td></tr>
<tr><td>29</td><td>Rajasthan Spg & Wvg Mills Ltd</td><td>Demat</td><td>383</td></tr>
</table></td></tr>
</table>

Sl. No.	Sub–Directions	Reply			
		Sl. No.	Company Name	Mode	No. of shares
		30	Reliance Capital Ltd	Demat	223
		31	Reliance Communications Ltd	Demat	4,482
		32	Reliance Infrastructure Ltd	Demat	335
		33	Reliance Power Ltd	Demat	1,120
		34	Tata Power Co. Ltd	Demat	900
		35	Titagarh Wagons Ltd.	Demat	25
		36	Ultratech Cement Ltd	Demat	100
		37	Winsome Textile Industries Ltd	Demat	200
		38	Zenith Ltd	Demat	38
		39	Aditya Birla Capital Ltd	Demat	194
		40	Aditya Birla Fashion And Retail Ltd.	Demat	483
		41	Banswara Syntex Ltd.	Demat	100
		42	Core Education & Technologies Ltd	Demat	3
		43	Era Infra Engineering Ltd	Demat	27
		44	Grasim Industries Ltd.	Demat	139
		45	Indian Seamless Enterprises	Demat	1,028
		46	Jaykay Enterprises Ltd.	Demat	100
		47	Kama Holdings Ltd.	Demat	150
		48	Reliance Home Finance Ltd	Demat	223
		49	Western India Shipyard Ltd	Demat	30
		50	Ansal Hotel	physical	4727750
		51	Aryavastra plywoods Ltd.	physical	60000
		52	Bhilwara Processors	physical	209998
		53	Biotech Synergy	physical	440000
		54	BR Foods	physical	350000
		55	Cimmco Ltd.	physical	2860
		56	DCM Shree Ram	physical	16016
		57	Depro Foods	physical	1320
		58	Essar Coated Steel Ltd.	physical	753000
		59	Excelsior Plants Co. Ltd.	physical	51998
		60	Flower and Tissue India Ltd.	physical	500000
		61	Ganesh Banzoplast Ltd.	physical	3888889
		62	Gian Agra Industries Ltd.	physical	1995
		63	Globe United	physical	3958
		64	Golden Polymarbles Ltd.	physical	380000
		65	Hind Food Ltd.	physical	300000
		66	Hindal Co. India	physical	116
		67	Jauss Polymers Ltd.	physical	11000
		68	JCT Ltd.	physical	500315
		69	JK Paper Ltd.	physical	27813
		70	Kinzle India Samay Ltd.	physical	123400
		71	Maharastra Steel Ltd.	physical	2995
		72	MM Polytex Ltd.	physical	100000
		73	Modi Alkalies and Chemicals	physical	784590
		74	Mohta Electro Steel	physical	18361
		75	MP Plywood	physical	25000
		76	Naina Semiconductor Ltd	physical	509481
		77	Orde Textiles	physical	20000
		78	Orrissa Synthetics Ltd.	physical	100
		79	Oshi Foods Ltd.	physical	210000
		80	Perfect Drugs Ltd.	physical	400000
		81	Pratibha Syntex Ltd.	physical	1250000
		82	Punjab Fibre Ltd.	physical	87076
		83	Punsuni Frine and Components Ltd.	physical	220000
		84	Saurashtra Chemicals Ltd.	physical	1107024
		85	Shama Forge	physical	24863
		86	Shama Forge (PREF SHARES)	physical	7495
		87	Siel Ltd.	physical	336348
		88	Siel Sugar Ltd.	physical	300
		89	Standard Woolens	physical	50000
		90	Tridev Duplex Board Pvt. Ltd.	physical	200000
		91	Tripati Woolens	physical	59789
		92	Usha Forging and Stamping	physical	45000
		93	Usha Forging and Stamping (PREF)	physical	1968
		94	Usha Spinning and Weaving Mill Ltd.	physical	2783

Sl. No.	Sub–Directions	Reply
		As per management, with some exceptions, these shares have been transferred by the Company in the past and the beneficiaries did not get these shares transferred owing to various reasons. The historical values of the above shares are not ascertainable. (b) Where shares are accounted in the books of Account but are not available in Demat or physical form, to the extent identified on test check basis.

Sl. No.	Company Name	No. of shares
1	Ajanta Textiles Ltd (Pref Shares)	38219
2	BST MFG Ltd (Pref Shares)	9920
3	Chemco Steels Ltd	500000
4	Digvijay Synthetics Ltd (Pref Shares)	170000
5	Echon Industries Ltd	1400000
6	G.R.solvents & Allied Industries Ltd	125000
7	Graham Firth Steel Products (I) Ltd	3
8	Hermonite Associates Ltd	130000
9	Hindustan Agro Chemicals Ltd	19300
10	I C Textiles Ltd (Pref Shares)	952394
11	LML Ltd (Pref Shares)	2150912
12	Minerva Holding Ltd	120
13	Modern Syntex (I) Ltd	6000000
14	Morepen Laboratories Ltd (Pref Shares)	87373
15	Munak Chemicals Ltd	6
16	Nutech Packaging Ltd	525000
17	OCM India Ltd	589743
18	Parasrampuria Synthetics Ltd (Pref Shares)	1389450
19	Poddar Udyog Ltd (Pref Shares)	18000
20	Pooja Granites And Marbles Pvt Ltd	276000
21	Prag Bosmi Synthetics Ltd (Pref Shares)	2614577
22	Punj Steel Machine Tools Pvt Ltd (Pref Shares)	150000
23	Samcor Glass Ltd	2000000
24	Shree Maheswar Hydel Power Company Ltd.	8387028
25	Southern Wind Farms Pvt. Ltd.	100000
26	Steel & Allied Products Ltd (Pref Shares)	5980
27	Triveni Metal Tubes Ltd (Pref Shares)	449
28	West Bengal Consultancy Orgn. Ltd	12700
29	YUIL Measure (I) Ltd (Pref Shares)	39500

Sl. No.	Sub–Directions	Reply
2.	**Loans** In respect of provisioning requirement of all restructured, rescheduled, renegotiated loan-whether a system of periodical assessment of realisable value of securities available against all such loans is in place and adequate provision has been created during the year? Any deficiencies in this regard, if any, may be suitably commented upon alongwith financial impact.	There is a system of assessment of realisable value of securities available for loan portfolio including restructured, rescheduled, renegotiated loans and is updated on quarterly basis. However, valuation exercise is undertaken on periodical basis or, as and when warranted by the circumstances. In view of adoption of Ind AS norms the financial accounts of the Company are drawn as per Ind AS. Resulting into non-adherence to IRAC norms of RBI. Impairment in the assets have been calculated in accordance with Ind AS by calculating Expected Credit Loss (ECL) in case of loans and by adoption of fair value for Investments. Also no consideration is given to availability or not of the securities against loans in the calculation of impairment of loans/ investments.

For **KPMR & Associates**
Chartered Accountants
Firm Registration No: 02504N

Deepak Jain
Partner
Membership No. 090854

Place: New Delhi
Date: May 21, 2019

Annexure III referred to in paragraph 3 of Report on Other Legal and Regulatory Requirements of our report of even date on standalone financial statements:

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of IFCI Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting 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 control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

For **KPMR & Associates**
Chartered Accountants
Firm Registration No: 02504N

Deepak Jain
Partner
Membership No. 090854

Place: New Delhi
Date: May 21, 2019

BALANCE SHEET AS AT MARCH 31, 2019

(All amounts are in Rupees crores unless otherwise stated)

	Note No.	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
I. ASSETS				
(1) Financial assets				
(a) Cash and cash equivalents	3	**395.54**	192.71	549.98
(b) Bank balance other than (a) above	4	**544.21**	674.03	645.06
(c) Derivative financial instruments	5	**14.66**	20.93	–
(d) Trade receivables	6	**2.80**	15.05	30.13
(e) Loans	7	**13,109.49**	15,844.85	18,016.88
(f) Investments	8	**3,460.95**	5,323.72	5,187.05
(g) Other financial assets	9	**159.81**	187.87	117.34
TOTAL FINANCIAL ASSETS		**17,687.46**	22,259.16	24,546.44
(2) Non-financial Assets				
(a) Investment in subsidiaries	10	**1,367.81**	1,361.78	1,361.78
(b) Investment accounted using equity method	11	**–**	0.04	59.13
(c) Current tax assets (Net)		**126.68**	54.18	28.40
(d) Deferred tax assets (Net)	12	**2,093.91**	1,817.58	1,687.17
(e) Investment property	13	**193.37**	198.28	261.30
(f) Property, plant and equipment	14	**724.70**	731.03	711.68
(g) Capital work-in-progress		**–**	0.31	0.64
(h) Other intangible assets	15	**1.65**	1.99	2.46
(i) Other non-financial assets	16	**14.51**	8.19	7.24
TOTAL NON-FINANCIAL ASSETS		**4,522.63**	4,173.38	4,119.80
Assets classified as held for sale	17	**45.46**	571.99	666.74
TOTAL ASSETS		**22,255.55**	27,004.53	29,332.98
II. LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial Liabilities				
(a) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		**–**	–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	18	**107.27**	91.39	45.52
(b) Debt securities	19	**9,226.79**	9,605.28	10,191.76
(c) Borrowings (other than debt securities)	20	**5,553.71**	9,018.12	11,259.38
(d) Subordinated liabilities	21	**1,313.30**	1,514.56	1,532.52
(e) Other financial liabilities	22	**1,744.71**	1,814.85	1,667.11
TOTAL FINANCIAL LIABILITIES		**17,945.78**	22,044.20	24,696.29
(2) Non-financial liabilities				
(a) Provisions	23	**83.08**	240.35	240.22
(b) Other non-financial liabilities	24	**1.39**	1.71	2.20
TOTAL NON-FINANCIAL LIABILITIES		**84.47**	242.06	242.42
(3) Equity				
(a) Equity share capital	25	**1,695.99**	1,695.99	1,662.04
(b) Other equity	26	**2,529.31**	3,022.28	2,732.23
TOTAL EQUITY		**4,225.30**	**4,718.27**	**4,394.27**
TOTAL LIABILITIES AND EQUITY		**22,255.55**	27,004.53	29,332.98

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **IFCI Limited**

For **KPMR & ASSOCIATES**
Chartered Accountants
Firm Regn. No.: 02504N

Dr E S RAO
Managing Director & Chief Executive Officer
DIN 05184747

Prof ARVIND SAHAY
Director
DIN 03218334

DEEPAK JAIN
Partner
Membership No.: 090854

JHUMMI MANTRI
General Manager & Chief Financial Officer

RUPA SARKAR
Company Secretary

Place : New Delhi
Date : May 21, 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rupees crores unless otherwise stated)

		Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I.	**Revenue from operations**			
	Interest income	27	**2,063.25**	2,612.49
	Dividend income		**39.14**	58.46
	Rental income		**32.08**	37.68
	Fees and commission Income		**22.76**	19.47
	Net gain on fair value changes	28	**–**	719.48
	Net gain on derecognition of financial instruments under amortised cost category			
	Total revenue from operations		**2,157.23**	3,447.58
II.	**Other income**	29	**308.97**	292.41
III.	**Total income**		**2,466.20**	3,739.99
IV.	**Expenses**			
	Finance costs	30	**1,756.14**	2,074.30
	Net loss on fair value changes	28	**112.81**	–
	Impairment on financial instruments	31	**1,084.83**	934.36
	Employee benefits expenses	32	**112.12**	109.19
	Depreciation and amortisation	33	**32.81**	33.65
	Others expenses	34	**58.78**	88.23
	Total expenses		**3,157.49**	3,239.73
V.	**Profit before exceptional items and tax (III- IV)**		**(691.29)**	500.25
	Exceptional items		**–**	–
VI.	**Profit before tax**		**(691.29)**	500.25
VII.	**Tax expense:**			
	- Current tax	12	**(6.39)**	10.49
	- Deferred tax (net)	12	**(241.07)**	21.39
	Profit for the year (VI-VII)		**(443.83)**	468.37
VIII.	**Other comprehensive income**			
A.	(i) Items that will not be reclassified to profit or loss			
	- Fair value changes on FVTOCI - equity securities		**14.40**	(371.75)
	- Loss on sale of FVTOCI - equity securities		**(117.71)**	(0.90)
	- Actuarial gain/(loss) on defined benefit obligation		**50.39**	2.97
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	- Tax on Fair value changes on FVTOCI - Equity securities		**41.93**	143.78
	- Tax on Actuarial gain/(loss) on Defined benefit obligation		**(17.61)**	(1.04)
	Subtotal (A)		**(28.61)**	(226.94)
B.	**(i) Items that will be reclassified to profit or loss**			
	- Debt securities measured at FVTOCI - net change in fair value		**(16.17)**	22.08
	- Debt securities measured at FVTOCI - reclassified to profit and loss		**(0.35)**	(48.57)
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	- Tax on Fair value changes on FVTOCI - Debt securities		**5.77**	9.06
	Subtotal (B)		**(10.74)**	(17.43)
	Other comprehensive income (A + B)		**(39.35)**	(244.37)
IX.	**Total comprehensive income for the year**		**(483.18)**	224.00
X.	**Earnings per equity share**			
	Basic Earnings per share of ₹10 each		**(2.62)**	2.82
	Diluted Earnings per share of ₹10 each		**(2.62)**	2.82

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For **KPMR & ASSOCIATES**
Chartered Accountants
Firm Regn. No.: 02504N

DEEPAK JAIN
Partner
Membership No.: 090854

Place : New Delhi
Date : May 21, 2019

For and on behalf of the Board of Directors of **IFCI Limited**

Dr E S RAO
Managing Director & Chief Executive Officer
DIN 05184747

Prof ARVIND SAHAY
Director
DIN 03218334

JHUMMI MANTRI
General Manager & Chief Financial Officer

RUPA SARKAR
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rupees crores unless otherwise stated)

		For the year ended March 31, 2019	For the year ended March 31, 2018
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before Tax	**(691.29)**	500.25
	Adjustments for:		
	Depreciation and amortisation	**32.81**	33.65
	Impairment provision/ write offs	**1,084.83**	934.36
	Unrealised gain/(loss) on investments	**235.39**	(328.62)
	Impairment on Assets held for sale	**(81.49)**	45.40
	Impairment on Non-financial asset	**13.91**	–
	(Profit)/ Loss on Sale of Assets	**(8.34)**	(21.65)
	Interest cost on preference shares	**8.86**	21.12
	Operating Profit before Working Capital Changes & Operating Activities	**594.68**	1,184.52
	Adjustments for Operating Activities:		
	(Increase)/ decrease in Investments	**1,501.59**	(207.20)
	(Increase)/ decrease in Loans & Advances	**1,735.80**	1,239.96
	(Increase)/ decrease in Derivative Financial Instruments	**6.27**	(20.93)
	Increase/ (decrease) in Trade Payables	**15.88**	45.87
	Increase/ (decrease) in Subordinated Liabilities	**–**	(0.00)
	(Increase)/ decrease in Receivables	**12.25**	15.08
	Increase/ (decrease) in Debt Securities	**(378.49)**	(586.48)
	Increase/ (decrease) in Borrowings	**(3,464.41)**	(2,241.26)
	Operating Profit before Working Capital Changes	**23.57**	(570.44)
	Adjustments for:		
	(Increase)/ decrease in Other Financial Assets	**(6.32)**	(0.95)
	Increase/ (decrease) in Other Non-financial Asset	**(24.09)**	(65.34)
	Increase/ (decrease) in Other Financial Liability	**(70.14)**	147.74
	Increase/ (decrease) in Other Non-financial Liability	**(0.32)**	(0.49)
	Increase/ (decrease) in Provision	**(140.06)**	(4.38)
	Increase/ (decrease) in other bank balances	**129.82**	(28.97)
	Increase/ (decrease) in assets held for sale	**583.29**	49.35
	Cash Flow before taxation	**472.18**	96.96
	Income Tax (paid)/ refund - Net	**(66.11)**	(36.27)
	Net cash flow from Operating Activities	**429.64**	(509.75)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of / Advance for property, plant and equipments (including Leased property)	**(0.47)**	(9.20)
	Proceeds from sale of investment property	**0.04**	0.46
	Sale of investment in associates and joint ventures	**–**	59.09
	Purchase of/ Advance for Intangible Asset	**(0.17)**	(0.06)
	Proceeds from sale of property, plant and equipments (including leased property)	**12.79**	41.27
	Net cash flow from Investing Activities	**(1.72)**	91.56
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Redemption of Preference Shares	**(225.09)**	(39.08)
	Issue of Equity Shares	**–**	33.95
	Share Premium (net of expenses)	**–**	66.05
	Net cash flow from Financing Activities	**(225.09)**	60.92
	Net Increase/ (Decrease) in Cash and Cash Equivalent Flow (A+B+C)	**202.83**	(357.27)
	Opening Cash and Cash Equivalent	**192.71**	549.98
	Closing Cash and Cash Equivalent	**395.54**	192.71
	For composition of cash & cash equivalents please refer Note No. 3		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **IFCI Limited**

For **KPMR & ASSOCIATES**
Chartered Accountants
Firm Regn. No.: 02504N

DEEPAK JAIN
Partner
Membership No.: 090854

Dr E S RAO
Managing Director & Chief Executive Officer
DIN 05184747

JHUMMI MANTRI
General Manager & Chief Financial Officer

Prof ARVIND SAHAY
Director
DIN 03218334

RUPA SARKAR
Company Secretary

Place : New Delhi
Date : May 21, 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rupees crores unless otherwise stated)

(a) Equity Share Capital

Balance as at 01 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
1,662.04	**33.95**	1,695.99	–	1,695.99

(b) Other Equity

	Reserves and Surplus										Debt instruments through other comprehensive income	Equity instruments through other comprehensive income	Remeasurements of the defined benefit plans	Total
	Deemed equity contribution	Reserve u/s 45IC of RBI Act	Special reserve under Section 36(1)(viii) of the income Tax Act, 1961	Capital reserve	Securities premium	Capital redemption reserve	Debenture redemption reserve	Revaluation reserve	General reserve	Retained earnings				
Balance as at 01 April 2017	345.61	875.04	136.69	0.85	901.64	193.08	171.00	–	353.58	(168.53)	37.70	(114.43)	–	2,732.23
Total comprehensive income for the year ended 31 March 2018	–	–	–	–	–	–	–	–	–	468.37	(17.43)	(228.87)	1.93	224.00
Transfer to/from retained earnings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Appropriations	–	–	–	–	–	38.84	76.08	–	–	(114.92)	–	–	–	–
Issue of equity shares	–	–	–	–	66.05	–	–	–	–	–	–	–	–	66.05
Balance as at 31 March 2018	**345.61**	**875.04**	**136.69**	**0.85**	**967.69**	**231.92**	**247.08**	**–**	**353.58**	**184.92**	**20.27**	**(343.30)**	**1.93**	**3,022.28**
Total comprehensive income for the year ended 31 March 2019	–	–	–	–	–	–	–	–	–	(443.83)	(10.74)	(61.39)	32.78	(483.18)
Impact on account of early redemption of preference shares	(9.79)	–	–	–	–	–	–	–	–	–	–	–	–	(9.79)
Balance as at 31 March 2019	**335.82**	**875.04**	**136.69**	**0.85**	**967.69**	**231.92**	**247.08**	**–**	**353.58**	**(258.91)**	**9.53**	**(404.69)**	**34.71**	**2,529.31**

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For **KPMR & ASSOCIATES**
Chartered Accountants
Firm Regn. No.: 02504N

Dr E S RAO
Managing Director & Chief Executive Officer
DIN 05184747

Prof ARVIND SAHAY
Director
DIN 03218334

DEEPAK JAIN
Partner
Membership No.: 090854

JHUMMI MANTRI
General Manager & Chief Financial Officer

RUPA SARKAR
Company Secretary

Place : New Delhi
Date : May 21, 2019

(All amounts are in Rupees crores unless otherwise stated)

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1 BACKGROUND

IFCI Limited ('the Company'), incorporated in Delhi, India is a Non-Banking Finance Company in the public sector. Established in 1948 as a statutory corporation, IFCI is currently a Company listed on BSE and NSE. The Company provide financial support for the diversified growth of Industries across the spectrum. The financing activities cover various kinds of projects such as airports, roads, telecom, power, real estate, manufacturing, services sector and such other allied industries.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

The financial statements for the year ended March 31, 2019 have been prepared by the Company in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, in this regard.

For periods up to and including the year ended March 31, 2018, the Company presented its financial statements on accrual basis under historical cost convention, and conform in all material aspects to the Generally Accepted Accounting Principles in India ('Indian GAAP' or 'previous GAAP') which encompasses applicable accounting standards relevant provisions of the Companies Act, 2013, the applicable guidelines issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies, other statutory provisions and regulatory framework.

The financial statements for the year ended March 31, 2019 are the first financial statements of the Company prepared under Ind AS. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 51.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

The financial statements were authorised for issue by the Company's Board of Directors on 21 May 2019.

(b) Functional and Presentation currency

These financial statements are presented in Indian Rupees (₹), which is the Company's functional and presentation currency. All amounts have been denominated in crore and rounded off to the nearest two decimal, except when otherwise indicated.

(c) Basis of measurement

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

- Financial assets at FVTOCI that is measured at fair value.
- Financial instruments at FVTPL that is measured at fair value.
- Net defined benefit (asset)/ liability - fair value of plan assets less present value of defined benefit obligation.

(d) Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities and assets) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

I. Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 52 - Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Note 53 - Impairment of financial assets: establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining methodology for incorporating forward looking information into measurement of expected credit loss ('ECL') and selection of models used to measure ECL.

Note 11 - Equity accounted investees: whether the Company has significant influence over an investee.

Note 47 - Leases: classification of leases into finance and operating lease.

II. Assumptions and estimation uncertainties

Note 53 - Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward looking information including key assumptions used in estimating recoverable cash flows;

Note 52 - Determination of the fair value of financial instruments with significant unobservable inputs;

Note 45 - Measurement of defined benefit obligations: key actuarial assumptions;

Note 12 - Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;

Note 14 & 15 - Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised;

Note 49 - Estimates regarding the value in use of the cash generating unit (CGU) for non financial assets based on the future cash flows.; and

Note 35.2 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

(e) Revenue recognition

(i) Interest income from financial assets is recognised on an accrual basis using Effective Interest Rate ('EIR') method. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate to the net carrying amount of the financial asset. The EIR is computed basis the expected cash flows by considering all the contractual terms of the financial instrument. The calculation includes all fees, transaction costs, and all other premiums or discounts paid or received between parties to the contract that are an integral part of the effective interest rate.

(All amounts are in Rupees crores unless otherwise stated)

The interest revenue continues to be recognised at the original EIR applied on the gross carrying amount for financial assets (when the asset is not credit impaired). However, for the financial assets that have become credit impaired subsequent to the initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset.

(ii) Penal interest and other overdue charges which are not included in effective interest rate is recognised on realisation, due to uncertainty of realisation and is accounted for accordingly.

(iii) Amount received from borrowers against loans and advances are appropriated due date-wise towards other debits, interest overdue and principal overdue, in that order, across the due dates, except in the case of one time or negotiated settlements, where the appropriation is done as per the terms of the settlement.

(iv) Premium on pre-payment of loans/ reduction in interest rates is recognised as income on receipt basis.

(v) Dividends declared by the respective Companies till the close of the accounting period are accounted for as income when the right to receive the dividend is established.

(vi) LC Commission is recognised over time as the services are rendered as per the terms of the contract.

(vii) The dividend unclaimed on account of shares sold and outstanding in the books are recognised as income after the end of three years,the limitation period.

(f) Financial instruments

I. Initial recognition and measurement

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs 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 or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

II. Classifications and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as subsequently measured at either amortised cost or fair value through other comprehensive income ('FVTOCI') or FVTPL, depending on the contractual cash flow characteristics of the financial assets and the Company's business model for managing the financial assets.

Business Model Assessment

The Company makes an objective assessment of the business model in which an asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized;

  The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

  Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company applies judgement and considers all the contractual terms of the instrument. This includes assessing whether the financial asset contains any contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the said assessment, the Company considers prepayment and extension terms, features that modify consideration of the time value of money (e.g. periodical reset of the interest rates).

Financial assets at Amortised Cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Subsequently, these are measured at amortised cost using the effective interest rate (EIR) method less any impairment losses.

Financial assets at Fair Value through Other Comprehensive Income ('FVTOCI')

A financial asset is measured at FVTOCI only if both of the following conditions are met:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Subsequently, these are measured at fair value and changes therein, are recognised in other comprehensive income. Impairment losses on said financial assets are recognised in other comprehensive income and do not reduce the carrying amount of the financial asset in the balance sheet.

(All amounts are in Rupees crores unless otherwise stated)

Financial assets at Fair Value through Profit and Loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVTPL.

Subsequently, these are measured at fair value and changes therein, are recognised in profit and loss account.

Investment in equity instruments

All equity investments in scope of Ind AS 109 (i.e. other than equity investments in subsidiaries / associates / joint ventures) are measured at FVTPL.

Subsequently, these are measured at fair value and changes therein, are recognised in profit and loss account. However on initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis.

Derivative instruments

All derivative instruments are measured as FVTPL.

Financial liabilities and equity instruments

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.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised cost, as appropriate and is accordingly accounted for.

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 the Company is recognised at the proceeds received, net of directly attributable transaction costs.

III. Measurement Basis

Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR method of discount or premium on acquisition and fees or costs that are an integral part of the EIR and, for financial assets, adjusted for any loss allowance.

Fair Valuation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects it non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

IV. De-recognition/Modification of financial assets and financial liabilities

Derecognition of financial assets and financial liabilities.

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or fully recovered or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. The Company also recognise a liability for the consideration received attributable to the Company's continuing involvement on the asset transferred. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Financial liabilities

The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the modification results in derecognition of the original financial asset and new financial asset is recognised at fair value.

If the cash flows of the modified asset are not substantially different, then the modification does not result in de-recognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting

(All amounts are in Rupees crores unless otherwise stated)

the gross carrying amount as a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset by recomputing the EIR rate on the instrument.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The Company de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If the modification is not accounted as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original EIR and the resulting gain or loss is recognised in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial liability and are amortised over the remaining term of the modified financial liability by recomputing the EIR rate on the instrument.

V. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

VI. Impairment of Financial Assets

The Company recognises impairment allowances for ECL on all the financial assets that are not measured at FVTPL:

- financial assets that are debt instruments.
- lease receivables.
- financial guarantee contracts issued.
- loan commitment isssued.

No impairment loss is recognised on equity investments.

ECL are probability weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows.
- undrawn loan commitments – as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.

With respect to trade receivables and other financial assets, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For financial assets at FVTOCI, the loss allowance is recognised in OCI.

Write-off

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level and is charged to statement of profit or loss.

However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss as an adjustment to impairment on financial assets.

(g) Investment in subsidiaries, associates and joint ventures

The Company accounts for its investments in subsidiaries, associates and joint ventures at cost less accumulated impairment, if any.

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

I. The Company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

II. The Company as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(All amounts are in Rupees crores unless otherwise stated)

(i) Employee benefits

I Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

II Post employment benefits

Defined contribution plans

Pension

Prior to 1 April 2008, the employees were governed by the provisions of the pension scheme in operation at the time of their retirement and are accordingly entitled to DA relief and family pension as and when due. The contribution made on account of same is charged to revenue as and when due. The Company switched to defined contribution scheme in August 2008 for employees existing on 1 April 2008 and opting for the same. The administration of Pension Fund in respect of the employees has been entrusted by Trustees to Life Insurance Corporation of India (LIC) by entering into a Group Superannuation Cash Accumulation Scheme.

Defined benefit plans

Provident Fund

The Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contributions to the fund for the year are recognized as expense and are charged to the profit or loss. The obligation of the Company is to make such fixed contributions and to ensure a minimum rate of return to the members as specified by the Government of India (GoI).

Gratuity

The Company has a defined benefit employee scheme in the form of Gratuity. The Trustees of the scheme have entrusted the administration of related fund to LIC. Expense for the year is determined on the basis of actuarial valuation of the Company's year-end obligation in this regard and the value of year end assets of the scheme. Contribution is deposited with LIC based on intimation received by the Company.

Medical facility

The Company has a post-retirement medical benefit scheme for employees and their dependants subject to certain limits for hospitalization and normal medical treatment.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current costs and the fair value of any plan assets, if any is deducted.

III Other long term employee benefits

Benefits under the Company's leave encashment and leave fare concession constitute other long term employee benefits. The Company's net obligation in respect of leave encashment is the amount of future benefit that employees have present value, and the fair value of any related assets is deducted. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognized in profit or loss in the period in which they arise. Provision for Leave fare concession is being made on actuarial valuation basis.

(j) Income Taxes

I. Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Minimum alternative tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss.

Current tax assets and liabilities are offset only if, the Company:

(a) has a legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

II. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company:

(a) has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(All amounts are in Rupees crores unless otherwise stated)

(k) Property, plant and equipment and Investment property

Recognition and measurement

Property, plant and equipment held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Investment Property consists of building let out to earn rentals. The Company follows cost model for measurement of investment property.

Depreciation

Depreciation is provided using the straight line method over the useful life as prescribed under Schedule II to the Companies Act, 2013. Depreciation is calculated on pro-rata basis, including the month of addition and excluding the month of sale/disposal. Leasehold improvements are amortised over the underlying lease term on a straight line basis. Residual value in respect of Buildings and Vehicles is considered as 5% of the cost and in case of other assets 'Nil'.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

De-recognition

An item of property, plant and equipment or investment property is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment or investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Transition to Ind AS

The Company has elected to continue with the carrying value of all of its property, plant and equipment and investment property recognised as of April 1, 2017 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

(l) Intangible assets

Recognition and measurement

Intangible assets are recognized at cost of acquisition which includes all expenditure that can be directly attributed or allocated on a reasonable and consistent basis, to create, produce or making the asset ready for its intended use.

Amortisation

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is de-recognized.

Transition to Ind AS

The Company has elected to continue with the carrying value of all of its intangible asset recognised as of April 1, 2017 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amount of its non financial assets (other than assets held for sale and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in profit and loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Foreign currency transactions

The expenses and income in foreign exchange transactions are accounted for at the rates prevailing on the date of transactions/ at the forward rate, if booked, for such transaction. Assets and liabilities held in foreign currencies and accrued income and expenditure in foreign currencies are translated into Indian Rupees at the rates advised by Foreign Exchange Dealers Association of India (FEDAI) prevailing towards the close of the accounting period. Gains/ losses, if any, on valuation of various assets and liabilities are taken to Statement of Profit & Loss.

(o) Provisions and contingencies related to claims, litigation, etc.

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate 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.

(p) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably.

Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are disclosed in the financial statements where an inflow of economic benefits is probable.

(All amounts are in Rupees crores unless otherwise stated)

(q) Cash and cash equivalent

Cash and cash equivalents include balance with banks in current accounts and term deposits, cash & cheques in hand and money lent on collateralized lending & borrowing obligations transactions.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. Refer Note 50 for details on segment information presented.

(s) Assets held for sale

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets measured at the lower of their carrying amount and fair value less cost to sell with gains and losses on remeasurement recognised in profit or loss.

Once classified as held for sale, assets are no longer amortised, depreciated or impaired.

(t) Standards/ amendments issued but not yet effective:

On 30 March 2019, Ministry of Corporate Affairs (MCA) has notified the following standards/ appendix/ amendments which will come into force from 1 April 2019:

Ind AS 116 'Leases'

The new leasing standard will replace the existing leases standard, Ind AS 17 Leases, and related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Currently, operating lease expenses are charged to the statement of profit and loss on a straight line basis. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. Further, the new standard contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (modified retrospective approach).

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

Certain practical expedients are available under both the methods.

The Company will adopt the standard on 1 April 2019 by using the modified retrospective approach and accordingly comparatives for the year ending or ended 31 March 2019 will not be retrospectively adjusted.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments

Appendix C of Ind AS 12, 'Uncertainty over Income Tax Treatments' is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application.

The Company will adopt the standard on 1 April 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1 April 2019 without adjusting comparatives.

Amendment to Ind AS 12 'Income taxes'

The amendments to the guidance in Ind AS 12, 'Income Taxes', clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognized.

The Company is evaluating the requirements of the above amendments and the effect on the financial statements is being evaluated.

(All amounts are in Rupees crores unless otherwise stated)

3 CASH AND CASH EQUIVALENTS

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash in hand (including postage stamps)	**0.01**	0.01	0.02
Balances with Banks			
- Bank balance	**72.14**	124.35	184.79
- Bank Deposits	**17.26**	28.05	54.13
Collateralised borrowings lending operations (CBLO)	**299.84**	–	299.87
Cheques on hand & under collection and remittances in transit	**6.29**	40.30	11.17
Total	**395.54**	192.71	549.98

4 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Bank Deposits against fund placed with Company under Credit Guarantee Enhancement Scheme			
- Bank balance	**0.13**	0.05	0.13
- Bank deposits	**257.93**	240.83	232.59
Unclaimed dividend account	**12.54**	14.53	16.46
Balances with banks held as margin money against guarantees	**53.46**	46.83	7.75
Bank deposits under directions of court and tribunal etc.	**220.15**	371.79	388.13
Total	**544.21**	674.03	645.06

5 DERIVATIVE FINANCIAL INSTRUMENTS:

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Notional amounts	Fair Value - Assets	Notional amounts	Fair Value - Assets	Notional amounts	Fair Value - Assets
Part I						
Currency derivatives:						
- Spot and forwards	**603.12**	**14.66**	692.16	20.93	–	–
Total	**603.12**	**14.66**	692.16	20.93	–	–
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
Undesignated derivatives	**603.12**	**14.66**	692.16	20.93	–	–
Total	**603.12**	**14.66**	692.16	20.93	–	–

The derivatives have been used by the Company for hedging the interest rate and principle risk for loans taken in foreign currency.
Refer Note No. 53 for management of risk arising from derivatives.

6 RECEIVABLES:

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A) Secured			
- considered good	**–**	–	–
- considered doubtful	**–**	–	–
(B) Unsecured			
- considered good	**2.96**	15.50	30.28
- considered doubtful	**4.27**	4.27	3.98
	7.23	19.77	34.26
Less: Provision for impairment	**(4.43)**	(4.72)	(4.13)
Total	**2.80**	15.05	30.13

For terms and conditions of trade receivables owing from related parties and transactions with related parties, see Note 46.
The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 53.

(All amounts are in Rupees crores unless otherwise stated)

7 LOANS

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At Amortised cost				
(A)				
(i)	Term loans	**20,039.82**	22,885.41	23,981.58
(ii)	Leasing	**0.04**	0.04	0.05
(iii)	Debentures	**1,372.54**	1,830.74	1,935.54
	Total (A) -Gross	**21,412.40**	24,716.19	25,917.17
	Less: Impairment loss allowance	**8,302.91**	8,871.34	7,900.28
	Total (A) - Net	**13,109.49**	15,844.85	18,016.88
(B)				
(i)	Secured by tangible assets and intangible assets	**16,692.00**	20,325.84	22,384.03
(ii)	Covered by bank/government guarantees	**508.00**	591.93	831.71
(iii)	Unsecured	**4,212.40**	3,798.42	2,701.42
	Total (B)- Gross	**21,412.40**	24,716.19	25,917.16
	Less: Impairment loss allowance	**8,302.91**	8,871.34	7,900.28
	Total (B)-Net	**13,109.49**	15,844.85	18,016.88
(C)				
(i)	Public sector	**374.60**	405.08	262.55
(ii)	Others (to be specified)	**21,037.80**	24,311.11	25,654.61
	Total (C)- Gross	**21,412.40**	24,716.19	25,917.16
	Less: Impairment loss allowance	**8,302.91**	8,871.34	7,900.28
	Total (C)-Net	**13,109.49**	15,844.85	18,016.88

The Company's exposure to credit and currency risks, and loss allowances related to loans are disclosed in Note 53.

8 INVESTMENTS

		Amortised cost	At Fair Value: Through other comprehensive Income	At Fair Value: Through profit or loss	At Fair Value: Designated at fair value through profit or loss	Sub- Total	Others	Total
		(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
As at 31 March 2019								
(A)								
(i)	Mutual funds	–	–	45.31	–	45.31	–	45.31
(ii)	Government securities	–	625.67		–	625.67	–	625.67
(iii)	Debt securities	–	316.51	5.00	–	321.51	–	321.51
(iv)	Equity instruments	–	49.31	1,478.69	–	1,528.00	–	1,528.00
(v)	Others	–	–		–	–	–	–
	Venture capital	–	–	128.98	–	128.98	–	128.98
	Security receipts	–	–	528.36	–	528.36	–	528.36
	Certificate of deposit	–	198.16		–	198.16	–	198.16
	Preference shares	–	–	84.96	–	84.96	–	84.96
	Application money - preference shares	–	–	–	–	–	–	–
	Total – Gross (A)	**–**	**1,189.65**	**2,271.30**	**–**	**3,460.95**	**–**	**3,460.95**
(B)								
(i)	Investments in India	–	1,189.65	2,271.30	–	3,460.95	–	3,460.95
(ii)	Investments outside India	–	–	–	–	–	–	–
	Total – Gross (B)	**–**	**1,189.65**	**2,271.30**	**–**	**3,460.95**	**–**	**3,460.95**
(C)	Less: Allowance for Impairment loss		–	–	–	–		–
(D)	**Total – Net (A-C)**	**–**	**1,189.65**	**2,271.30**	**–**	**3,460.95**	**–**	**3,460.95**

Note 8 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

		Amortised cost	At Fair Value: Through other comprehensive Income	At Fair Value: Through profit or loss	At Fair Value: Designated at fair value through profit or loss	Sub- Total	Others	Total
		(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
As at 31 March 2018								
(A)								
(i)	Mutual funds	–	–	97.42	–	97.42	–	97.42
(ii)	Government securities	–	618.81	–	–	618.81	–	618.81
(iii)	Debt securities	35.00	280.83	25.00	–	305.83	–	340.83
(iv)	Equity instruments	–	163.90	1,830.25	–	1,994.15	–	1,994.15
(v)	Others	–	–	–	–	–	–	–
	Venture capital	–	–	164.30	–	164.30	–	164.30
	Security receipts	–	–	1,170.60	–	1,170.60	–	1,170.60
	Commercial paper	–	49.06	–	–	49.06	–	49.06
	Certificate of deposit	–	732.90	–	–	732.90	–	732.90
	Preference shares	–	–	155.65	–	155.65	–	155.65
	Application money - preference shares	–	–	–	–	–	–	–
	Total – Gross (A)	**35.00**	**1,845.50**	**3,443.22**	**–**	**5,288.72**	**–**	**5,323.72**
(B)								
(i)	Investments in India	35.00	1,845.50	3,443.22	–	5,288.72	–	5,323.72
(ii)	Investments outside India	–	–	–	–	–	–	–
	Total – Gross (B)	**35.00**	**1,845.50**	**3,443.22**	**–**	**5,288.72**	**–**	**5,323.72**
(C)	Less: Allowance for Impairment loss	–	–	–	–	–		–
(D)	**Total – Net (A-C)**	**35.00**	**1,845.50**	**3,443.22**	**–**	**5,288.72**	**–**	**5,323.72**

		Amortised cost	At Fair Value: Through other comprehensive Income	At Fair Value: Through profit or loss	At Fair Value: Designated at fair value through profit or loss	Sub- Total	Others	Total
		(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
As at 1 April 2017								
(A)								
(i)	Mutual funds	–	–	132.60	–	132.60	–	132.60
(ii)	Government securities	–	448.40	–	–	448.40	–	448.40
(iii)	Debt securities	75.00	308.14	25.00	–	333.14	–	408.14
(iv)	Equity instruments	–	81.06	1,932.00	–	2,013.06	–	2,013.06
(v)	Others	–	–	–	–	–	–	–
	Venture capital	–	–	185.83	–	185.83	–	185.83
	Security receipts	–	–	1,168.88	–	1,168.88	–	1,168.88
	Commercial paper	–	197.08	–	–	197.08	–	197.08
	Certificate of deposit	–	392.21	–	–	392.21	–	392.21
	Preference shares	–	–	240.85	–	240.85	–	240.85
	Application money - preference shares*	–	–	–	–	–	–	–
	Total – Gross (A)	**75.00**	**1,426.89**	**3,685.16**	**–**	**5,112.05**	**–**	**5,187.05**
(B)								
(i)	Investments in India	75.00	1,426.89	3,685.16	–	5,112.05	–	5,187.05
(ii)	Investments outside India	–	–	–	–	–	–	–
	Total – Gross (B)	**75.00**	**1,426.89**	**3,685.16**	**–**	**5,112.05**	**–**	**5,187.05**
(C)	Less: Allowance for Impairment loss		–	–	–	–		–
(D)	**Total – Net (A-C)**	**75.00**	**1,426.89**	**3,685.16**	**–**	**5,112.05**	**–**	**5,187.05**

* Application money for subscribing to preference shares of IFCI Factors Limited (As at 31 March 2019 - NIL, as at 31 March 2018 - ₹85,000, as at 1 April 2017 - ₹85,000)

The Company's exposure to credit and currency risks, and loss allowances related to loans are disclosed in Note 53.

(All amounts are in Rupees crores unless otherwise stated)

9 OTHER FINANCIAL ASSETS

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Interest on Investments	**21.84**	22.51	16.63
Accrued income*	**31.46**	10.75	15.00
Loans to employees	**21.35**	16.76	16.73
Other Deposits	**54.26**	9.24	55.20
Other doubtful deposits	**12.12**	12.12	12.00
Other recoverables	**83.51**	129.57	20.24
	224.54	200.95	135.79
Less: Allowance for impairment loss	**64.73**	13.08	18.45
Total	**159.81**	187.87	117.34

* Accrued income of ₹31.46 crore for FY 2018-19 includes ₹10.66 crore as accrued interest income on fixed deposit invested against fund placed with Company under Credit Guarantee Enhancement Scheme.

The Company's exposure to credit and currency risks, and loss allowances related to loans are disclosed in Note 53.

10 INVESTMENT IN SUBSIDIARIES

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Investment in subsidiaries	**1,381.72**	1,361.78	1,361.78
Less: Allowance for impairment loss	**13.91**	–	–
Total	**1367.81**	1361.78	1361.78

11 INVESTMENT ACCOUNTED USING EQUITY METHOD

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Investment in associates	**–**	0.04	59.13
Investment in joint ventures	**–**	–	–
Total	**–**	0.04	59.13

12 INCOME TAX

	Year ended 31 March 2019	Year ended 31 March 2018
A. Amounts recognised in profit or loss		
Current tax		
Current period (a)	**–**	10.53
Changes in estimates related to prior years (b)	**(6.39)**	(0.04)
Deferred tax (c)		
Attributable to-		
Origination and reversal of temporary differences	**(241.07)**	5.01
Increase/reduction in tax rate	**–**	16.38
Sub-total (c)	**(241.07)**	21.39
Tax expense (a)+(b)+(c)	**(247.46)**	31.88

B. Income tax recognised in other comprehensive income

	Year ended 31 March 2019			Year ended 31 March 2018		
	Before tax	**Tax (expense)/ income**	**Net of tax**	Before tax	Tax (expense)/ income	Net of tax
Actuarial gain/(loss) on defined benefit obligation	**50.39**	**(17.61)**	**32.78**	2.97	(1.04)	1.93
Tax on Fair value changes on FVTOCI - Equity securities	**(103.31)**	**41.93**	**(61.39)**	(372.65)	143.78	(228.87)
Tax on Fair value changes on FVTOCI - Debt securities	**(16.17)**	**5.77**	**(10.39)**	22.08	9.06	31.14
	(69.09)	**30.09**	**(39.00)**	(347.61)	151.80	(195.80)

Note 12 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

C. Reconciliation of effective tax rate

	Year ended 31 March 2019		Year ended 31 March 2018	
	%	**Amount**	%	Amount
Profit before tax		**(691.29)**		500.25
Tax using the Company's domestic tax rate of 34.944%	**34.94%**	**(241.56)**	34.94%	174.81
Effect of:				
Tax exempt income	**4.72%**	**(32.61)**	(3.61%)	(18.08)
Non-deductible expenses	**(0.27%)**	**1.86**	0.67%	3.35
Changes in estimates related to prior years for current tax	**0.92%**	**(6.39)**	(0.01%)	(0.04)
Change in previously recognised tax losses	**0.00%**	**–**	2.10%	10.51
Current year depreciation for which no deferred tax asset was recognised	**1.36%**	**(9.37)**	(1.91%)	(9.57)
MAT credit	**0.62%**	**(4.29)**	3.21%	16.05
Others	**(6.49%)**	**44.90**	(29.02%)	(145.15)
Effective tax rate/ tax expense	**35.80%**	**(247.46)**	6.37%	31.88

D. Recognised deferred tax assets and liabilities

Movement of deferred tax assets / liabilities presented in the balance sheet

	As at 01 April 2018	Recognised in equity	Recognised in profit or loss during the year	Recognised in OCI during the year	**As at 31 March 2019**
Deferred tax assets:					
Loans	2,292.79	–	(241.50)	–	**2,051.29**
Others	146.44	–	490.80	(17.61)	**619.63**
Minimum alternate tax credit entitlement	79.68	–	(4.29)	–	**75.39**
Sub - Total (a)	**2,518.91**	**–**	**245.01**	**(17.61)**	**2,746.31**
Deferred tax liabilities:					
Property, plant and equipment	332.56	–	(2.55)	–	**330.01**
Investments	276.55	–	19.26	(47.70)	**248.11**
Investments in subsidiaries	–	–	(4.86)	–	**(4.86)**
DTL on Special Reserve u/s 36(i)(viii)	46.72	–	–	–	**46.72**
Borrowings	45.50	(5.18)	(7.90)	–	**32.42**
Sub - Total (b)	701.33	(5.18)	3.95	(47.70)	**652.40**
Net deferred tax assets (a) - (b)	**1,817.58**	**5.18**	**241.06**	**30.09**	**2,093.91**

	As at 01 April 2017	Recognised in equity	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2018
Deferred tax assets:					
Loans	2,329.80	–	(37.01)	–	2,292.79
Others	62.15	–	85.33	(1.04)	146.44
Minimum alternate tax credit entitlement	51.99	–	27.69	–	79.68
Sub - Total (a)	**2,443.94**	**–**	**76.01**	**(1.04)**	**2,518.91**
Deferred tax liabilities:					
Property, plant and equipment	327.85	–	4.71	–	332.56
Investments	319.80	–	109.59	(152.84)	276.55
DTL on Special Reserve u/s 36(i)(viii)	46.72	–	–	–	46.72
Borrowings	62.40	–	(16.90)	–	45.50
Sub - Total (b)	756.77	–	97.40	(152.84)	701.33
Net deferred tax assets (a) - (b)	**1,687.17**	**–**	**(21.39)**	**151.80**	**1,817.58**

E. Tax losses, unabsorbed depreciation and unutilised tax credit

Details of Tax losses, unabsorbed depreciation and unutilised tax credits on which no deferred tax was recognised expire as follows:

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Amount	**Expiry**	Amount	Expiry	Amount	Expiry
Unabsorbed depreciation	**16.10**	**Never expire**	10.10	Never expire	6.20	Never expire
MAT Credit	**249.11**	**2022-23 to 2034-35**	253.40	2022-23 to 2033-34	237.35	2022-23 to 2032-33

F. Uncertain tax positions

Refer Note 37 on contingent liabilities and commitment relating to income tax matter under dispute.

Note 12 (contd..) (All amounts are in Rupees crores unless otherwise stated)

G. Unrecognised deferred tax balances

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Unabsorbed depreciation	**5.63**	3.53	2.14
Deferred tax on account of indexation on equity shares of investment in subsidiary	**248.88**	241.63	225.19
Unutilised tax credit	**249.11**	253.40	237.35
Total	**503.62**	498.56	464.68

13 INVESTMENT PROPERTY

	Gross Block				Depreciation				Net Block	
	As at 1 April 2018	Additions / Adjustments	Disposals / Adjustment	**As at 31 March 2019**	As at 1 April 2018	For the year	Disposals / Adjustment	**As at 31 March 2019**	As at 31 March 2019	As at 31 March 2018
Owned Assets										
Freehold Land	9.84	–	–	**9.84**	–	–	–	**–**	9.84	9.84
Buildings	193.09	–	0.34	**192.75**	4.67	4.57	–	**9.24**	183.51	188.42
Assets under finance lease										
Leasehold land	0.02	–	–	**0.02**	–	–	–	**–**	0.02	0.02
Total	202.95	–	0.34	**202.61**	4.67	4.57	–	**9.24**	193.37	198.28

	Gross Block				Depreciation				Net Block	
	As at 1 April 2017	**Additions / Adjustments**	**Disposals / Adjustment**	**As at 31 March 2018**	As at 1 April 2017	For the year	Disposals / Adjustment	As at 31 March 2018	As at 31 March 2018	As at 1 April 2017
Owned Assets										
Freehold Land	9.84	–	–	9.84	–	–	–	–	9.84	9.84
Buildings	251.44	0.34	58.69	193.09	–	4.67	–	4.67	188.42	251.44
Assets under finance lease										
Leasehold land	0.02	–	–	0.02	–	–	–	–	0.02	0.02
Total	**261.30**	**0.34**	**58.69**	**202.95**	–	4.67	–	4.67	198.28	261.30

For details regarding rental income earned from investment property, refer statement of profit and loss.

For details regarding investment property given on lease, refer Note 47.

Fair value of investment property

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Freehold Land	**12.60**	12.00	11.57
Leasehold Land	**0.73**	0.69	0.64
Buildings	**311.85**	303.91	378.77

Measurement of fair values

i. Fair value hierarchy

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

ii. Valuation technique

The Company follows direct sale comparison technique. The valuation model considers the value of the subject property by comparing recent sales / listing of similar interest in the properties located in the surrounding area. By analysing sales which qualify as 'arms-length' transactions, between willing buyers and sellers, adjustments would be made for size, location, time, amenities and other relevant factors when comparing such sales price against the subject property. This approach is commonly used to value standard properties when realisable sales evidence is available.

(All amounts are in Rupees crores unless otherwise stated)

14 PROPERTY, PLANT AND EQUIPMENT

	Gross Block				**Depreciation**				**Net Block**	
	As at 1 April 2018	Additions / adjustments	Disposals / adjustments	**As at 31 March 2019**	As at 1 April 2018	For the year	Disposals / adjustments	**As at 31 March 2019**	**As at 31 March 2019**	As at 31 March 2018
Owned Assets										
Freehold Land	57.64	–	4.93	**52.71**	–			**–**	**52.71**	57.64
Buildings	415.63	25.11	0.50	**440.24**	12.66	12.70	0.69	**24.67**	**415.57**	402.97
Leasehold Improvement	0.09	–	0.05	**0.04**	0.02	0.02	–	**0.04**	**–**	0.07
Plant & Machinery	2.15	–	–	**2.15**	0.20	0.19	–	**0.39**	**1.76**	1.95
Furniture & Fixtures	5.74	0.13	–	**5.87**	1.93	1.75	–	**3.68**	**2.19**	3.81
Vehicles	0.31	–	0.02	**0.29**	0.14	0.05	–	**0.19**	**0.10**	0.17
Office Equipments	2.16	0.57	0.02	**2.71**	0.90	0.49	–	**1.39**	**1.32**	1.26
Electrical Installations and Equipments	11.44	0.02	–	**11.46**	3.22	3.16	–	**6.38**	**5.08**	8.22
Assets under Lease										
Leasehold Land	264.34	–	–	**264.34**	9.38	9.37	0.38	**18.37**	**245.97**	254.96
Total	759.50	25.83	5.52	**779.81**	28.45	27.73	1.07	**55.11**	**724.70**	731.03

	Gross Block				Depreciation				Net Block	
	As at 1 April 2017	Additions / adjustments	Disposals / adjustments	As at 31 March 2018	As at 1 April 2017	For the year	Disposals / adjustments	As at 31 March 2018	As at 31 March 2018	As at 1 April 2017
Owned Assets										
Freehold Land	52.62	5.02	–	57.64	–	–	–	–	57.64	52.62
Buildings	373.79	58.69	16.85	415.63	–	12.66	–	12.66	402.95	373.79
Leasehold Improvement	0.58	–	0.49	0.09	–	0.02	–	0.02	0.07	0.58
Plant & Machinery	2.15	–		2.15	–	0.20	–	0.20	1.95	2.15
Furniture & Fixtures	5.95	–	0.21	5.74	–	1.93	–	1.93	3.81	5.95
Vehicles	0.32	–	0.01	0.31	–	0.14	–	0.14	0.17	0.32
Office Equipments	1.91	0.30	0.05	2.16	–	0.90	–	0.90	1.26	1.91
Electrical Installations and Equipments	11.40	0.08	0.04	11.44	–	3.22	–	3.22	8.22	11.40
Assets under Lease										
Leasehold Land	262.96	3.35	1.97	264.34	–	9.38	–	9.38	254.96	262.96
Total	**711.68**	**67.44**	**19.62**	**759.50**	–	28.45	–	**28.45**	**731.03**	711.68

15 INTANGIBLE ASSETS

	Gross Block				**Amortisation**				**Net Block**	
	As at 1 April 2018	Additions / adjustments	Disposals / adjustments	**As at 31 March 2019**	As at 1 April 2018	For the year	Disposals / adjustments	**As at 31 March 2019**	**As at 31 March 2019**	As at 31 March 2018
Computer Software	2.52	0.17	–	**2.69**	0.53	0.51	–	**1.04**	**1.65**	1.99
Total	2.52	0.17	–	**2.69**	0.53	0.51	–	**1.04**	**1.65**	1.99

	Gross Block				Amortisation				Net Block	
	As at 1 April 2017	Additions / adjustments	Disposals / adjustments	As at 31 March 2018	As at 1 April 2017	For the year	Disposals / adjustments	As at 31 March 2018	As at 31 March 2018	As at 1 April 2017
Computer Software	2.46	0.06	–	2.52	–	0.53	–	0.53	1.99	2.46
Total	**2.46**	**0.06**	**–**	**2.52**	**–**	**0.53**	**–**	**0.53**	**1.99**	**2.46**

(All amounts are in Rupees crores unless otherwise stated)

16 OTHER NON-FINANCIAL ASSETS

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital advances	**4.85**	2.18	0.91
Pre-paid expenses	**3.00**	1.25	1.37
Provident fund - asset	**1.83**	–	–
Others	**10.92**	10.85	12.66
	20.60	14.28	14.94
Less: Allowance for impairment loss	**6.09**	6.09	7.70
Total	**14.51**	8.19	7.24

17 ASSETS HELD FOR SALE

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Freehold Land	**0.01**	0.01	5.03
Leasehold Land	**0.02**	0.01	3.36
Buildings	**1.31**	26.13	11.01
Associates	**0.04**	–	–
Assistance under development financing (AUF) - Associates	**44.08**	545.84	647.34
Total	**45.46**	571.99	666.74

The Board of Directors of the Company have decided to sale certain land, buildings and investment in associates. Accordingly, the same has been classified as held for sale and the management has started the process of finding the buyers. The delay in disposing of the said assets is caused due to circumstances beyond the entity's control and entity is committed to its plans to sell the asset as it has sold many investments in the Financial Year 2018-19.

Non financial assets and liabilities measured at fair value - non-recurring fair value measurements

Fair valuation of said investment in Assistance under development financing (AUF) - Associates is computed using NAV/DCF approach and are categorised as Level 3.

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Assistance under development financing (AUF) - Associates	**–**	102.18	549.95

18 TRADE PAYABLES

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Total outstanding dues to micro, small and medium enterprises	**–**	–	–
Total outstanding dues of creditors other than micro, small and medium enterprises	**107.27**	91.39	45.52
Total	**107.27**	91.39	45.52

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at all the reporting dates. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent the status of such parties identified on the basis of information available with the Company.

19 DEBT SECURITIES

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At Amortised cost			
(A)			
(i) Non-Convertible Debentures			
- 6.00% LIC - Redeemable on 28.12.2021	**177.85**	171.42	165.62
- 6.00 % SBI - Redeemable on 25.01.2022	**178.43**	183.95	177.22
- 9.37% LIC - Redeemable on 01.04.2022	**418.19**	418.19	418.19
(ii) Bonds			
- Privately Placed Bonds	**4,574.62**	4,913.75	5,584.55
- Privately Placed Zero Coupon Bonds	**225.70**	205.64	187.36
- Infrastructure Bonds	**1,298.15**	1,292.51	1,225.45
- Privately Placed Bonds issued to Subsidiaries	**75.00**	75.00	
- Less: Interest accrued but not due	**(578.41)**	(512.44)	(423.89)
(iii) Tax-free Bonds (secured by floating charge on receivables of IFCI Ltd.)			
- held by subsidiary and associate companies	**45.00**	45.00	95.00
- held by others	**265.00**	265.00	215.00

Note 19 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(iv)	*Public issue of NCDs*			
	Secured Redeemable Non Convertible Debentures(secured by floating charge on receivables of IFCI Ltd.)			
	- held by subsidiary and associate companies	**34.04**	34.04	49.09
	- held by others	**2,001.40**	1,984.26	1,953.58
	- Less: Interest accrued but not due	**(63.18)**	(46.04)	(30.41)
(v)	*Privately Placed Bonds (Redeemable Non Convertible Debentures secured by floating charge on receivables of IFCI Ltd. & Lien on G-Sec)*			
	- Others (Bonds/ Debentures etc.)	**575.00**	575.00	575.00
	Total (A)	**9,226.79**	9,605.28	10,191.76
(B)				
(i)	*Debt securities in India*	**9,226.79**	9,605.28	10,191.76
(ii)	*Debt securities outside India*	**–**	–	–
	Total (B)	**9,226.79**	9,605.28	10,191.76

Privately placed Bonds includes ₹1280.58 of bonds which were guaranteed by the Govt. of India at the time of issue. These bonds were, subsequently, rolled over for 10 years from dates of maturity in terms of the decision at meetings of stakeholders in November 24 and December 2, 2002 under the aegis of the Govt. of India, but the guarantee did not continue. However, on the behalf of investors, Govt. of India was requested to guarantee these bonds during the rolled over period and accordingly, these bonds were shown under Bonds guaranteed by Govt. of India till March 31, 2013, with suitable disclosure of the fact in Notes to Accounts. Since all such bonds have been rolled over by March, 2012 and Govt. of India has not provided guarantee during the rolled over period, such rolled over erstwhile government guaranteed bonds are clustered under Privately Place Bonds as on 31 March 2019 above.

Terms of Repayment of Other Bonds

Series	**Interest rate**	**Date of maturity**	**Amount**
Zero Coupon Bonds	9.75%	7–Jul–40	14.33
Zero Coupon Bonds	9.75%	7–Jul–39	15.72
Zero Coupon Bonds	9.75%	7–Jul–38	17.26
Other Bonds	9.90%	5–Nov–37	106.88
Zero Coupon Bonds	9.75%	7–Jul–37	18.94
Zero Coupon Bonds	9.75%	7–Jul–36	20.80
Zero Coupon Bonds	9.75%	7–Jul–35	22.83
Zero Coupon Bonds	9.75%	7–Jul–34	25.05
Zero Coupon Bonds	9.75%	7–Jul–33	27.49
Other Bonds	9.90%	5–Nov–32	106.88
Zero Coupon Bonds	9.75%	7–Jul–32	30.17
Zero Coupon Bonds	9.75%	7–Jul–31	33.12
Other Bonds	9.98%	29–Oct–30	250.00
Other Bonds	9.75%	16–Jul–30	500.00
Other Bonds	9.75%	13–Jul–30	250.00
Other Bonds	9.70%	18–May–30	250.00
Other Bonds	9.70%	4–May–30	250.00
Other Bonds	9.75%	26–Apr–28	350.00
Other Bonds	9.90%	5–Nov–27	106.88
Other Bonds	10.12%	8–Oct–27	19.59
Other Bonds	10.10%	8–Oct–27	5.15
Infra Bonds	8.72%	31–Mar–27	24.16
Infra Bonds	9.16%	15–Feb–27	42.56
Infra Bonds	8.75%	12–Dec–26	11.02
Other Bonds	9.55%	13–Apr–25	225.00
Other Bonds	9.55%	5–Mar–25	200.00
Other Bonds	9.75%	25–Jan–25	200.00
Infra Bonds	8.50%	31–Mar–24	85.23
Other Bonds	6.00%	10–Dec–22	50.00
Other Bonds	6.00%	18–Nov–22	25.00
Other Bonds	9.90%	5–Nov–22	106.88
Other Bonds	6.00%	22–Oct–22	50.00
Other Bonds	9.95%	8–Oct–22	5.41
Other Bonds	10.05%	28–Sep–22	8.20
Other Bonds	6.00%	27–Sep–22	45.00
Other Bonds	10.15%	26–Jun–22	2.80
Other Bonds	10.25%	31–Mar–22	0.89
Other Bonds	8.22%	3–Mar–22	46.22

Note 19 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

Terms of Repayment of Other Bonds

Series	**Interest rate**	**Date of maturity**	**Amount**
Other Bonds	10.25%	28–Feb–22	0.40
Infra Bonds	9.09%	15–Feb–22	237.45
Other Bonds	8.19%	13–Jan–22	138.25
Other Bonds	10.60%	31–Dec–21	1.75
Infra Bonds	8.50%	12–Dec–21	65.76
Other Bonds	10.60%	30–Nov–21	0.30
Other Bonds	10.50%	31–Aug–21	6.38
Other Bonds	8.26%	19–Aug–21	147.37
Other Bonds	10.20%	31–May–21	0.30
Other Bonds	10.00%	30–Apr–21	1.30
Other Bonds	10.00%	30–Apr–21	24.90
Other Bonds	10.00%	31–Mar–21	5.81
Other Bonds	6.00%	15–Feb–21	25.00
Infra Bonds	8.00%	31–Jan–21	193.46
Infra Bonds	8.25%	31–Jan–21	26.55
Other Bonds	9.50%	31–Jan–21	7.91
Other Bonds	9.90%	11–Jan–21	151.20
Other Bonds	7.90%	26–Dec–20	56.85
Other Bonds	9.25%	30–Nov–20	6.85
Other Bonds	9.25%	31–Oct–20	6.50
Other Bonds	9.25%	30–Sep–20	7.70
Other Bonds	7.87%	24–Sep–20	110.70
Other Bonds	6.00%	20–Sep–20	12.50
Infra Bonds	7.85%	15–Sep–20	29.03
Infra Bonds	7.95%	15–Sep–20	4.50
Other Bonds	9.25%	31–Aug–20	1.06
Other Bonds	9.25%	31–Jul–20	11.16
Other Bonds	7.65%	26–Jun–20	163.82
Other Bonds	9.25%	31–May–20	0.72
Other Bonds	6.00%	18–May–20	5.00
Other Bonds	9.15%	30–Apr–20	0.45
Other Bonds	9.15%	31–Mar–20	11.55
Other Bonds	6.00%	28–Feb–20	5.00
Other Bonds	6.00%	24–Feb–20	5.00
Other Bonds	8.75%	31–Jan–20	26.67
Other Bonds	7.69%	26–Dec–19	58.39
Other Bonds	9.40%	30–Nov–19	31.86
Other Bonds	7.07%	19–Sep–19	99.42
Other Bonds	9.75%	31–Jul–19	77.50
Other Bonds	10.20%	30–Jun–19	50.40
Other Bonds	10.20%	20–Jun–19	75.00
Other Bonds	6.00%	7–Jun–19	0.50
Other Bonds	6.70%	30–May–19	153.40

20 BORROWINGS (OTHER THAN DEBT SECURITIES)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At Amortised cost			
(A)			
(i) Term loans			
- from banks and other parties	**5,039.87**	8,461.63	10,748.56
- from financial institutions	**87.72**	84.61	81.69
- from KfW Line	**426.12**	471.88	429.13
Total (A)	**5,553.71**	9,018.12	11,259.38
(B)			
(i) Borrowings in India	**5,127.59**	8,546.24	10,830.25
(ii) Borrowings outside India	**426.12**	471.88	429.13
Total (B)	**5,553.71**	9,018.12	11,259.38

Note 20 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

Terms of Repayment of Other Bonds

Repayment Mode	Rate of Interest (% p.a.)	Amount	Date of Maturity	Date of next Instalment	Number of instalments
Bullet	5.85%	100.00	2–May–22	2–May–22	1
Bullet	5.85%	200.00	23–Jul–22	23–Jul–22	1
Bullet	6.00%	100.00	1–Apr–22	1–Apr–22	1
Quarterly	9.00%	25.00	30–Sep–19	30–Jun–19	2
Quarterly	9.00%	37.50	30–Sep–19	30–Jun–19	2
Quarterly	9.55%	12.50	23–Sep–19	23–Jun–19	2
Quarterly	8.55%	46.88	31–Dec–19	30–Jun–19	3
Quarterly	9.65%	46.88	29–Dec–19	29–Jun–19	3
Quarterly	9.65%	9.38	29–Dec–19	29–Jun–19	3
Quarterly	8.55%	18.75	31–Dec–19	30–Jun–19	3
Quarterly	8.55%	9.38	31–Dec–19	30–Jun–19	3
Quarterly	8.55%	18.75	31–Dec–19	30–Jun–19	3
Quarterly	9.65%	37.50	29–Dec–19	29–Jun–19	3
Quarterly	9.45%	9.38	31–Dec–19	30–Jun–19	3
Quarterly	9.75%	25.00	20–Mar–20	15–Apr–19	4
Quarterly	9.45%	9.38	31–Dec–19	30–Jun–19	3
Quarterly	9.55%	12.50	19–Mar–20	19–Jun–19	4
Quarterly	9.65%	75.00	24–Mar–20	15–Apr–19	4
Quarterly	9.55%	25.00	27–Mar–20	27–Jun–19	4
Quarterly	9.00%	75.00	31–Mar–20	30–Jun–19	4
Quarterly	9.45%	28.13	31–Dec–19	30–Jun–19	3
Quarterly	8.80%	6.25	1–Jul–19	1–Jul–19	1
Quarterly	8.80%	3.13	1–Jul–19	1–Jul–19	1
Quarterly	9.45%	31.25	30–Jun–20	30–Jun–19	5
Quarterly	9.55%	56.25	24–Sep–20	24–Jun–19	6
Quarterly	9.55%	225.00	30–Jun–21	30–Jun–19	9
Quarterly	9.55%	382.50	30–Jun–21	30–Jun–19	9
Quarterly	10.00%	24.82	31–Mar–20	15–Apr–19	4
Quarterly	8.55%	135.00	30–Jun–21	30–Jun–19	9
Quarterly	9.55%	90.00	30–Jun–21	30–Jun–19	9
Quarterly	9.55%	45.00	30–Jun–21	30–Jun–19	9
Quarterly	9.55%	45.00	30–Jun–21	30–Jun–19	9
Quarterly	9.45%	15.63	30–Jun–20	30–Jun–19	5
Quarterly	8.55%	22.50	30–Jun–21	30–Jun–19	9
Quarterly	10.00%	12.50	31–Mar–20	15–Apr–19	4
Quarterly	9.55%	67.50	30–Jun–21	30–Jun–19	9
Quarterly	9.55%	21.88	28–Sep–20	28–Jun–19	6
Quarterly	9.00%	21.88	29–Dec–20	29–Jun–19	7
Quarterly	9.65%	21.88	31–Dec–20	30–Jun–19	7
Quarterly	9.75%	21.88	30–Dec–20	15–Apr–19	7
Quarterly	8.55%	22.50	30–Jun–21	30–Jun–19	9
Quarterly	9.55%	21.88	31–Dec–20	30–Jun–19	7
Quarterly	9.55%	45.00	30–Jun–21	30–Jun–19	9
Quarterly	8.55%	45.00	30–Jun–21	30–Jun–19	9
Quarterly	9.75%	43.75	30–Dec–20	15–Apr–19	7
Quarterly	10.00%	25.00	31–Mar–20	15–Apr–19	4
Quarterly	9.75%	43.75	30–Dec–20	15–Apr–19	7
Quarterly	9.55%	21.88	28–Dec–20	28–Jun–19	7
Quarterly	9.45%	15.63	30–Jun–20	30–Jun–19	5
Quarterly	9.00%	65.63	29–Dec–20	29–Jun–19	7
Quarterly	9.50%	50.00	22–Mar–21	22–Jun–19	8

Note 20 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Terms of Repayment of Other Bonds

Repayment Mode	Rate of Interest (% p.a.)	Amount	Date of Maturity	Date of next Instalment	Number of instalments
Quarterly	10.00%	25.00	31–Mar–20	15–Apr–19	4
Quarterly	9.50%	100.00	22–Mar–21	22–Jun–20	4
Quarterly	10.00%	37.50	31–Mar–20	15–Apr–19	4
Quarterly	9.55%	120.00	31–Mar–21	30–Jun–19	8
Quarterly	9.55%	290.00	30–Jun–21	30–Jun–19	9
Quarterly	9.65%	87.50	31–Dec–20	30–Jun–19	7
Quarterly	10.00%	49.72	30–Jun–21	15–Apr–19	9
Quarterly	9.65%	43.75	31–Dec–20	30–Jun–19	7
Quarterly	9.55%	131.25	31–Dec–20	30–Jun–19	7
Quarterly	9.55%	21.88	31–Dec–20	30–Jun–19	7
Quarterly	9.55%	43.75	31–Dec–20	30–Jun–19	7
Quarterly	10.00%	75.00	30–Jun–21	15–Apr–19	9
Quarterly	9.65%	65.63	31–Dec–20	30–Jun–19	7
Quarterly	9.55%	190.00	30–Sep–21	30–Jun–19	10
Quarterly	8.60%	40.00	23–Mar–20	23–Jun–19	4
Quarterly	8.60%	400.00	27–Mar–23	27–Jun–19	16
Quarterly	8.65%	425.00	23–May–23	23–May–19	17
Quarterly	8.70%	162.50	8–Jun–22	8–Jun–19	13
Quarterly	8.70%	243.75	8–Jun–22	8–Jun–19	13
Quarterly	9.00%	56.25	21–Dec–20	30–Jun–19	7

21 SUBORDINATED LIABILITIES

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At Amortised cost				
(A)				
(i)	Preference Shares other than those that qualify as Equity			
	- 0.10% Cumulative Redeemable Preference Shares of ₹10/- each	**–**	201.26	219.22
(ii)	Subordinate - Tier II Bonds	**1,313.30**	1,313.30	1,313.30
Total (A)		**1,313.30**	1,514.56	1,532.52
(B)				
(i)	Subordinated Liabilities in India	**1,313.30**	1,514.56	1,532.52
(ii)	Subordinated Liabilities outside India	**–**	–	–
Total (B)		**1,313.30**	1,514.56	1,532.52

Terms of Repayment of Other Bonds

Series	Interest rate	Date of maturity	Amount
Tier II Bonds	9.98%	5–Oct–37	20.00
Tier II Bonds	9.98%	18–Sep–37	50.00
Tier II Bonds	9.98%	15–Oct–32	10.00
Tier II Bonds	10.75%	31–Oct–26	102.49
Tier II Bonds	10.75%	1–Aug–26	468.55
Tier II Bonds	10.50%	28–Feb–22	64.70
Tier II Bonds	10.70%	28–Feb–22	123.63
Tier II Bonds	10.50%	31–Oct–21	74.51
Tier II Bonds	10.60%	31–Oct–21	8.12
Tier II Bonds	10.55%	25–Aug–21	200.00
Tier II Bonds	10.50%	1–Aug–21	191.31

(All amounts are in Rupees crores unless otherwise stated)

22 OTHER FINANCIAL LIABILITIES

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Interest accrued but not due on bonds and borrowings	**1,127.55**	1,087.47	902.21
Security Deposits	**10.32**	10.73	12.98
Unclaimed Dividend	**12.54**	14.53	16.46
Unpaid Matured Debentures & interest	**0.24**	0.36	0.56
Scheduled Caste Credit Guarantee Enhancement Scheme (placed by Govt. of India)	**267.39**	240.81	232.31
Other Liabilities	**326.67**	460.95	502.59
	1,744.71	1,814.85	1,667.11

23 PROVISIONS

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Impairment provision on off balance sheet exposure	**52.99**	86.17	93.65
Employee Benefits	**30.09**	154.18	146.57
Total	**83.08**	240.35	240.22

Refer Note No. 45 for detailed disclosure on employee benefits

24 OTHER NON-FINANCIAL LIABILITIES

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Deferred revenue	**1.39**	1.71	2.20
	1.39	1.71	2.20

25 EQUITY

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Authorised			
2,00,00,00,000 Equity Shares of ₹10/- each	**2,000.00**	2,000.00	2,000.00
	2,000.00	2,000.00	2,000.00
Issued			
1,72,92,84,689 Equity Shares of ₹10/- each	**1,763.24**	1,763.24	1,729.28
	1,763.24	1,763.24	1,729.28
Subscribed			
1,69,73,09,792 Equity Shares of ₹10/- each	**1,697.31**	1,697.31	1,663.35
	1,697.31	1,697.31	1,663.35
Paid up			
1,69,59,93,092 Equity Shares of ₹10/- each	**1,695.99**	1,695.99	1,662.04
	1,695.99	1,695.99	1,662.04

Reconciliation of the number of equity shares and share capital:

There has been no change in the Authorised, Issued and Subscribed Share Capital during the year.

	As at 31 March 2019		As at 31 March 2018	
	Number	**Amount**	Number	Amount
Equity shares				
Outstanding at beginning of the period	**1,69,59,93,092**	**1,695.99**	1,66,20,37,235	1,662.04
Add: Shares issued to Government of India on preferential basis	–	–	3,39,55,857	33.95
Outstanding at the end of the period	**1,69,59,93,092**	**1,695.99**	1,69,59,93,092	1,695.99
Paid up share capital	**1,69,59,93,092**	**1,695.99**	1,69,59,93,092	1,695.99

Terms/ rights attached to equity shares:

The Company has only one class of equity share, i.e. equity shares having face value of ₹10 per share entitled to one vote per share.

Shareholders holding more than 5% of equity shares

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
Name of the shareholder	**Number of shares**	**Shareholding %**	Number of shares	Shareholding %	Number of shares	Shareholding %
President of India	**95,69,55,857**	**56.42%**	95,69,55,857	56.42%	92,30,00,000	55.53%

(All amounts are in Rupees crores unless otherwise stated)

26 OTHER EQUITY

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i)	**Reserve u/s 45IC of RBI Act**			
	Opening balance	**875.04**	875.04	875.04
	Closing balance	**875.04**	875.04	875.04
(ii)	**Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961**			
	Opening balance	**136.69**	136.69	136.69
	Closing balance	**136.69**	136.69	136.69
(iii)	**Capital Reserve**			
	Opening balance	**0.85**	0.85	0.85
	Closing balance	**0.85**	0.85	0.85
(iv)	**Securities Premium Reserve**			
	Opening balance	**967.69**	901.64	901.64
	Add: Issue of equity shares	**–**	66.05	–
	Closing balance	**967.69**	967.69	901.64
(v)	**Capital Redemption Reserve**			
	Opening balance	**231.92**	193.08	193.08
	Add: Transfer from retained earnings	**–**	38.84	–
	Closing balance	**231.92**	231.92	193.08
(vi)	**Debenture Redemption Reserve**			
	Opening balance	**247.08**	171.00	171.00
	Add: Transfer from retained earnings	**–**	76.08	–
	Closing balance	**247.08**	247.08	171.00
(vii)	**General Reserve**			
	Opening balance	**353.58**	353.58	353.58
	Closing balance	**353.58**	353.58	353.58
(viii)	**Deemed equity contribution**			
	Opening balance	**345.61**	345.61	345.61
	Less: Early redemption of preference shares	**(9.79)**	–	–
	Closing balance	**335.82**	345.61	345.61
(ix)	**Retained Earnings**			
	Opening balance	**184.92**	(168.53)	(168.53)
	Add: profit/(loss) during the year	**(443.83)**	468.37	–
	Less: Transfer to Capital redemption reserve		(38.84)	–
	Less: Transfer to Debenture redemption reserve		(76.08)	–
	Less: Dividends (incl. Dividend distribution tax)		–	
	Closing balance	**(258.91)**	184.92	(168.53)
(x)	**Debt instruments through Other Comprehensive Income**			
	Opening balance	**20.27**	37.70	37.70
	Add: Fair value change during the year	**(10.74)**	(17.43)	–
	Closing balance	**9.53**	20.27	37.70

Note 26 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(xi)	**Equity instruments through Other Comprehensive Income**			
	Opening balance	**(343.30)**	(114.43)	(114.43)
	Add: Fair value change during the year	**(61.39)**	(228.87)	–
	Closing balance	**(404.69)**	(343.30)	(114.43)
(xii)	**Remeasurements of the defined benefit plans**			
	Opening balance	**1.93**	–	–
	Add: Actuarial gain/loss during the year	**32.78**	1.93	–
	Closing balance	**34.71**	1.93	–

Reserve u/s 45IC of RBI Act

Pusuant to increase in shareholding of Govt. of India more than 50% of the paid-up Share Capital, the Company has become Government Company u/s 2(45) of the Companies Act, 2013 and therefore in view of the exemption available to Government Companies, no transfer has been made to the statutory reserve created u/s 45IC of RBI Act, 1934.

Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961

Section 36(1)(viii) of the Income Tax Act allows financial institutions to transfer 20% of profit from eligible business i.e. net income from long-term industrial financing, to this Reserve and the same is allowed as a deduction while computing taxable income. The Income Tax Act, by an amendment in Finance Act, 1998, has put a condition on maintaining the Reserve created w.e.f. FY 1997-98. Any withdrawal would attract tax liability. Upto FY 1996-97, utilisation of the said Reserve created in the earlier year did not attract tax liability and accordingly Deferred Tax Liability (DTL) has been created on the reserve transferred after FY 1997-98.

Capital Reserve

Capital Reserve represents proceeds of forfeited shares.

Securities Premium Reserve

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Capital Redemption Reserve

Capital Redemption Reserve represents amount transferred from surplus in statement of profit and loss towards redemption of preference shares without fresh issue of capital, as was required under Section 80 of the Companies Act, 1956.

Debenture Redemption Reserve

Debenture Redemption Reserve has been created in terms of Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014 for Non Convertible Debentures issued by IFCI Ltd. through public offer.

General Reserve

General reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations.

Deemed equity contribution

Deemed equity contribution on account of preferential rate borrowings from shareholders.

Retained Earnings

Represents as at date accumulated surplus/(deficit) of the profits earned by the Company.

Debt instruments through Other Comprehensive Income

This comprises changes in the fair value of debt instruments recognised in other comprehensive income and accumulated within equity. The Company transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

Equity instruments through Other Comprehensive Income

This comprises changes in the fair value of certain identified equity instruments recognised in other comprehensive income and accumulated within equity.

Remeasurements of the defined benefit plans

Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

(All amounts are in Rupees crores unless otherwise stated)

27 INTEREST INCOME

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	On Financial Assets measured at fair value through other comprehensive income	**On Financial Assets measured at Amortised Cost**	On Financial Assets measured at fair value through other comprehensive income	On Financial Assets measured at Amortised Cost
Interest on loans	**–**	**1,955.49**	–	2,522.79
Interest income from investments	**100.45**	**–**	89.42	–
Interest on debentures	**–**	**7.31**	–	0.28
Total	**100.45**	**1,962.80**	89.42	2,523.07

28 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

	Year ended 31 March 2019	Year ended 31 March 2018
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
- **Equity securities**	**(59.44)**	741.75
- Derivatives	**(0.06)**	0.10
- Security Receipts	**(89.34)**	18.16
- Preference Shares	**1.41**	(75.11)
- Units of Venture Capital Funds	**(18.29)**	(21.92)
- Units of Mutual Funds	**46.85**	52.73
(B) Net gain on derecognition of financial instruments at fair value through other comprehensive income	**6.06**	3.77
(C) Total Net gain/(loss) on fair value changes	**(112.81)**	719.48
Fair value changes :		
- Realised	**122.58**	390.86
- Unrealised	**(235.39)**	328.62
(D) Total Net gain/(loss) on fair value changes	**(112.81)**	719.48

29 OTHER INCOME

	Year ended 31 March 2019	Year ended 31 March 2018
Net gain/(loss) on derecognition of property, plant and equipment	**8.34**	21.65
Foreign exchange gain/loss	**8.94**	4.27
Profit on sale of assets held for sale (Net)	**182.96**	–
Reversal of impairment loss on assets held for sale - associates	**81.49**	–
Profit on buy back of shares by subsidiary	**4.10**	–
Profit on sale of associates	**–**	264.40
Others	**23.14**	2.09
Total	**308.97**	292.41

30 FINANCE COSTS

	Year ended 31 March 2019	Year ended 31 March 2018
On Financial liabilities measured at amortised cost		
Interest on borrowings	**1,727.92**	2,033.76
Interest on debt securities	**0.91**	12.53
Interest on subordinated liabilities	**8.86**	21.12
Other interest expenses	**18.45**	6.89
Total	**1,756.14**	2,074.30

(All amounts are in Rupees crores unless otherwise stated)

31 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	On Financial Assets measured at fair value through other comprehensive income	**On Financial Assets measured at Amortised Cost**	On Financial Assets measured at fair value through other comprehensive income	On Financial Assets measured at Amortised Cost
Loans	**–**	**1,032.75**	–	939.55
Investments	**(0.07)**	**–**	–	–
Other financial assets	**–**	**52.15**	–	(5.19)
Total	**(0.07)**	**1,084.90**	–	934.36

* Refer Note 53 for detailed disclosure on impairment on loans, recovery of loans and write off of loans.

32 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	**73.25**	63.77
Contribution to provident and others fund	**34.04**	35.91
Staff welfare expenses	**4.83**	9.51
Total	**112.12**	109.19

33 DEPRECIATION AND AMORTISATION

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment	**27.73**	28.45
Depreciation of investment property	**4.57**	4.67
Amortisation of intangible assets	**0.51**	0.53
Total	**32.81**	33.65

34 OTHER EXPENSES

	Year ended 31 March 2019	Year ended 31 March 2018
Rent	**0.73**	1.06
Rates and taxes	**3.33**	3.41
Insurance	**0.36**	0.34
Repairs and maintenance		
- Buildings	**9.62**	9.06
- IT	**1.85**	1.49
- Others	**0.16**	0.13
Electricity and water charges	**5.03**	4.78
Security expenses	**2.85**	1.99
Payment to auditors	**0.44**	0.50
Directors fee & expenses	**0.16**	0.15
Publications and advertisement	**1.46**	0.91
Consultation and law charges	**6.29**	2.36
Travelling and conveyance	**1.54**	1.67
Training and development	**0.51**	0.69
Postage and telephone	**0.43**	0.62
Printing and stationery	**1.07**	1.39
Listing/ Filing/ Custody Fee	**2.59**	1.88
Library and membership subscription	**0.91**	1.13
Expenses on CSR Activity	**4.21**	8.23
Impairment loss on non-financial assets *	**13.91**	–
Impairment loss on assets held for sale	**–**	45.40
Other miscellaneous expenses	**1.33**	1.04
Total	**58.78**	88.23

* Impairment loss has been recognised on investment in subsidiary Companies {(IFCI Factors and IFIN Financial Services) Refer Note 49}.

(All amounts are in Rupees crores unless otherwise stated)

35 PAYMENT TO AUDITORS

	Year ended 31 March 2019	Year ended 31 March 2018
Audit Fees	**0.39**	0.44
Certification and other services	**0.04**	0.05
Reimbursement of Expenses	**0.01**	0.01
Total	**0.44**	0.50

35.1 DETAILS OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

		Year ended 31 March 2019	Year ended 31 March 2018
(a)	Gross amount required to be spent by the Company for respective Financial Year	**3.12**	5.83
(b)	Construction/acquisition of any assets	**–**	–
(c)	Yet to be paid in cash	**–**	0.28
(d)	Amount spent during the period -		
-	Development of Human Capital	**3.14**	1.36
-	Development of Rural areas & sustainable development activities	**0.66**	0.52
-	Promotion of sports	**0.12**	0.10
-	Other welfare activities	**0.15**	6.25
-	Admin & other expenses	**0.14**	0.22
Total (d)		**4.21**	8.45

35.2 CONTINGENT LIABILITIES AND COMMITMENTS

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
A.	**Contingent Liabilities**			
(i)	Claims not acknowledged as debts	**79.75**	4.34	315.83
(ii)	Guarantees excluding financial guarantees	**3.26**	2.97	2.87
(iii)	**Tax Matters :**			
	Income Tax	**–**	–	31.97
	Service tax / GST	**8.29**	8.31	14.64
Total		**91.30**	15.62	365.31

Considering the current status of the pending litigation cases, no material financial impact is expected on the financial statements as on March 31, 2019.

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
B.	**Commitments**			
(i)	Estimated amount of contract (including lease contract) remaining to be executed on capital account (net of advances)	**1.77**	6.63	7.01
(ii)	Undrawn Commitments	**1,529.73**	2,134.09	2,254.57
Total		**1,531.50**	2,140.72	2,261.58
C.	**Contingent assets**	**Nil**	Nil	Nil

36 Certain balances appearing under trade receivables and payables are subject to confirmation.

37 A contingent liability is disclosed, unless the possibility of an outflow of resources is remote. The Company is under litigation with the Income Tax Authorities on account of demand on the Company for various assessment years resulting in appeals by either parties, mostly being by the Tax authorities against the orders in favour of the Company. Based on the decisions of the appellate authorities ranging from CIT(A) to Hon'ble Supreme Court level and the available jurisprudence on the same issues across industry and the interpretations of other relevant provisions of the Income Tax Act, the tax disputes are most likely to be disposed in favour of IFCI and hence, contingent liability with regard to income tax has not been disclosed.

(All amounts are in Rupees crores unless otherwise stated)

38 The Company has sanctioned a loan of ₹100 crore (outstanding ₹95.90 crore as at March 31, 2019) in a road project for widening of 4 lane highway into 6 lane, as a part of consortium finance. The project could not be completed within the original stipulated time and within three further extensions granted by the consortium of lenders. As per Independent Engineer appointed by NHAI, overall physical progress of the project is 91% upto March, 2019. NHAI vide letter dated January 11, 2019 has clarified that Appointed Date of the project has already been given as October 16, 2012 and Commercial Operations Date (COD) shall be from the Appointed Date. Accordingly, toll collection has already started from October 16, 2012 and the account is standard as per the record of recovery. It has been confirmed by the Lead Bank and all other members of the Consortium that this account has been classified as 'Standard Account' in their respective books of accounts as at March 31, 2019. Considering the overall status of the project and record of recovery, the account has been kept as 'Standard Restructured Account' and classified under Stage-2 and impairment allowance as per ECL has been applied accordingly.

39 The loan account of one borrower has been restructured as per the scheme approved by the consortium of lenders. As per the scheme of restructuring, a portion of overall debt (IFCI share – ₹235.61 crore) alongwith identified portfolio of real estate assets, is to be transferred to an Special Purpose Vehicle (SPV) which will issue 9.5% Optionally Convertible Debenture (OCDs) in lieu of the debt and the proceeds from the real estate portfolio will be utilized towards servicing of these OCDs. However, pending approval of the demerger plan from National Company Law Tribunal (NCLT), the process of transfer of debt and real estate assets to the SPV is not yet completed. The Company has classified the entire outstanding of ₹367.19 crore as Stage-3 asset and impairment allowance for ECL has been applied accordingly. As the debt of the SPV shall be backed by real estate assets having sufficient security cover, provision has been made by the Company as per uniformly applied accounting policy for ECL to the entire portfolio for Stage 3 assets.

40 IFCI is carrying the investment in subsidiary companies at cost net of impairment loss (if any) and opted for one time exemption under IndAS 101 for deemed cost being the carrying value of investment as at transition date i.e. April 1, 2017. As on March 31, 2019, the Company had investment in 27,41,54,700 no. of shares in its subsidiary, IFCI Factors Ltd. (IFL), comprising of 19,91,54,700 no. of equity shares and 7,50,00,000 no. compulsorily convertible preference shares (CCPS). There being indications of impairment in these investments, the Company got the shares of IFL fair valued by an external expert valuer, registered as Category-I merchant banker, per which, the fair value of investments in shares of IFL was determined at ₹171.81 crore using the generally accepted valuation methodologies, in line with Indian Accounting Standards and accordingly, the resultant impairment loss has been charged in the books of account.

41 RBI vide letter dated November 20, 2017 allowed the lenders to continue to retain loan exposure to one borrower as standard asset upto March 31, 2018; subject to certain conditions. In the aforementioned letter, RBI further clarified that "if the restructuring is not completed by March 31, 2018; the account should be downgraded on March 31, 2018 with retrospective effect." As the account was restructured by March 31, 2018; the management is of the view that no further clarification is required from RBI and accordingly, for the purpose of classification under RBI Guidelines, the account has been treated as 'Standard Restructured Asset' and disclosed accordingly. For the purpose of classification under Ind-AS, the account has been classified under Stage-3 and impairment allowance for ECL has been applied accordingly.

42 The Company has 50% interests in one joint venture viz. IFCI Sycamore Capital Advisors (P) Limited (ISCAPL) incorporated in India in November 2011 which is under voluntary liquidation and official liquidator has been appointed. The investment of IFCI Ltd. in IFCI Sycamore Capital Advisors (P) Limited as on March 31, 2018 was at ₹0.01 Class A Equity Shares against which adequate provision has been made considering the probability and quantum of share in distribution upon liquidation of the Company.

43.1 These financial results have been prepared as per Schedule III Division III of the Companies Act, 2013 which has been notified by the Ministry of Corporate Affairs and published in the official Gazette on 11th October 2018. Any application guidance/ clarifications/ directions issued by RBI or other regulators will be implemented as and when they are issued/ applicable.

43.2 The preference shares of ₹225 crore along with the dividend of ₹0.90 crore has been redeemed in Q2FY19. As per Section 55(2)(c) of the Companies Act, 2013, where preference shares are proposed to be redeemed out of the profits of the Company, there shall, out of such profits, be transferred, a sum equal to the nominal amount of the shares to be redeemed, to a reserve, to be called the Capital Redemption Reserve Account, and the provisions of this Act relating to reduction of share capital of a Company shall, except as provided in this section, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company. Since there are insufficient profits as at 31st March 2019, the transfer of ₹225 crore to Capital Redemption Reserve could not be carried out.

As per Section 71(4), the Company shall create a debenture redemption reserve account out of the profits of the Company available for payment of dividend and the amount credited to such account shall not be utilised by the Company except for the redemption of debentures. As per Rule 18(7)(b)(ii), For NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997 and for Housing Finance Companies registered with the National Housing Bank, 'the adequacy' of DRR will be 25% of the value of outstanding debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and no DRR is required in the case of privately placed debentures. Since there are insufficient profits during the year ended 31st March 2019, the transfer of ₹76.08 crore to Debenture Redemption Reserve could not be carried out.

(All amounts are in Rupees crores unless otherwise stated)

44 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.

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
I. ASSETS									
(1) Financial Assets									
(a) Cash and cash equivalents	**395.54**	**–**	**395.54**	192.71	–	192.71	549.98	–	549.98
(b) Bank Balance other than (a) above	**544.21**	**–**	**544.21**	674.03	–	674.03	645.06	–	645.06
(c) Derivative financial instruments	**14.66**	**–**	**14.66**	20.93	–	20.93	–	–	–
(d) Receivables	**2.80**	**–**	**2.80**	15.05	–	15.05	30.13	–	30.13
(e) Loans	**4,203.10**	**8,906.39**	**13,109.49**	3,461.24	12,383.61	15,844.85	3,907.11	14,109.77	18,016.88
(f) Investments	**391.74**	**3,069.21**	**3,460.95**	1,146.62	4,177.10	5,323.72	905.64	4,281.41	5,187.05
(g) Other Financial assets	**140.32**	**19.49**	**159.81**	172.4	15.47	187.87	101.41	15.94	117.35
Total financial assets	**5,692.37**	**11,995.09**	**17,687.46**	5,682.98	16,576.18	22,259.16	6,139.33	18,407.12	24,546.45
(2) Non-financial Assets									
(a) Investment in subsidiaries	**–**	**1,367.81**	**1,367.81**	–	1,361.78	1,361.78	–	1,361.78	1,361.78
(b) Equity accounted investees	**–**	**–**	**–**	–	0.04	0.04	–	59.13	59.13
(c) Current tax assets (Net)	**–**	**126.68**	**126.68**	–	54.18	54.18	–	28.40	28.40
(d) Deferred tax Assets (Net)	**–**	**2,093.91**	**2,093.91**	–	1,817.58	1,817.58	–	1,687.17	1,687.17
(e) Investment Property	**–**	**193.37**	**193.37**	–	198.28	198.28	–	261.30	261.30
(f) Property, Plant and Equipment	**–**	**724.70**	**724.70**	–	731.03	731.03	–	711.68	711.68
(g) Capital work-in-progress	**–**	**–**	**–**	–	0.31	0.31	–	0.64	0.64
(h) Other Intangible assets	**–**	**1.65**	**1.65**	–	1.99	1.99	–	2.46	2.46
(i) Other non-financial assets	**7.83**	**6.68**	**14.51**	6.01	2.18	8.19	6.33	0.91	7.24
Total non-financial assets	**7.83**	**4,514.80**	**4,522.63**	6.01	4,167.37	4,173.38	6.33	4,113.47	4,119.80
Assets held for sale	**45.46**	**–**	**45.46**	571.99	–	571.99	666.74	–	666.74
Total assets	**5,745.66**	**16,509.89**	**22,255.55**	6,260.98	20,743.55	27,004.53	6,812.40	22,520.59	29,332.99
II. LIABILITIES AND EQUITY									
LIABILITIES									
(1) Financial Liabilities									
Derivative financial instruments									
(a) Payables									
(I) Trade Payables									
(i) total outstanding dues of micro enterprises and small enterprises	**–**		**–**	–		–	–		–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**107.27**		**107.27**	91.39		91.39	45.52		45.52
(II) Other Payables									
(i) total outstanding dues of micro enterprises and small enterprises	**–**	**–**	**–**	–	–	–	–	–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**–**	**–**	**–**	–	–	–	–	–	–
(b) Debt Securities	**1,394.03**	**7,832.76**	**9,226.79**	367.95	9,237.33	9,605.28	496.14	9,695.62	10,191.76
(c) Borrowings (Other than Debt Securities)	**2,048.32**	**3,505.39**	**5,553.71**	3,399.95	5,618.17	9,018.12	3,232.18	8,027.20	11,259.38
(d) Subordinated Liabilities	**–**	**1,313.30**	**1,313.30**	–	1,514.56	1,514.56	–	1,532.52	1,532.52
(e) Other financial liabilities	**1,467.00**	**277.71**	**1,744.71**	1,004.81	810.04	1,814.85	967.52	699.59	1,667.11
Total financial liabilities	**5,016.62**	**12,929.16**	**17,945.78**	4,864.10	17,180.10	22,044.20	4,741.36	19,954.93	24,696.29
(2) Non-Financial Liabilities									
(a) Provisions	**7.78**	**75.30**	**83.08**	3.90	236.45	240.35	6.67	233.55	240.22
(b) Other non-financial liabilities	**0.43**	**0.96**	**1.39**	0.43	1.28	1.71	0.43	1.77	2.20
Total non-financial liabilities	**8.21**	**76.26**	**84.47**	4.33	237.73	242.06	7.10	235.32	242.42
Total Liabilities	**5,024.83**	**13,005.42**	**18,030.25**	4,868.43	17,417.83	22,286.26	4,748.46	20,190.25	24,938.71
Net	**720.83**	**3,504.47**	**4,225.30**	1,392.55	3,325.72	4,718.27	2,063.94	2,330.34	4,394.28

(All amounts are in Rupees crores unless otherwise stated)

45 EMPLOYEE BENEFITS

The Company operates the following post-employment plans -

(i) Defined contribution plan

The Company makes monthly contribution towards pension which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as expense towards such contribution are as follows:

	Year ended 31 March 2019	Year ended 31 March 2018
Contribution to Pension Fund	**0.01**	0.01

(ii) Defined benefit plan

A. Gratuity

The Company has a defined benefit gratuity plan in India, governed by the IFCI Gratuity Regulations, 1968. This plan entitles an employee, a sum equal to one month's pay plus dearness allowance for each completed year of service in IFCI or part thereof in excess of six months, subject to a maximum of twenty months pay plus dearness allowance or Rupees Eighteen Lakh whichever is less, for first twenty years of service. The scheme is fully funded with Life Insurance Corporation of India (LIC). This defined benefit plan expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Net defined benefit liability	**2.17**	12.55	0.90

(a) Funding

The scheme is fully funded with Life Insurance Corporation of India (LIC). The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in Section D below. Employees do not contribute to the plan.

Expected contributions to gratuity plan for the year ending 31 March 2020 is ₹3.52 crore.

(b) Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	As at 31 March 2019			As at 31 March 2018		
	Defined benefit obligation	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance at the beginning of the year	**28.12**	**15.57**	**12.55**	19.98	19.08	0.90
Included in profit or loss						
Current service cost	**1.62**	**–**	**1.62**	1.64	–	1.64
Past service cost including curtailment Gains/Losses	**–**	**–**	**–**	10.16	–	10.16
Interest cost (income)	**2.17**	**(1.20)**	**0.97**	1.50	(1.43)	0.07
	3.80	**(1.20)**	**2.59**	13.29	(1.43)	11.86
Included in Other comprehensive income						
Remeasurements loss (gain)						
- Actuarial loss (gain) arising from:						
- demographic assumptions	**–**	**–**	**–**	–	–	–
- financial assumptions	**–**	**–**	**–**	–	–	–
- experience adjustment	**(0.55)**	**–**	**(0.55)**	0.59	–	0.59
- on plan assets	**–**	**0.12**	**0.12**	–	0.11	0.11
	(0.55)	**0.12**	**(0.43)**	0.59	0.11	0.70
Other						
Contributions paid by the employer	**–**	**12.55**	**(12.55)**	–	0.91	(0.91)
Benefits paid	**(2.46)**	**(2.46)**	**–**	(5.74)	(5.74)	–
	(2.46)	**10.09**	**(12.55)**	(5.74)	(4.83)	(0.91)
Balance at the end of the year	**28.91**	**26.74**	**2.17**	28.12	15.57	12.55

Note 45 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(c) Plan assets

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Investment with Life insurance Corporation	**100%**	100%	100%

On an annual basis, an asset-liability matching study is done by the Company whereby the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

(d) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Discount rate	**7.61%**	7.73%	7.50%
Future salary growth	**6.00%**	6.00%	6.00%
Withdrawal rate:			
Up to 30 years	**1.00%**	1.00%	1.00%
From 31 to 44 years	**1.00%**	1.00%	1.00%
Above 44 years	**1.00%**	1.00%	1.00%
Retirement Age (in year)	**60**	60	60
Expected rate of return on plan assets	**7.61%**	8.00%	10.02%
Mortality	**IALM (2006–08)**	IALM (2006–08)	IALM (2006–08)

(e) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	As at 31 March 2019		As at 31 March 2018	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% movement)	**(0.99)**	**1.06**	(0.98)	1.05
Future salary growth (0.50% movement)	**1.07**	**(1.01)**	1.06	(1.00)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these not calculated.

(f) Expected maturity analysis of the defined benefit plans in future years

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
0 to 1 Year	**2.00**	3.15	3.70
1 to 2 Year	**2.11**	2.13	3.06
2 to 3 Year	**2.07**	2.85	3.00
3 to 4 Year	**1.79**	2.76	2.60
4 to 5 Year	**1.52**	2.43	2.20
5 to 6 Year	**1.62**	2.05	2.34
6 Year onwards	**8.86**	12.76	11.72
Total	**19.97**	28.13	28.62

As at 31 March 2019, the weighted-average duration of the defined benefit obligation was 13.44 years (31 March 2018: 14.12 years and 01 April 2017: 13.73 Years).

(g) Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follow -

Salary Increases : Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability : Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals : Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

Note 45 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

B. Post retirement medical benefit

IFCI is extending post-retirement medical benefits to the employees and eligible dependent family members after their retirement. As per the scheme, employees who are members of Voluntary Welfare Scheme (VWS) are eligible for reimbursement of medical expenses after retirement The benefits under the scheme are extended to the retired employees, his/her spouse and dependent children and entitlement for reimbursement, although within the ceilings and is based upon the Grade in which an employee retires, subject to the condition that spouse of the concerned employee is not availing of any medical benefits from his/her employer, if any. Reimbursement of the medical bills is made at the rates applicable to the employees at the center at which the employee resides after retirement as per the rates circulated by IFCI for its working employees time to time.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the Medical Benefit plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Net defined benefit liability	**9.73**	9.24	8.07

(a) Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	Defined benefit obligation	
	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	**9.24**	8.07
Included in profit or loss		
Current service cost	**0.16**	0.39
Past service cost including curtailment Gains/Losses	**0.71**	0.58
Interest cost (income)		–
	0.87	0.97
Included in Other comprehensive income		
Remeasurements loss (gain)		
- Actuarial loss (gain) arising from:		
- demographic assumptions		–
- financial assumptions	**0.06**	0.41
- experience adjustment	**(0.09)**	0.17
- on plan assets		–
	(0.03)	0.58
Other		
Benefits paid	**(0.36)**	(0.38)
Balance at the end of the year	**9.73**	9.24

Expected contributions to the plan for the year ending 31 March 2020 is ₹0.19 crore.

(b) Plan assets

There were no plan assets with the Company w.r.t. said post retirement medical benefit plan.

(c) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Discount rate	**7.61%**	7.73%	7.50%
Future medical cost increase	**3.00%**	3.00%	3.00%
Withdrawal rate:			
Up to 30 years	**1.00%**	1.00%	1.00%
From 31 to 44 years	**1.00%**	1.00%	1.00%
Above 44 years	**1.00%**	1.00%	1.00%
Retirement Age (in year)	**60**	60	60
Mortality	**IALM (2006–08)**	IALM (2006–08)	IALM (2006–08)

Note 45 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(d) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	As at 31 March 2019		As at 31 March 2018	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% movement)	**(0.32)**	**0.32**	(0.31)	0.31

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

(e) Expected maturity analysis of the defined benefit plans in future years

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
0 to 1 Year	**0.78**	0.75	0.67
1 to 2 Year	**0.82**	0.78	0.68
2 to 3 Year	**0.85**	0.81	0.71
3 to 4 Year	**0.90**	0.85	0.74
4 to 5 Year	**0.97**	0.92	0.80
5 to 6 Year	**1.02**	0.97	0.84
6 Year onwards	**4.39**	4.17	3.63
Total	**9.73**	9.25	8.07

As at 31 March 2019, the weighted-average duration of the defined benefit obligation was 8.21 years (31 March 2018: 8.56 years and 01 April 2017 : 8.21 Years).

(f) Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows: -

Medical Cost Increase : increase in actual medical cost per retiree will increase the Plan's liability. Increase in medical Cost per Retiree rate assumption will also increase the liability.

Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability : Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals : Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

C. Provident Fund

The Company has a defined benefit provident fund, governed by the IFCI Employees' Provident Fund Regulations. Monthly contributions to the Provident Fund is being charged against revenue. IFCI has been paying interest on the provident fund balance at the rate notified by the Employees' Provident Fund Organization (EPFO) for the relevant year. The Provident Fund is administered through duly constituted and approved administrators. The Committee of Administrators of IFCI Employees' Provident Fund has approved earmarking of specific investments against the PF liability in the current Financial Year. For the purpose, investments have been earmarked towards PF liability in line with the notification issued by Ministry of Labour & Employment notifying the pattern of investment for EPFO and EPF exempted establishments.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the provident fund plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Net defined benefit liability	**–**	116.51	117.74
Provident fund asset	**1.83**	–	–

(a) Funding

During the current year 2018-19, the Company has earmarked some of its investments in government securities, mutual funds against Provident fund liability.

Expected contributions to provident fund plan for the year ending 31 March 2020 is ₹1.21 crore.

Note 45 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(b) Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	As at 31 March 2019			As at 31 March 2018		
	Defined benefit obligation	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance at the beginning of the year	**116.51**	**–**	**116.51**	117.74	–	117.74
Included in profit or loss						
Interest cost/(income)	**9.01**	**6.04**	**2.96**	8.68	–	8.68
Current service cost	**1.26**	**–**	**1.26**	1.33	–	1.33
Interest Guarantee Liability	**–**	**–**	**–**		–	–
(Shortfall)/Surplus in fund	**–**	**–**	**–**		–	–
	10.27	**6.04**	**4.22**	10.01	–	10.01
Included in Other comprehensive income						
Remeasurements loss (gain)						
- Actuarial loss (gain) arising from:						
- demographic assumptions	**–**	**–**	**–**	–	–	–
- financial assumptions	**0.01**	**–**	**0.01**	(0.05)	–	(0.05)
- experience adjustment	**(47.23)**	**2.72**	**(49.95)**	(4.20)	–	(4.20)
- on plan assets			**–**			–
	(47.22)	**2.72**	**(49.94)**	(4.25)	–	(4.25)
Other						
Contributions paid by the employee	**4.25**	**4.25**	**–**	5.21	–	5.21
Benefits paid	**(7.90)**	**(7.90)**	**–**	(12.20)	–	(12.20)
Employer contribution	**–**	**1.26**	**(1.26)**	–	–	–
Settlements/transfers	**0.05**	**71.41**	**(71.36)**	–	–	–
	(3.60)	**69.02**	**(72.62)**	(6.99)	–	(6.99)
Balance at the end of the year	**75.96**	**77.79**	**(1.83)**	116.51	–	116.51

(c) Plan assets

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Investment in earmarked securities	**100%**	–	–

On an annual basis, an asset-liability matching study is done by the Company whereby the Company contributes the net increase in the actuarial liability to a pool which in turn make investments in order to manage the liability risk.

(d) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Discount rate	**7.61%**	7.73%	7.37%
Expected statutory interest rate on the ledger balance	**8.65%**	8.55%	8.65%
Expected year/Current short fall in interest earnings on the fund	**0.30%**	8.60%	8.70%
Mortality	**IALM (2006–08)**	IALM (2006–08)	IALM (2006–08)
Disability	**None**	None	None
Withdrawal Rate (Age related)			
Up to 30 Years	**1.00%**	1.00%	1.00%
Between 31 - 44 Years	**1.00%**	1.00%	1.00%
Above 44 Years	**1.00%**	1.00%	1.00%
Normal Retirement Age	**60**	60	60

Note 45 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(e) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	As at 31 March 2019		As at 31 March 2018	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% movement)	**(0.05)**	**0.05**	(0.08)	0.08

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

(f) Expected maturity analysis of the defined benefit plans in future years

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1 year.	**10.68**	10.40	13.47
Between 2-5 years	**23.23**	26.78	18.49
Between 6-10 years	**16.35**	32.30	29.91
Over 10 years	**25.70**	47.03	55.87
Total	**75.96**	116.51	117.74

As at 31 March 2019, the weighted-average duration of the defined benefit obligation was 13.44 years (31 March 2018: 14.11 years and 01 April 2017: 14.13 Years).

(g) Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:-

Investment Risk : If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability : Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals : Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

(iii) Other long-term employment benefits

The Company provides leave encashment benefits and leave fare concession to the employees of the Company which can be carried forward to future years. Amount recognised in the Statement of Profit and Loss for compensated absences is as under-

	Year ended 31 March 2019	Year ended 31 March 2018
Amount recognised in Statement of Profit and Loss		
Leave encashment	**2.22**	0.93
Leave fare concession	**0.46**	5.92
Medical benefits	**2.31**	1.49

(All amounts are in Rupees crores unless otherwise stated)

46 RELATED PARTY DISCLOSURE

(i) Name of the related party and nature of relationship:-

Nature of Relationship	Name of the Related Party
Subsidiaries	IFCI Financial Services Ltd. (IFIN)
	IFCI Venture Capital Funds Ltd. (IVCF)
	IFCI Infrastructure Development Ltd. (IIDL)
	IFCI Factors Ltd. (IFL)
	MPCON Ltd.
	Stock Holding Corporation of India Ltd. (SHCIL)
	IFIN Commodities Ltd. (indirect control through IFIN)
	IFIN Credit Ltd. (indirect control through IFIN)
	IFIN Securities Finance Limited (indirect control through IFIN)
	IIDL Realtors Pvt. Ltd. (indirect control through IIDL)
	SHCIL Services Ltd. (indirect control through SHCIL)
	Stockholding Document Management Services Limited (indirect control through SHCIL)
	Stock Holding Securities IFSC Limited (SSIL) (w.e.f. 16 July 2018) (indirect control through SHCIL)
Associates	Tourism Finance Corporation of India Ltd. (cease to be associate w.e.f. September 29th, 2017)
	Himachal Consultancy Organisation Ltd. (cease to be associate w.e.f. April 21st, 2017)
	North India Technical Consultancy Organisation Ltd.(cease to be associate w.e.f. April 25th, 2017)
	KITCO Ltd (classified as held for sale w.e.f. 24 Jan 2019)
	IFCI Social Foundation
	Management Development Institute
	Institute of Leadership Development
	Associates held for sale w.e.f. 1 April 2017 (Refer Note 17)
	- Athena Chattisgarh Power Pvt. Ltd.
	- Gati Infrastructure Bhasmey Power Pvt. Ltd.
	- Nagai Power Pvt. Ltd.
	- Rajahmundry Godavari Bridge Ltd.
	- Shiga Energy Private Ltd.
	- Vadraj Cements Ltd.
	- Vadraj Energy (Gujarat) Ltd.
Joint Venture	IFCI Sycamore Capital Advisors Pvt. Ltd. (under voluntary liquidation)
Key Managerial Personnel	Dr E S Rao - Managing Director and Chief Executive Officer(w.e.f. August 17, 2017)
	Mr B N Nayak - Chief Financial Officer (upto 23 May 2018)
	Ms Jhummi Mantri - Chief Financial Officer (w.e.f. 24 May 2018)
	Ms Rupa Sarkar - Company Secretary
	Shri R N Dubey (Upto 31 March 2018)
	Dr Bhushan Kumar Sinha (w.e.f. 21 May 2018)
	Shri Anshuman Sharma (w.e.f. 1 July 2016)
	Shri Sanjeev Kaushik (upto 11 December 2017)
	Ms Kiran Sahdev (w.e.f. 24 October 2013)
	Prof N Balakrishnan (w.e.f. 30 October 2017)
	Prof Arvind Sahay (w.e.f. 30 October 2017)
Entities under the control of same government	The Company is a Central Public Sector Undertaking (CPSU) controlled directly or indirectly by Central Government. Pursuant to paragraph 25 and 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. The Company has applied the exemption available for government related entities and have made limited disclosures in the standalone financial statements.

Note 46 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(ii) Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:-

Name of related party		Nature of transaction	**For the year ended 31 March 2019**	For the year ended 31 March 2018
A. Subsidiaries and Associates				
IFCI Financial Services Ltd.	(i)	Rent & Maintenance received	**0.55**	1.15
	(ii)	Brokerage/ Professional fee paid	**0.32**	0.43
	(iii)	Depository Services	**–**	–
	(iv)	Salaries/ Other Estt. Exp. paid by IFCI for employees posted by IFCI, recovered / recoverable from them	**0.05**	0.39
IFCI Venture Capital Fund Ltd.	(i)	Dividend Received	**1.49**	–
	(ii)	Rent & Maintenance received	**1.64**	1.60
	(iii)	Professional fee received	**0.06**	1.15
	(iv)	Loans repayment	**–**	22.00
	(v)	Interest received/ receivable on Loan	**–**	1.68
	(vi)	Interest paid/payable by IFCI	**1.67**	1.54
	(vii)	Salaries/ Other Estt. Exp. paid by IFCI for employees posted by IFCI, recovered/ recoverable from them	**1.35**	0.53
IFCI Infrastructure Development Ltd.	(i)	Rent & Maintenance received	**1.50**	1.42
	(ii)	Rent & Maintenance paid	**0.17**	0.08
	(iii)	Interest received/ receivable on Bonds	**0.47**	5.32
	(iv)	Interest paid/ payable by IFCI	**8.53**	8.53
	(v)	Salaries/ Other Estt. Exp. paid by IFCI for employees posted by IFCI, recovered/ recoverable from them	**0.85**	0.62
IFCI Factors Ltd.	(i)	Rent & Maintenance received	**2.63**	2.70
	(ii)	Professional fee received	**0.06**	0.81
	(iii)	Interest received/ receivable on Loan	**–**	–
	(iv)	Salaries/ Other Estt. Exp. paid by IFCI for employees posted by IFCI, recovered/ recoverable from them	**0.45**	0.41
Stock Holding Corporation of India Ltd.	(i)	Rent & Maintenance received by IFCI	**2.36**	2.38
	(ii)	Interest paid/ payable by IFCI	**4.41**	4.41
	(iii)	Dividend Received	**7.18**	13.63
	(iv)	Brokerage/ Professional fee paid	**0.29**	0.26
MPCON	(i)	Dividend Received	**–**	0.08
	(ii)	Brokerage/ Professional fee paid	**0.01**	0.02
	(iii)	Salaries/ Other Estt. Exp. paid by IFCI for employees posted by IFCI, recovered/ recoverable from them	**0.42**	0.35
Stockholding Document Management Services Ltd	(i)	Professional fee Paid /Payable	**0.01**	0.01
Tourism Finance Corporation of India Ltd.	(i)	Interest paid/ payable by IFCI	**–**	2.89
	(ii)	Professional fee received	**–**	0.04
	(iii)	Rent & Maintenance received by IFCI	**–**	0.01
	(iv)	Dividend Received	**–**	4.21
HIMCON	(i)	Salaries/ Other Estt. Exp. recovered/ recoverable for employees deputed by IFCI	**–**	0.02
NITCON	(i)	Rent & Maintenance received by IFCI	**–**	0.01
	(ii)	Dividend Received	**–**	–
KITCO	(i)	Dividend Received	**0.30**	0.30
IFCI Social Foundation Trust	(i)	Contribution for CSR activities	**3.12**	6.06
	(ii)	Salaries/ Other Estt. Exp. recovered/ recoverable for employees deputed by IFCI	**–**	0.22

Note 46 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	Name of related party		Nature of transaction	**For the year ended 31 March 2019**	For the year ended 31 March 2018
B.	**Entities under the control of same government**				
	Andhra Bank	(i)	Annual Review & Inspection Charges	**0.12**	–
		(ii)	Bank Interest	**3.29**	5.10
	Bank of Baroda	(i)	Bank Interest	**11.73**	11.70
	Bank of India	(i)	Bank Interest	**30.07**	62.05
		(ii)	Interest on Public Issue of Bonds	**2.34**	2.34
	Bank of Maharashtra	(i)	Annual Review Charges	**0.01**	–
		(ii)	Bank Interest	**15.92**	19.77
	Canara Bank	(i)	Bank Interest	**32.54**	62.92
	CEGSSC, GOI	(i)	Agency Commission - Credit Guarantee Fund For SC/ST	**0.30**	0.30
	Central Bank of India	(i)	Bank Interest	**–**	0.85
	Dena Bank	(i)	Bank Interest	**16.10**	15.68
	Indian Bank	(i)	Bank Interest	**6.83**	9.40
		(ii)	Term Loan	**–**	112.50
	L.I.C. of India	(i)	Bank Interest	**6.00**	6.00
		(ii)	Interest on NCDs	**51.18**	51.18
	Ministry of Electronics & Information Technology, GOI	(i)	Commission - M Sips	**2.32**	0.67
	Oriental Bank of Commerce	(i)	Bank Interest	**46.92**	58.65
		(ii)	Term Loan	**–**	500.00
	Punjab & Sind Bank	(i)	Bank Interest	**36.64**	48.95
	Punjab National Bank	(i)	Bank Interest	**20.42**	31.73
		(ii)	Interest on Public Issue of Bonds	**–**	1.88
	SDF, Ministry of Consumer Affairs, Food & Public Distribution, GOI	(i)	Agency Commission - Sugar Development Fund	**10.00**	23.89
	State Bank of India	(i)	Annual Review Charges	**3.96**	–
		(ii)	Bank Interest	**195.13**	288.02
		(iii)	Interest on NCDs	**12.00**	12.00
		(iv)	Interest on Public Issue of Bonds	**12.82**	12.82
	Syndicate Bank	(i)	Annual Review Charges	**0.01**	–
		(ii)	Bank Interest	**53.35**	80.98
	UCO Bank	(i)	Bank Interest	**–**	0.01
	Union Bank of India	(i)	Bank Interest	**85.75**	126.81
	United Bank of India	(i)	Bank Interest	**52.47**	65.96
		(ii)	Term Loan	**–**	700.00
		(iii)	Upfront Fee	**–**	0.06
	United India Insurance Company Limited	(i)	Interest on Public Issue of Bonds	**0.98**	0.98
	Vijaya Bank	(i)	Bank Interest	**16.75**	19.68
		(ii)	Interest on Public Issue of Bonds	**0.94**	0.94
	Central Government	(i)	Interest Income on G Sec	**53.34**	39.86
C.	**Compensation of key managerial personnel**				
	Short-term employee benefits			**1.22**	0.96
	Post-employment defined benefit			**1.35**	–
	Compensated absences			**–**	–
	Sitting fees			**0.07**	0.04

Note 46 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

Outstanding balances of related party	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017
IFCI Venture Capital Fund Ltd.			
- Bonds issued by IFCI	**15.00**	15.00	15.00
- Loans given by IFCI	**–**	–	22.00
IFCI Infrastructure Development Ltd.			
- Bonds issued by IFCI	**90.00**	90.00	90.00
- Bonds/debenture subscribed by IFCI	**–**	35.00	75.00
IIDL Realtors Pvt. Ltd.	**–**	–	–
IFCI Factors Ltd.			
- Bonds/debenture subscribed by IFCI	**5.00**	25.00	25.00
Stock Holding Corporation of India Ltd.			
- Bonds issued by IFCI	**49.05**	49.05	49.05
SHCIL Services Ltd.	**–**	–	–
Stockholding Document Management Services Limited	**–**	–	–
Stock Holding Securities IFSC Limited	**–**	–	–
IFCI Financial Services Ltd. (IFIN)	**–**	–	–
IFIN Securities Finance Ltd			
- receivable outstanding	**–**	–	8.50
IFIN Commodities Ltd.	**–**	–	–
IFIN Credit Ltd.	**–**	–	–
MPCON Ltd.	**–**	–	–

Terms and conditions

All transactions with these related parties are priced on an arm's length basis.

47 LEASES

A. Lease as lessee

The leases typically run for a period of 11 months, with an option to renew the lease after that period. Lease payments are renegotiated on regular intervals to reflect market rentals.

	For the year ended 31 March 2019	For the year ended 31 March 2018
(i) Future minimum lease payments		
At year end, the future minimum lease payments to be made under cancellable operating leases are as follows:		
(a) Not later than one year	**0.47**	0.32
(b) Later than one year but not later than five years	**–**	0.02
(c) Later than five years	**–**	–
(ii) Amounts charged in profit or loss	**0.73**	1.06

Note 47 (contd..) (All amounts are in Rupees crores unless otherwise stated)

B. Lease as lessor

The Company leases out its building (classified as investment property) on operating lease basis. The leases typically run for a period of 11 months - 7 years, with an option to renew the lease after that period. Lease payments are renegotiated on regular intervals to reflect market rentals.

		For the year ended 31 March 2019	For the year ended 31 March 2018
(i)	**Future minimum lease payments**		
	At year end, the future minimum lease payments to be made under non-cancellable operating leases are as follows:		
	(a) Not later than one year	**24.37**	23.43
	(b) Later than one year but not later than five years	**30.95**	33.04
	(c) Later than five years	**21.47**	24.39
(ii)	**Amounts recognised in profit or loss**	**32.08**	37.68

48 EARNINGS PER SHARE (EPS)

			Units	As at 31 March 2019	As at 31 March 2018
(i)	(a)	Profit Computation for Equity shareholders			
		Net profit as per Statement of Profit & Loss	Rs	**(443.83)**	468.37
		Less: Preference Dividend	Rs	**–**	–
		Net profit for Equity Shareholders	Rs	**(443.83)**	468.37
	(b)	Weighted Average Number of Equity Shares outstanding	Nos	**1,695,993,092**	1,662,037,235
(ii)	(a)	Profit Computation for Equity shareholders (including potential shareholders)			
		Net profit as per Statement of Profit & Loss	Rs	**(443.83)**	468.37
		Less: Preference dividend	Rs	**–**	–
		Net profit for equity shareholders (including potential shareholders)	Rs	**(443.83)**	468.37
	(b)	Weighted Average Number of Equity Shares outstanding *	Nos	**1,695,993,092**	1,662,037,235
		Earnings Per Share			
		(Weighted Average)			
		Basic	Rs	**(2.62)**	2.82
		Diluted	Rs	**(2.62)**	2.82

*The Company has allotted 3,39,55,857 equity shares of Face Value of ₹10 each, at a premium of ₹19.45 per share, to the Government of India on Preferential Basis, on 31 March 2018. Therefore, these shares have not been considered for computing Earning Per Share for the year ended March 2018.

49 As on 31 March 2018 there were no events or changes in circumstances which indicate any impairment in the assets as defined by Ind AS 36 - "Impairment of Assets".

As at 31 March 2019, the Company has recognised impairment loss as per Ind AS 36 on its investment in subsidiaries as the recoverable amount of its investment in subsidiaries is less than the carrying amount of its investment.

IFIN Financial Services Limited

The recoverable amount of the investment is ₹19.15 per unit and the same has been calculated as fair value less cost to disposal using Comparable Companies Multiple (CCM) method. The said investment is classified as Level 2 in fair value hierarchy. The fair valuation was calculated using Price/Book value multiple and Price/Earning multiple. The discount rate of 20% was applied to calculate the value of shares.

IFCI Factors

The recoverable amount of the investment is ₹7.00 per unit and the same has been calculated as fair value less cost to disposal using weighted average value per share considering Income approach and Market Approach. The said investment is classified as Level 3 in fair value hierarchy. The fair valuation was calculated using Income Approach - Residual Income Approach and Market Approach - Price to Book value peer multiple. While using income approach, the cost of equity was taken as 13.63%, Terminal growth rate was 5%. While using Market approach, the discount rate was considered 15%.

(All amounts are in Rupees crores unless otherwise stated)

50 OPERATING SEGMENTS

The Board of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, "Operating Segments." The Company's operating segments are established in the manner consistent with the components of the Company that are evaluated regularly by the Chief Operating Decision Maker as defined in 'Ind AS 108 - Operating Segments.' The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108.

(a) Information about products and services:

The Company deals in only one product i.e. granted loans to corporate customers. Hence, no separate disclosure is required.

(b) Information about geographical areas:

The entire sales of the Company are made to customers which are domiciled in India. Also, all the assets of the Company are located in India.

(c) Information about major customers (from external customers):

The Company does not earn revenues from the customers which amount to 10 per cent or more of Company's revenues.

51 TRANSFERS OF FINANCIAL ASSETS

In the ordinary course of business, the Company enters into transactions that result in the transfer of loans and advances given to customers. In accordance with the accounting policy set out in Note 2, the transferred financial assets continue to be recognised in their entirety or to the extent of the Company's continuing involvement, or are derecognised in their entirety.

The Company transfers financial assets that are not derecognised in their entirety are primarily through the sale of NPA loans to asset reconstruction companies (ARCs).

A. Transferred financial assets that are not derecognised in their entirety

Sale of NPA loans to asset reconstruction companies (ARCs) - post transition to Ind AS

Sale of NPA loans to asset reconstruction companies (ARCs)' are transactions in which the Company sells loan and advances to an unconsolidated special vehicle and simultaneously purchases the majority portion of security receipts issued by said vehicle. The security receipts are collateralised by the loans purchased by the vehicle and hence the cash flow of the security receipts is dependent on the recovery of purchased loans.

The Company continues to recognise that part of the loans in their entirety against which security receipts have been subscribed by the Company because it retains substantially all of the risks and rewards of ownership w.r.t. that part of the transferred loan. The part of loan transferred against which cash consideration is received is derecognised.

The following table sets out the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

	Carrying amount		Fair value		
	Assets - Loans	Liabilities - Borrowings	Assets - Loans	Liabilities - Borrowings	Net position
Sale of NPA loans to asset reconstruction companies (ARCs)					
As at 31 March 2019	**70.47**	**–**	**196.00**	**–**	**196.00**
As at 31 March 2018	64.38	–	269.89	–	269.89
As at 1 April 2017	–	–		–	–

B. Transferred financial assets that are derecognised in their entirety

Sale of NPA loans to asset reconstruction companies (ARCs) - before transition to Ind AS

The Company has taken derecognition exemption and de-recognise the loans in their entirety against which security receipts have been subscribed by the Company. The Company has classified said investment in security receipts subsequently measured at fair value through profit and loss.

During the year the Company has recognised a fair value gain/(loss) of ₹191.16 crore (₹18.16 crore in 2017-18). The cumulative fair value gain/(loss) on the security receipts as on 31 March 2019 is ₹5.16 crore (31 March 2018 - ₹196.32 crore).

The following table sets out the details of the assets that represents the Company's continuing involvement with the transferred assets that are derecognised in their entirety.

	Carrying amount	Fair value	
	Assets - Investment in security receipts	Assets - Investment in security receipts	Liabilities
Sale of NPA loans to asset reconstruction companies (ARCs)			
As at 31 March 2019	**528.36**	**528.36**	**–**
As at 31 March 2018	1,170.60	1,170.60	–
As at 1 April 2017	1,168.88	1,168.88	–

The amount that best represents the Company's maximum exposure to loss from its continuing involvement in the form of security receipts issued by ARCs is their carrying amount.

(All amounts are in Rupees crores unless otherwise stated)

52 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

A. Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

	As at 31 March 2019		
	FVTPL	**FVTOCI**	**Amortised cost**
Financial assets:			
Cash and cash equivalents	**–**	**–**	**395.54**
Bank balance other than above	**–**	**–**	**544.21**
Derivative financial instruments	**14.66**	**–**	**–**
Receivables	**–**	**–**	**2.80**
Loans	**–**	**–**	**13,109.49**
Investments	**2,271.30**	**1,189.65**	**–**
Other financial assets	**–**	**–**	**159.81**
	2,285.96	**1,189.65**	**14,211.85**
Financial liabilities:			
Derivative financial instruments			
Trade payables	**–**	**–**	**107.27**
Debt securities	**–**	**–**	**9,226.79**
Borrowings (other than debt securities)	**–**	**–**	**5,553.71**
Subordinated liabilities	**–**	**–**	**1,313.30**
Other financial liabilities	**–**	**–**	**1,744.71**
	–	**–**	**17,945.78**

	As at 31 March 2018		
	FVTPL	**FVTOCI**	**Amortised cost**
Financial assets:			
Cash and cash equivalents	–	–	192.71
Bank balance other than above	–	–	674.03
Derivative financial instruments	20.93	–	–
Receivables	–	–	15.05
Loans	–	–	15,844.85
Investments	3,443.22	1,845.50	35.00
Other financial assets	–	–	187.87
	3,464.15	1,845.50	16,949.51
Financial liabilities:			
Derivative financial instruments	–	–	
Trade payables	–	–	91.39
Debt securities	–	–	9,605.28
Borrowings (other than debt securities)	–	–	9,018.12
Subordinated liabilities	–	–	1,514.56
Other financial liabilities	–	–	1,814.85
	–	–	22,044.20

Note 52 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	As at 1 April 2017		
	FVTPL	FVTOCI	Amortised cost
Financial assets:			
Cash and cash equivalents	–	–	549.98
Bank balance other than above	–	–	645.06
Derivative financial instruments	–	–	–
Receivables	–	–	30.13
Loans	–	–	18,016.88
Investments	3,685.16	1,426.89	75.00
Other financial assets	–	–	117.34
	3,685.16	1,426.89	19,434.39
Financial liabilities:			
Derivative financial instruments	–	–	
Trade payables	–	–	45.52
Debt securities	–	–	10,191.76
Borrowings (other than debt securities)	–	–	11,259.38
Subordinated liabilities	–	–	1,532.52
Other financial liabilities	–	–	1,667.11
	–	–	24,696.29

B. Valuation framework

The respective operational department performs the valuation of financial assets and liabilities required for financial reporting purposes, either externally or internally for every quarterly reporting period. Specific controls for valuation includes verification of observable pricing, review of significant unobservable inputs and valuation adjustments.

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. 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 in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. It develops Level 3 inputs based on the best information available in the circumstances.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

C. 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.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March 2019	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments	**–**	**14.66**	**–**	**14.66**
Investments	**489.94**	**1,493.62**	**1,477.39**	**3,460.95**
	489.94	**1,508.28**	**1,477.39**	**3,475.61**
Financial liabilities:				
Derivative financial instruments	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**

Note 52 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March 2019	**Amortised cost**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:					
Loans	**13,109.49**	**–**	**–**	**13,109.49**	**13,109.49**
	13,109.49	**–**	**–**	**13,109.49**	**13,109.49**
Financial liabilities:					
Debt securities	**9,226.79**	**–**	**–**	**9,603.65**	**9,603.65**
Borrowings (other than debt securities)	**5,553.71**	**–**	**5,553.71**	**–**	**5,553.71**
Subordinated liabilities	**1,313.30**	**–**	**–**	**1,341.93**	**1,341.93**
	16,093.80	**–**	**5,553.71**	**10,945.58**	**16,499.29**

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Derivative financial instruments	–	20.93	–	20.93
Investments	831.91	2,864.12	1,592.69	5,288.72
	831.91	2,885.05	1,592.69	5,309.65
Financial liabilities:				
Derivative financial instruments	–	–	–	–
	–	–	–	–

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March 2018	**Amortised cost**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:					
Loans	15,844.85	–	–	15,844.85	15,844.85
Investments	35.00	–	–	35.00	35.00
	15,879.85	–	–	15,879.85	15,879.85
Financial liabilities:					
Debt securities	9,605.28	–	–	10,282.00	10,282.00
Borrowings (other than debt securities)	9,018.12	–	9,018.12	–	9,018.12
Subordinated liabilities	1,514.56	–	–	1,605.22	1,605.22
	20,137.96	–	9,018.12	11,887.22	20,905.34

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 1 April 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Derivative financial instruments	–	–	–	–
Investments	630.61	2,774.34	1,707.10	5,112.05
	630.61	2,774.34	1,707.10	5,112.05
Financial liabilities:				
Derivative financial instruments		–		–
	–	–	–	–

Note 52 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 1 April 2017	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Loans	18,016.88	–	–	18,016.88	18,016.88
Investments	75.00	–	–	75.00	75.00
	18,091.88	–	–	18,091.88	18,091.88
Financial liabilities:					
Debt securities	10,191.76	–	–	11,130.34	11,130.34
Borrowings (other than debt securities)	11,259.38	–	11,259.38	–	11,259.38
Subordinated liabilities	1,532.52	–	–	1,636.93	1,636.93
	22,983.66	–	11,259.38	12,767.27	24,026.65

Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include cash in hand, balances with other banks, trade receivables, trade payables and certain other financial assets and liabilities. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

Financial instruments measured at fair value and fair value of financial instruments carried at amortised cost

Type	Valuation technique	Significant unobservable input
Unquoted equity securities	Net asset value/Company comparable method/ Discounted cash flow	Weighted average cost of capital/Discount rate
Preference shares	Net asset value/Company comparable method/ Discounted cash flow	Future cash flows, discount rates
Loans	Discounted cash flow	Future cash flows, discount rates
Debt securities	Discounted cash flow	Future cash flows, discount rates
Borrowings (other than debt securities)	Discounted cash flow	Future cash flows, discount rates
Subordinated liabilities	Discounted cash flow	Future cash flows, discount rates

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	Preference shares at fair value through profit and loss	Equity shares at fair value through other comprehensive income	Equity shares at fair value through other profit and loss
Balance as at 1 April 2018	155.65	–	1,437.04
Total gain or losses:			
- in profit or loss	1.41	–	(43.34)
- in OCI	–	(21.60)	–
Purchases	4.18	–	–
Settlement	(76.28)	–	(1.27)
Transfer to Level 3	–	21.60	–
Balance as at 31 March 2019	**84.96**	**–**	**1,392.43**

Note 52 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Total gain or losses for the year in the above table are presented in the statement of profit or loss and OCI as follows :

	Preference shares at fair value through profit and loss	Equity shares at fair value through other comprehensive income	Equity shares at fair value through other profit and loss
Total gain or losses recognised in profit or loss :			
- Net fair value change from financial instruments carried at fair value	1.41	–	(43.34)
Total gain or losses recognised in OCI :			
- Fair value reserve (equity instruments) - net change in fair value	–	(21.60)	–
Profit or loss - attributable to the change in unrealised gain and losses relating to assets and liabilities held at the end of the year:			
- Net fair value change from financial instruments carried at fair value	77.69	(21.60)	(40.44)

	Preference shares at fair value through profit and loss	Equity shares at fair value through other profit and loss
Balance as at 1 April 2017	240.85	1,466.25
Total gain or losses:		
- in profit or loss	(75.11)	181.41
Purchases	0.11	11.24
Settlement	(10.20)	(221.86)
Balance as at 31 March 2018	**155.65**	**1,437.04**

Total gain or losses for the year in the above table are presented in the statement of profit or loss and OCI as follows :

	Preference shares at fair value through profit and loss	Equity shares at fair value through other profit and loss
Total gain or losses recognised in profit or loss :		
- Net fair value change from financial instruments carried at fair value	(75.11)	181.41
Profit or loss - attributable to the change in unrealised gain and losses relating to assets and liabilities held at the end of the year:		
- Net fair value change from financial instruments carried at fair value	(64.91)	187.49

53 FINANCIAL RISK MANAGEMENT

The Company's activities are primarily subjected to credit risk, market risk and operational risk for managing risk management committee exists. The function of the committee is to identify, monitor, manage and mitigate these risks. The Company also makes sure that it adheres to internal policies and procedures, complies with the regulatory guidelines and maintains sufficient loan documentation. With regards to its lending activity, the Company has established various limits and restrictions to manage the risks. There are various reports which are prepared and presented to senior management by the risk management committee at regular intervals and on ad-hoc basis which helps in risk monitoring. The Company has also set-up procedures to mitigate the risks in case of any breach.

A. Risk management framework

The Company's Board of Directors have overall responsibility for the establishment and oversight of the risk management framework. The board of directors have established the Risk Management and Asset Liability Management Committee of the Directors (RALMCD) which is responsible for developing and monitoring the Company's integrated risk management policies. The RALMCD is assisted in its oversight role by the Risk and Asset Liability Management Committee of Executives (RALMCE). The Integrated Risk Management Department undertakes regular reviews of risk management controls and procedures, the results of which are reported to the RALMCE on monthly basis.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Note 53 (contd..) (All amounts are in Rupees crores unless otherwise stated)

B. Credit risk

Credit risk arises from loans and advances, cash and cash equivalents, investment in debt Securities and deposits with banks and financial institutions and any other financial assets.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers, trade receivables from customers; loans and investments in debt securities.

(a) Credit risk management

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer/obligor. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry, business specific risk, management risk, transition specific risk and project related risks. A financial asset is considered 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the issuer or the borrower.
- A breach of contract, such as default.
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower concession(s) that the lender(s) would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of the active market for that financial asset because of financial difficulties.
- Purchase or origination of a financial asset at a deep discount that reflects the incurred credit loss.

The risk management committee has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes minimum finalised internal rating, external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc. Credit limits have been established for each customer and reviewed periodically and modifications are done, as and when required. Any loan exceeding prescribed limits require approval from the respective competent authority.

(b) Probability of default (PD)

The Probability of Default (PD) defines the probability that the borrower will default on its obligations in the future. Ind AS 109 requires the use of separate PD for a 12 month duration and lifetime duration based on the stage allocation of the borrower. A PD used for Ind AS 109 should reflect the institution's view of the future and should be unbiased (i.e. it should not include any conservatism or optimism). To arrive at the institution's historical probability of default, transition matrix approach has been applied using IFCI internal obligor ratings. The point-in-time (PIT) probability of default is computed by analysing year-on-year rating transition. The through-the-cycle (TTC) PD is computed by taking simple average of historic PIT PDs. The derivation of PIT PDs is based upon the impact of relevant macro-economic factors that takes place through the Vasicek approach after incorporating the asset correlation.

The following borrowers have been considered to have been defaulted/credit-impaired, for the purpose of probability of default computation:

- Borrowers whose rating has downgraded to IFCI-10 (internal obligor rating).
- Borrowers whose accounts have been restructured with impairment in loan value.
- Borrowers being classified as NPAs.

(c) Definition of default

Default' has not been defined under Ind AS. An entity shall apply a default definition that is consistent with the definition used for internal credit risk management purposes and consider qualitative indicators when appropriate. A loan is considered as defaulted and therefore Stage-3 (credit impaired) for ECL calculations in the following cases:

- On deterioration of the IFCI internal combined ratings of the borrower to CR-9 or CR-10 (Comparison to be done between origination rating and current rating).
- On asset being classified as NPA as per RBI prudential norms.
- On restructuring of assets with impairment in loan value.

(d) Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments which is subject to the impairment calculation.

(e) Loss given default (LGD)

LGD is an estimate of the loss from the transaction given that a default occurs. The LGD component of ECL is independent of deterioration of asset quality, and thus applied uniformly across various stages. With respect to loan portfolio, NPA accounts which have originated in past 7 years and have been closed, along with NPA accounts ageing more than 3 years (assumed as closed), have been considered for LGD computation.

(f) Significant increase in credit risk (SICR)

At each reporting date, an entity shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, an entity shall use the change in the risk of the default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit loss. To make that assessment, an entity shall compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. An

Note 53 (contd..) (All amounts are in Rupees crores unless otherwise stated)

entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

For the assessment of the SICR for the loans and advances, the following conditions have been considered:

- Deterioration of the IFCI internal combined ratings of the borrowers by 3 rating grades. (Comparison to be done between origination rating and current rating).
- Deterioration of the ratings of the borrowers from the investment grade to the sub-investment grade.
- On restructuring of assets without impairment in loan value.

(g) Provision for expected credit losses

The following tables sets out information about the overdue status of loans and advances, loan commitments, financial guarantees, trades receivables and other financial assets to customers in Stages 1, 2 and 3.

	As at 31 March 2019				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances at amortised cost					
Grade 1-6 : Low-fair risk	**5,338.67**	**151.37**	**376.92**	**–**	**5,866.96**
Grade 7-8 : Higher risk	**–**	**1,098.20**	**707.95**	**–**	**1,806.15**
Grade 9-10 : Loss	**–**	**–**	**9,739.34**	**3.81**	**9,743.15**
	5,338.67	**1,249.57**	**10,824.21**	**3.81**	**17,416.26**
Loss allowance	**(181.71)**	**(125.02)**	**(6,543.50)**	**(2.30)**	**(6,852.53)**
Carrying value	**5,156.96**	**1,124.55**	**4,280.71**	**1.51**	**10,563.73**

	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances at amortised cost-Greenfield					
Grade 1-6 : Low-fair risk	459.41	–	–	–	459.41
Grade 7-8 : Higher risk	1,015.06	352.80	309.32	–	1,677.18
Grade 9-10 : Loss	–	–	1,859.55	–	1,859.55
	1,474.47	352.80	2,168.87	–	3,996.14
Loss allowance	(56.01)	(83.21)	(1,311.16)	–	(1,450.38)
Carrying value	1,418.46	269.59	857.71	–	2,545.76

Trade receivables at amortised cost

	Lifetime	**Credit Impaired**	**Total**
Less than 6 months	2.71	–	2.71
More than 6 months less than 1 year	0.18	–	0.18
More than 1 year less than 2years	0.01	0.01	0.02
More Than 2 years less than 3 years	0.06	–	0.06
Above 3 years	–	4.26	4.26
	2.96	4.27	7.23
Loss allowance	(0.16)	(4.27)	(4.43)
Carrying value	**2.80**	**–**	**2.80**

Other financial assets at amortised cost

	Lifetime	**Credit Impaired**	**Total**
Less than 6 months	166.15	–	166.15
More than 6 months less than 1 year	4.27	–	4.27
More than 1 year less than 2years	1.92	0.03	1.95
More Than 2 years less than 3 years	0.52	–	0.52
Above 3 years	–	51.65	51.65
	172.86	51.68	224.54
Loss allowance	(13.05)	(51.68)	(64.73)
Carrying value	**159.81**	**–**	**159.81**

Note 53 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Investment in debt securities at FVTOCI

	Stage 1	Stage 2	Stage 3	Total
BBB - to AAA	1,125.48	–	–	1,125.48
BB- to BB+	–	–	–	–
B- to B+	–	–	–	–
C to CCC+	–	–	–	–
D	–	–	–	–
	1,125.48	–	–	1,125.48
Loss allowance	(0.08)	–	–	(0.08)
Amortised cost	1,125.40	–	–	1,125.40
Fair value	1,140.34	–	–	1,140.34

	As at 31 March 2019				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loan commitments-Greenfield					
Grade 1-6 : Low-fair risk	**162.92**	–	–	–	**162.92**
Grade 7-8 : Higher risk	**322.85**	–	–	–	**322.85**
Grade 9-10 : Loss	–	–	–	–	–
	485.77	–	–	–	**485.77**
Loss allowance	**(12.03)**	–	–	–	**(12.03)**
Carrying value	**473.74**	–	–	–	**473.74**
Loan commitments-Other					
Grade 1-6 : Low-fair risk	**868.04**	–	–	–	**868.04**
Grade 7-8 : Higher risk	**175.92**	–	–	–	**175.92**
Grade 9-10 : Loss	–	–	–	–	–
	1,043.96	–	–	–	**1,043.96**
Loss allowance	**(19.60)**				**(19.60)**
Carrying value	**1,024.36**	–	–	–	**1,024.36**
Financial guarantee contracts- Greenfield					
Grade 1-6 : Low-fair risk	–	–	–	–	–
Grade 7-8 : Higher risk	**5.71**	–	–	–	**5.71**
Grade 9-10 : Loss	–	–	–	–	–
	5.71	–	–	–	**5.71**
Loss allowance	**(0.59)**	–	–	–	**(0.59)**
Carrying value	**5.12**	–	–	–	**5.12**
Financial guarantee contracts- Other					
Grade 1-6 : Low-fair risk	**177.29**	–	–	–	**177.29**
Grade 7-8 : Higher risk	–	–	–	–	–
Grade 9-10 : Loss	**58.89**	–	–	–	**58.89**
	236.19	–	–	–	**236.19**
Loss allowance	**(20.77)**				**(20.77)**
Carrying value	**215.41**	–	–	–	**215.41**

	As at 31 March 2018				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and advances at amortised cost-Other					
Grade 1-6 : Low-fair risk	7,546.25	121.47	21.41	–	7,689.13
Grade 7-8 : Higher risk	–	1,679.32	178.07	–	1,857.39
Grade 9-10 : Loss	–	–	10,514.15	7.29	10,521.44
	7,546.25	1,800.79	10,713.63	7.29	20,067.96
Loss allowance	(293.13)	(227.32)	(6,831.99)	(4.68)	(7,357.12)
Carrying value	**7,253.12**	**1,573.47**	**3,881.64**	**2.61**	**12,710.84**

Note 53 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and advances at amortised cost-Greenfield					
Grade 1-6 : Low-fair risk	1,004.54	257.23	2.31	–	1,264.08
Grade 7-8 : Higher risk	1,182.65	115.26	–	–	1,297.91
Grade 9-10 : Loss	–	–	2,086.24	–	2,086.24
	2,187.19	372.49	2,088.55	–	4,648.23
Loss allowance	(115.17)	(57.87)	(1,341.18)	–	(1,514.22)
Carrying value	**2,072.02**	**314.62**	**747.37**	**–**	**3,134.01**

Trade receivables at amortised cost

	Lifetime	Credit Impaired	Total
Less than 6 months	13.67	–	13.67
More than 6 months less than 1 year	0.03	0.01	0.04
More than 1 year less than 2 years	1.79	–	1.79
More Than 2 years less than 3 years	–	–	–
Above 3 years	–	4.27	4.27
	15.49	4.28	19.77
Loss allowance	(0.44)	(4.28)	(4.72)
Carrying value	15.05	–	15.05

Other financial assets at amortised cost

	Lifetime	Credit Impaired	Total
Less than 6 months	198.85	–	198.85
More than 6 months less than 1 year	0.48	–	0.48
More than 1 year less than 2 years	0.74	–	0.74
More Than 2 years less than 3 years	0.22	–	0.22
Above 3 years	–	0.66	0.66
	200.29	0.66	200.95
Loss allowance	(12.42)	(0.66)	(13.08)
Carrying value	187.87	–	187.87

	Stage 1	Stage 2	Stage 3	Total
Investment in debt securities at FVTOCI				
BBB - to AAA	1,685.30	–	–	1,685.30
BB- to BB+	–	–	–	–
B- to B+	–	–	–	–
C to CCC+	–	–	–	–
D	–	–	–	–
	1,685.30	**–**	**–**	**1,685.30**
Loss allowance	(0.16)	–	–	(0.16)
Amortised cost	1,685.14	–	–	1,685.14
Fair value	1,716.60	–	–	1,716.60

	As at 31 March 2018				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments-Greenfield					
Grade 1-6 : Low-fair risk	688.12	–	–	–	688.12
Grade 7-8 : Higher risk	431.86	–	–	–	431.86
Grade 9-10 : Loss	–	–	–	–	–
	1,119.98	–	–	–	1,119.98
Loss allowance	(28.29)	–	–	–	(28.29)
Carrying value	1,091.69	–	–	–	1,091.69
Loan commitments-Other					
Grade 1-6 : Low-fair risk	636.40	–	–	–	636.40
Grade 7-8 : Higher risk	337.71	–	–	–	337.71
Grade 9-10 : Loss	40.00	–	–	–	40.00
	1,014.11	–	–	–	1,014.11
Loss allowance	(35.43)	–	–		(35.43)
Carrying value	978.68	–	–	–	978.68

Note 53 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	As at 31 March 2018				
	Stage 1	Stage 2	Stage 3	POCI	Total
Financial guarantee contracts- Greenfield					
Grade 1-6 : Low-fair risk	20.09	–	–	–	20.09
Grade 7-8 : Higher risk	–	–	–	–	–
Grade 9-10 : Loss	5.71	–	–	–	5.71
	25.80	–	–	–	25.80
Loss allowance	(4.21)				(4.21)
Carrying value	21.59	–	–	–	21.59
Financial guarantee contracts- Other					
Grade 1-6 : Low-fair risk	396.64	–	–	–	396.64
Grade 7-8 : Higher risk	41.65	–	–	–	41.65
Grade 9-10 : Loss	–	–	–	–	–
	438.29	–	–	–	438.29
Loss allowance	(18.24)	–	–	–	(18.24)
Carrying value	420.05	–	–	–	420.05

	As at 31 March 2017				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and advances at amortised cost					
Grade 1-6 : Low-fair risk	11,202.60	131.09	–	–	11,333.69
Grade 7-8 : Higher risk	–	1,508.98	605.77	–	2,114.75
Grade 9-10 : Loss	–	–	8,999.23	3.64	9,002.87
	11,202.60	1,640.07	9,605.00	3.64	22,451.31
Loss allowance	(259.23)	(214.79)	(6,333.85)	(2.42)	(6,810.29)
Carrying value	**10,943.37**	**1,425.28**	**3,271.15**	**1.22**	**15,641.02**
Loans and advances at amortised cost-Greenfield					
Grade 1-6 : Low-fair risk	863.36	–	–	–	863.36
Grade 7-8 : Higher risk	578.83	707.62	–	–	1,286.45
Grade 9-10 : Loss	–	–	1,316.05	–	1,316.05
	1,442.19	707.62	1,316.05	–	3,465.86
Loss allowance	(56.86)	(156.34)	(876.79)	–	(1,089.99)
Carrying value	1,385.33	551.28	439.26	–	2,375.87

Trade receivables at amortised cost

	Lifetime	**Credit Impaired**	**Total**
Less than 6 months	29.92	–	29.92
More than 6 months less than 1 year	0.06	–	0.06
More than 1 year less than 2 years	0.01	–	0.01
More Than 2 years less than 3 years	0.29	–	0.29
Above 3 years	–	3.98	3.98
	30.28	3.98	34.26
Loss allowance	(0.15)	(3.98)	(4.13)
Carrying value	**30.13**	**–**	**30.13**

Note 53 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Other financial assets at amortised cost

	Lifetime	Credit Impaired	Total
Less than 6 months	112.35	–	112.35
More than 6 months less than 1 year	1.23	0.13	1.36
More than 1 year less than 2 years	20.65	–	20.65
More Than 2 years less than 3 years	0.77	0.06	0.83
Above 3 years	–	0.60	0.60
	135.00	0.79	135.79
Loss allowance	(17.66)	(0.79)	(18.45)
Carrying value	**117.34**	**–**	**117.34**

	Stage 1	Stage 2	Stage 3	Total
Investment in debt securities at FVTOCI				
BBB - to AAA	1,363.04	–	–	1,363.04
BB- to BB+	–	–	–	–
B- to B+	–	–	–	–
C to CCC+	–	–	–	–
D	–	–	–	–
	1,363.04	–	–	1,363.04
Loss allowance	(0.14)	–	–	(0.14)
Amortised cost	1,362.90	–	–	1,362.90
Fair value	1,420.83	–	–	1,420.83

	As at 31 March 2017				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments-Greenfield					
Grade 1-6 : Low-fair risk	748.21	–	–	–	748.21
Grade 7-8 : Higher risk	92.96	–	–	–	92.96
Grade 9-10 : Loss	167.84	–	–	–	167.84
	1,009.01	–	–	–	1,009.01
Loss allowance	(61.15)				(61.15)
Carrying value	947.86	–	–	–	947.86
Loan commitments-Other					
Grade 1-6 : Low-fair risk	1,133.99	–	–	–	1,133.99
Grade 7-8 : Higher risk	110.30	–	–	–	110.30
Grade 9-10 : Loss	1.27	–	–	–	1.27
	1,245.56	–	–	–	1,245.56
Loss allowance	(17.01)	–	–		(17.01)
Carrying value	1,228.55	–	–	–	1,228.55
Financial guarantee contracts- Greenfield					
Grade 1-6 : Low-fair risk	–	–	–	–	–
Grade 7-8 : Higher risk	–	–	–	–	–
Grade 9-10 : Loss	–	–	–	–	–
	–	–	–	–	–
Loss allowance	–				–
Carrying value	–	–	–	–	–
Financial guarantee contracts- Other					
Grade 1-6 : Low-fair risk	485.41	–	–	–	485.41
Grade 7-8 : Higher risk	68.49	–	–	–	68.49
Grade 9-10 : Loss	–	–	–	–	–
	553.90	–	–	–	553.90
Loss allowance	(15.49)	–	–	–	(15.49)
Carrying value	538.41	–	–	–	538.41

Note 53 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(h) Expected credit loss on Loans

The Company has applied a portfolio approach to measure expected credit losses (ECL) on loans and advances.

(a) Stage 1 : (12- months ECL) : For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(b) Stage 2 : (Lifetime ECL) : For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

(c) Stage 3: (Lifetime ECL) : Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost.

The Company considers financial instruments to have low credit risk if they are rated internally or externally within the investment grade. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as interest rates, gross domestic product, inflation and expected direction of the economic cycle. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly. The following table presents the key macroeconomic indicator used for the purposes of measurement of ECL in the periods presented.

As at 31 March 2019

Macro economic indicator	2019	2020	2021	2022	2023
GDP growth rate (%)*	Base - 7.2	Base - 7.2	Base - 7.5	Base - 7.4	Base - 7.48
	Upside - 7.92	Upside - 7.92	Upside - 8.25	Upside - 8.14	Upside - 8.23
	Downside - 6.48	Downside - 6.48	Downside - 6.75	Downside - 6.66	Downside - 6.73

As at 31 March 2018

Macro economic indicator	2018	2019	2020	2021	2022
GDP growth rate (%)*	Base - 6.90	Base - 7.20	Base - 7.20	Base - 7.50	Base - 7.40
	Upside - 7.59	Upside - 7.92	Upside - 7.92	Upside - 8.25	Upside - 8.14
	Downside - 6.21	Downside - 6.48	Downside - 6.48	Downside - 6.75	Downside - 6.66

As at 1 April 2017

Macro economic indicator	2017	2018	2019	2020	2021
GDP growth rate (%)*	Base - 7.14	Base - 6.90	Base - 7.20	Base - 7.20	Base - 7.50
	Upside - 7.86	Upside - 7.59	Upside - 7.92	Upside - 7.92	Upside - 8.25
	Downside - 6.43	Downside - 6.21	Downside - 6.48	Downside - 6.48	Downside - 6.75

* The source for the GDP data is EIU (The Economist Intelligence Unit).

Expected credit loss on Trade receivables and other financial assets

ECL on other financial assets/trade receivables has been computed on individual basis. The simplified approach is used for computing ECL in respect of such assets. The simplified approach does not require the tracking of changes in credit risk, but instead requires the recognition of lifetime ECL at all times.

The Company considers defaulted assets as those which have a voucher ageing of more than 3 years, other than those assets where there is empirical evidence to the contrary. For assets having the voucher age less than 6-months, the PD is considered as 0%. For the remaining assets, the PDs are considered based on the ratings. LGD for all Trade Receivables and Other financial assets is taken as 100%. Apart from computing ECL, a direct provisioning on the assets is also done on the basis of their voucher age. The final provision value is the higher of the ECL value and the direct provision number.

Expected credit loss on Investments in Debt securities

ECL on investments in debt securities has been computed on individual basis. The Company limits its exposure to credit risk by investing only in government securities and only with counterparties that have a credit rating of at least AA- from S&P and/ or from CRISIL.

Note 53 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

The Company monitors changes in credit risk by tracking published external credit ratings. In order to determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Company supplements this by reviewing information available about issuers. PD for Bonds / Debts issued by Central Government is considered as zero.

12 - month and lifetime probabilities of default are based on historical data supplied by S&P/ Crisil for each credit rating and are recalibrated based on current government bond yields. Loss given default (LGD) parameters generally reflect an assumed recovery rate of 48.8% except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate. In cases where management foresees higher losses given a default, LGD upto 100% can be considered.

(i) Movements in the allowance for impairment in respect of loans, Investment in debt securities, trade receivables and other financial assets

The movement in the allowance for impairment in respect of asset on finance, trade receivables and other financial assets is as follows:

Loans and advances at amortised cost

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses		Total
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired	
Loss allowance on 1 April 2017	291.73	214.79	6,336.27	6,842.79
Transfer to Stage 1	140.91	(33.76)	(107.15)	–
Transfer to Stage 2	(18.57)	18.57	–	–
Transfer to Stage 3	(27.46)	(32.11)	59.57	–
Net remeasurement of loss allowance	(83.41)	45.68	114.15	76.42
New financial assets originated or purchased	118.04	81.09	114.76	313.89
Financial assets that have been derecognised	(73.62)	(66.94)	(293.80)	(434.36)
Write offs	(0.83)	–	612.87	612.05
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	–	–
Loss allowance on 31 March 2018	**346.80**	**227.32**	**6,836.66**	**7,410.78**
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	(33.40)	33.40	–	–
Transfer to Stage 3	(58.30)	(141.19)	199.49	–
Net remeasurement of loss allowance	(90.53)	4.87	(2,333.97)	(2,419.63)
New financial assets originated or purchased	133.73	48.85	0.03	182.61
Financial assets that have been derecognised	(76.22)	(48.18)	(0.26)	(124.67)
Write offs	–	(0.05)	1,843.85	1,843.81
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	–	–
Loss allowance on 31 March 2019	**222.09**	**125.01**	**6,545.80**	**6,892.90**

The contractual amount outstanding on loans and advances measured at amortised cost that were written off during the year ended 31 March 2019 and are still subject to enforcement activity is ₹1,237. 97 crore (for the year ended 31 March 2018 - ₹401.05 crore).

Note 53 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Loans and advances at amortised cost- Greenfield

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses		Total
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired	
Loss allowance on 1 April 2017	118.01	156.34	876.79	1,151.14
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	(1.27)	1.27	–	–
Transfer to Stage 3	(124.04)	(102.53)	226.58	–
Net remeasurement of loss allowance	26.56	(10.02)	237.72	254.26
New financial assets originated or purchased	180.17	12.82	0.10	193.09
Financial assets that have been derecognised	(51.76)	–	–	(51.76)
Write offs	–	–	–	–
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	–	–
	–	–	–	–
Loss allowance on 31 March 2018	**147.67**	**57.88**	**1,341.18**	**1,546.73**
Transfer to Stage 1	24.69	(24.69)	–	–
Transfer to Stage 2	(19.63)	19.63	–	–
Transfer to Stage 3	(34.31)	(74.05)	108.36	–
Net remeasurement of loss allowance	(45.56)	60.98	325.64	341.06
New financial assets originated or purchased	34.22	43.46	–	77.68
Financial assets that have been derecognised	(38.44)	–	(272.26)	(310.71)
Write offs	–	–	(191.76)	(191.76)
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	–	–
	–	–	–	–
Loss allowance on 31 March 2019	**68.63**	**83.21**	**1,311.16**	**1,463.00**

Investment in Debt securities at FVTOCI

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 1 April 2017	0.14	–	–
Transfer to Stage 1	–	–	–
Transfer to Stage 2	–	–	–
Transfer to Stage 3	–	–	–
Net remeasurement of loss allowance	(0.01)	–	–
New financial assets originated or purchased	0.13	–	–
Financial assets that have been derecognised	(0.11)	–	–
Write offs	–	–	–
Unwind of discount	–	–	–
Changes in risk parameters	–	–	–
	–	–	–
Loss allowance on 31 March 2018	**0.15**	**–**	**–**
Transfer to Stage 1	–	–	–
Transfer to Stage 2	–	–	–
Transfer to Stage 3	–	–	–
Net remeasurement of loss allowance	–	–	–
New financial assets originated or purchased	0.05	–	–
Financial assets that have been derecognised	(0.13)	–	–
Write offs	–	–	–
Unwind of discount	–	–	–
Changes in risk parameters	–	–	–
	–	–	–
Loss allowance on 31 March 2019	**0.07**	**–**	**–**

Note 53 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(i) Collateral held and other credit enhancements

Collateral securing each individual loan may not be adequate in relation to the value of the loan. All borrowers must meet the Company's internal credit assessment procedures, regardless of whether the loan is secured. In addition to the collateral stated above, the Company holds other types of collateral such as second charges and floating charges for which specific values are generally not available.

The following table sets out the fair value of collateral held against all the different types of financial assets.

As at 31 March 2019	**Maximum exposure to credit risk**	**Securities**	**Bank and government guarantees**	**Tangible assets**	**Others**	**Total Collateral**	**Net Exposure**	**Associated ECLs**
Cash and cash equivalents	**395.54**	**–**	**–**	**–**	**–**	**–**	**395.54**	**–**
Other bank balances	**544.21**	**–**	**–**	**–**	**–**	**–**	**544.21**	**–**
Loans and advances	**23,184.03**	**5,911.98**	**1,209.01**	**28,751.72**	**–**	**35,872.71**	**–**	**(8,355.90)**
Trade receivables	**7.23**	**–**	**–**	**–**	**–**	**–**	**7.23**	**(4.43)**
Other financial assets	**224.54**	**–**	**–**	**–**	**–**	**–**	**224.54**	**(64.73)**
Total financial assets at amortised cost	**24,355.55**	**5,911.98**	**1,209.01**	**28,751.72**	**–**	**35,872.71**	**1,171.52**	**(8,425.06)**
Investments at FVTOCI	1,189.65	–	–	–	–	–	1,189.65	(0.08)
Total financial assets at FVTOCI	**1,189.65**	**–**	**–**	**–**		**–**	**1,189.65**	**(0.08)**
Investments at FVTPL	2,271.30	–	–	–	–	–	2,271.30	–
Total financial assets at FVTPL	**2,271.30**	**–**	**–**	**–**	**–**	**–**	**2,271.30**	**–**

As at 31 March 2018	Maximum exposure to credit risk	Securities	Bank and government guarantees	Tangible assets	Others	Total Collateral	Net Exposure	Associated ECLs
Cash and cash equivalents	192.71	–	–	–	–	–	192.71	–
Other bank balances	674.03	–	–	–	–	–	674.03	–
Loans and advances	27,314.37	8,273.42	1,488.91	30,393.17	412.12	40,567.62	–	(8,957.51)
Investments in debt securities	35.00	–	–	–	–	–	35.00	–
Trade receivables	19.77	–	–	–	–	–	19.77	(4.72)
Other financial assets	200.95	–	–	–	–	–	200.95	(13.08)
Total financial assets at amortised cost	28,436.83	8,273.42	1,488.91	30,393.17	412.12	40,567.62	1,122.46	(8,975.31)
Investments at FVTOCI	1,845.50	–	–	–	–	–	1,845.50	(0.16)
Total financial assets at FVTOCI	1,845.50	–	–	–	–	–	1,845.50	(0.16)
Investments at FVTPL	3,443.22	–	–	–	–	–	3,443.22	–
Total financial assets at FVTPL	3,443.22	–	–	–	–	–	3,443.22	–

As at 31 March 2017	Maximum exposure to credit risk	Securities	Bank and government guarantees	Tangible assets	Others	Total Collateral	Net Exposure	Associated ECLs
Cash and cash equivalents	549.98	–	–	–	–	–	549.98	–
Other bank balances	645.06	–	–	–	–	–	645.06	–
Loans and advances	28,725.63	14,345.43	3,360.12	36,283.62	–	53,989.17	–	(7,993.93)
Investments in debt securities	75.00	–	–	–	–	–	75.00	
Trade receivables	34.26	–	–	–	–	–	34.26	(4.13)
Other financial assets	135.79	–	–	–	–	–	135.79	(18.45)
Total financial assets at amortised cost	30,165.72	14,345.43	3,360.12	36,283.62	–	53,989.17	1,440.09	(8,016.51)
Investments at FVTOCI	1,426.89	–	–	–	–	–	1,426.89	(0.14)
Total financial assets at FVTOCI	1,426.89	–	–	–	–	–	1,426.89	(0.14)
Investments at FVTPL	3,685.16	–	–	–	–	–	3,685.16	–
Total financial assets at FVTPL	3,685.16	–	–	–	–	–	3,685.16	–

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 financial assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECLs when the expected value of the collateral is greater than the LGD, even if the future value of collateral is forecasted using multiple economic scenarios. However, the Stage 3 ECL can be higher than net exposure shown below when the future value of collateral, measured using multiple economic scenarios, is expected to decline.

Note 53 (contd..) (All amounts are in Rupees crores unless otherwise stated)

As at 31 March 2019	**Maximum exposure to credit risk**	**Securities**	**Bank and government guarantees**	**Tangible assets**	**Others**	**Total Collateral**	**Net Exposure**	**Associated ECLs**
Cash and cash equivalents	–	–	–	–	–	–	–	
Other bank balances	–	–	–	–	–	–	–	
Loans and advances	**12,996.89**	**1,169.55**	**33.11**	**15,404.21**	**15.00**	**16,606.87**	–	**(7,854.66)**
Trade receivables	**4.27**	–	–	–	–	–	**4.27**	**(4.27)**
Other financial assets	**51.68**	–	–	–	–	–	**51.68**	**(51.68)**
Total financial assets at amortised cost	**13,052.84**	**1,169.55**	**33.11**	**15,404.21**	**15.00**	**16,606.87**	**55.95**	**(7,910.61)**

As at 31 March 2018	Maximum exposure to credit risk	Securities	Bank and government guarantees	Tangible assets	Others	Total Collateral	Net Exposure	Associated ECLs
Cash and cash equivalents	–	–	–	–	–	–	–	
Other bank balances	–	–	–	–	–	–	–	
Loans and advances	12,809.47	2,929.84	–	6,744.69	–	9,674.53	3,134.94	(8,177.85)
Trade receivables	4.28	–	–	–	–	–	4.28	(4.28)
Other financial assets	0.66	–	–	–	–	–	0.66	(0.66)
Total financial assets at amortised cost	12,814.41	2,929.84	–	6,744.69	–	9,674.53	3,139.88	(8,182.79)

As at 31 March 2017	Maximum exposure to credit risk	Securities	Bank and government guarantees	Tangible assets	Others	Total Collateral	Net Exposure	Associated ECLs
Cash and cash equivalents	–	–	–	–	–	–	–	
Other bank balances	–	–	–	–	–	–	–	
Loans and advances	10,924.69	4,110.67	213.91	9,452.18	–	13,776.76	–	(7,213.06)
Trade receivables	3.98	–	–	–	–	–	3.98	(3.98)
Other financial assets	0.79	–	–	–	–	–	0.79	(0.79)
Total financial assets at amortised cost	10,929.46	4,110.67	213.91	9,452.18	–	13,776.76	4.77	(7,217.83)

The following tables stratify credit exposures from advances to customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is based on the collateral value at origination updated based on changes in house price indices. For credit-impaired loans the value of collateral is based on the most recent appraisals.

LTV ratio (Total loans)	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017
Less than 50%	**16,937.90**	5,479.25	13,098.55
51-70%	**–**	4,605.43	3,738.20
71-90%	**0.25**	3,822.04	2,868.61
91-100%	**–**	576.04	1,316.22
More than 100%	**656.23**	6,687.71	2,680.73
Total	**17,594.38**	**21,170.47**	**23,702.31**

* Loan amount excludes interest accrued but not due and Stage -3 Income.

LTV ratio (Stage - 3 loans)	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017
Less than 50%	**8,386.84**	882.12	3,282.00
51-70%	**–**	600.70	962.03
More than 70%	**222.95**	7,189.54	3,308.95
Total	**8,609.79**	**8,672.36**	**7,552.98**

* Loan amount excludes interest accrued but not due and Stage -3 Income.

Note 53 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(j) Concentration of risk

The Company monitors concentration of credit risk by sector and by geographic location. Concentration by location for loans and advances is based on the customer's country of domicile. An analysis of concentration of credit risk from loans and advances is shown below.

Loans and advances to customers	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017
Concentration by sector			
Power Generation	**3,503.95**	4,245.55	3,935.54
Diversified Infrastructure	**2,834.24**	3,054.53	3,311.27
Real Estate	**1,411.29**	2,468.13	3,015.41
Road Construction	**1,604.71**	1,207.12	1,036.37
Iron And Steel	**706.47**	1,026.08	1,144.89
Diversified	**778.33**	789.92	1,046.66
Steel Products	**364.46**	766.64	776.24
Construction Industry	**538.53**	677.22	1,151.93
Miscellaneous Services	**575.34**	656.94	902.56
NBFC	**485.18**	635.00	50.00
Motor Vehicles And Parts	**536.39**	574.41	598.51
Textile Products	**156.44**	533.98	543.08
Miscellaneous Food Products	**390.51**	411.25	515.05
Miscellaneous Manufacturing And Other Industries	**505.18**	308.07	262.75
Ship Building And Repairs	**279.61**	279.60	330.02
Others	**2,923.74**	3,536.02	5,082.03
Total	**17,594**	21,170	23,702
Concentration by location			
India	**17,594**	21,170	23,702

* Loan amount excludes interest accrued but not due and Stage -3 Income

(k) Modified / Restructured loans

When the Company grants concession, for economic or legal reasons related to a borrower's financial difficulties, for other than an insignificant period of time, the related loan is classified as a Restructured loan. Concessions could include a reduction in the interest rate below current market rates, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection.

From a risk management point of view, once an asset is forborne or modified, the Company's special department for distressed assets continues to monitor the exposure until it is completely and ultimately derecognised.

A loan that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if the terms of the existing agreement are modified such that the renegotiated loan is a substantially different instrument.

Where the renegotiation of such loans are not derecognised, impairment continues to be assessed for significant increases in credit risk compared to the initial origination credit risk rating.

There were no modified assets which were forborne during the period in which any loss was suffered by the Company.

C. Liquidity risk

Liquidity risk is the potential inability to meet the institution's liabilities as they become due. From IFCI perspective, it basically originates from the mismatches in the maturity pattern of assets and liabilities. Analysis of liquidity risk involves the measurement of not only the liquidity position of the institution on an ongoing basis but also examining how funding requirements are likely to be affected under several but plausible scenarios. Net funding requirements are determined by analysing the institution's future cash flows based on assumptions of the future behaviour of assets and liabilities that are classified into specified time buckets, utilizing the maturity ladder approach and then calculating the cumulative net flows over the time frame for liquidity assessment.

For the present, for measuring and managing net funding requirements, the use of maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates is being utilized as a standard tool.

The ALM format prescribed by RBI in this regard is being utilized for measuring cash flow mismatches in different time bands. The cash flows are placed in different time bands based on projected future behaviour of assets, liabilities and off-balance sheet items. Apart from the above cash flows, the institution would also track the impact of prepayments of loans, premature closure of liabilities and exercise of options built in certain instruments which offer put/call options after specified times. Thus, cash outflows can be ranked by the date on which liabilities fall due, the earliest date a liability holder could exercise an early repayment option or the earliest date contingencies could be crystallized.

Note 53 (contd..) (All amounts are in Rupees crores unless otherwise stated)

The Company has initiated an exercise to identify its High Quality Liquid Investments and compute Liquidity Coverage Ratio.

In addition, the Company maintains the following lines of credit:

- ₹146 crore overdraft facility that is secured. Interest would be payable between 7.62 percent and 7.79 percent.
- ₹130 crore facility that is unsecured and can be drawn down to meet short-term financing needs. Interest would be payable at a rate of 9.51 percent (weighted average rate).

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amount are gross and undiscounted, and excludes contractual interest payments and exclude the impact of netting agreements.

		Contractual cash flows								
As at 31 March 2019	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**1 day to 30 days**	**1-2 months**	**2-3 months**	**3-6 months**	**6 months - 1 year**	**1-3 year**	**3-5 year**	**More than 5 years**
Non - derivative financial liabilities										
Borrowings	**5,553.71**	**5,180.18**	**–**	**25.00**	**610.69**	**200.63**	**1,212.00**	**2,475.61**	**656.25**	**–**
Debt securities issued	**9,226.79**	**9,270.22**	**–**	**153.40**	**125.90**	**176.92**	**937.81**	**2,671.72**	**712.36**	**4,492.11**
Subordinated liabilities	**1,313.30**	**1,313.30**	**–**	**–**	**–**	**–**	**–**	**662.27**	**–**	**651.04**
Derivative financial liabilities										
Trading										
- Outflow	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
- Inflow	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Risk management:										
- Outflow	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
- Inflow	**14.66**	**14.66**	**14.66**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Non - derivative financial assets										
Loans and advances	**13,109.49**	**14,140.53**	**224.53**	**186.34**	**442.05**	**1,464.00**	**1,886.18**	**2,494.09**	**1,115.83**	**6,327.51**
Investment securities	**3,460.95**	**4,375.49**	**150.66**	**–**	**148.31**	**4.54**	**88.23**	**556.60**	**5.00**	**3,422.15**

		Contractual cash flows								
As at 31 March 2018	Carrying amount	Gross nominal inflow/ (outflow)	1 day to 30 days	1-2 months	2-3 months	3-6 months	6 months - 1 year	1-3 year	3-5 year	More than 5 years
Non - derivative financial liabilities										
Borrowings	9,018.12	8,611.60	506.25	52.08	782.02	538.13	1,521.47	3,849.80	1,336.85	25.00
Debt securities issued	9,605.28	9,920.53	–	3.00	168.50	5.64	190.81	2,096.95	2,644.19	4,811.45
Subordinated liabilities	1,514.56	1,514.56	–	–	–		–	201.26	662.27	651.04
Derivative financial liabilities										
Trading										
- Outflow	–	–	–	–	–	–	–	–	–	–
- Inflow	–	–	–	–	–	–	–	–	–	–
Risk management:										
- Outflow	–	–	–	–	–	–	–	–	–	–
- Inflow	20.93	20.93	20.93	–	–	–	–	–	–	–
Non - derivative financial assets										
Loans and advances	15,844.85	17,345.21	163.20	286.88	350.28	1,061.85	1,599.03	4,185.94	1,925.31	7,772.72
Investment securities	5,323.72	6,636.56	206.64	–	540.57	81.42	317.99	149.31	425.00	4,915.63

Note 53 (contd..) (All amounts are in Rupees crores unless otherwise stated)

As at 1 April 2017	Carrying amount	Contractual cash flows								
		Gross nominal inflow/ (outflow)	**1 day to 30 days**	**1-2 months**	**2-3 months**	**3-6 months**	**6 months - 1 year**	**1-3 year**	**3-5 year**	**More than 5 years**
Non - derivative financial liabilities										
Borrowings	11,259.38	10,907.36	500.00	31.25	298.54	298.96	2,103.43	4,999.29	2,175.89	500.00
Debt securities issued	10,191.76	10,458.80	29.46	–	14.16	217.37	235.15	1,530.87	2,824.19	5,607.61
Subordinated liabilities	1,532.52	1,532.52	–	–	–		–	219.22	662.27	651.04
Derivative financial liabilities										
Trading										
- Outflow	–	–	–	–	–	–	–	–	–	–
- Inflow	–	–	–	–	–	–	–	–	–	–
Risk management:										
- Outflow	–	–	–	–	–	–	–	–	–	–
- Inflow	–	–	–	–	–	–	–	–	–	–
Non - derivative financial assets										
Loans and advances	18,016.88	21,764.95	143.00	101.68	464.09	940.80	2,257.54	6,252.56	2,652.56	8,952.72
Investment securities	5,187.05	6,395.70	265.13	198.13	197.49	98.04	146.85	232.20	516.04	4,741.82

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Contractual cash flows			
Other financial assets			
- within 12 months	**140.32**	172.40	101.41
- after 12 months	**19.49**	15.47	15.94
Gross nominal inflow/(outflow)	**159.81**	187.87	117.35
Other financial liabilities			
- within 12 months	**1,467.00**	1,004.81	967.52
- after 12 months	**277.71**	810.04	699.59
Gross nominal inflow/(outflow)	**(1,744.71)**	(1,814.85)	(1,667.11)

The inflows/(outflows) disclosed in the above table represents contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contract maturity. The disclosure shows net cash flow amounts for derivatives that are net cash settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross settlement.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on contingent consideration and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

	On demand	1 day to 30 days	1-2 months	2-3 months	3-6 months	6 months - 1 year	1-3 year	3-5 year	More than 5 years	Total
As at 31 March 2019										
Other undrawn commitments to lend	1,529.73	–	–	–	–	–	–	–	–	1,529.73
As at 31 March 2018										
Other undrawn commitments to lend	2,134.09	–	–	–	–	–	–	–	–	2,134.09
As at 1 April 2017										
Other undrawn commitments to lend	2,254.57	–	–	–	–	–	–	–	–	2,254.57

Note 53 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(D. Market risk

Market risk is 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 equity prices. In line with regulatory guidelines, the Company classifies exposures to market risk into either Current or Long term portfolios and manages each of those portfolios separately.

The market risk management framework in IFCI comprises risk identification, setting up of limits & triggers, risk measurement, risk monitoring, risk reporting and taking corrective actions where necessitated. It is pertinent to highlight that the details pertaining to threshold investment grade rating, investment limits, approval authority, control mechanism including stop-loss triggers, compliances required, etc. for different treasury products including equity trading have been clearly outlined in the extant Treasury & Investment Policy of IFCI.

The following table sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios :

	Market risk measure		
	Carrying amount	**Trading portfolios**	**Non-trading portfolios**
As at 31 March 2019			
Financial Assets			
Cash and cash equivalents	**395.54**	–	**395.54**
Bank balance other than above	**544.21**	–	**544.21**
Derivative financial instruments	**14.66**	–	**14.66**
Receivables	**2.80**	–	**2.80**
Loans	**13,109.49**	–	**13,109.49**
Investments	**3,460.95**	–	**3,460.95**
Other financial assets	**159.81**	–	**159.81**
	17,687.46	**–**	**17,687.46**
Financial Liabilities			
Derivative financial instruments	**–**		**–**
Trade payables	**107.27**	–	**107.27**
Debt securities	**9,226.79**	–	**9,226.79**
Borrowings (other than debt securities)	**5,553.71**	–	**5,553.71**
Subordinated liabilities	**1,313.30**	–	**1,313.30**
Other financial liabilities	**1,744.71**	–	**1,744.71**
	17,945.78	**–**	**17,945.78**

	Market risk measure		
	Carrying amount	**Trading portfolios**	**Non-trading portfolios**
As at 31 March 2018			
Financial assets			
Cash and cash equivalents	192.71	–	192.71
Bank balance other than above	674.03	–	674.03
Derivative financial instruments	20.93	–	20.93
Receivables	15.05	–	15.05
Loans	15,844.85	–	15,844.85
Investments	5,323.72	–	5,323.72
Other financial assets	187.87	–	187.87
	22,259.16	–	22,259.16
Financial liabilities			
Derivative financial instruments	–	–	–
Trade payables	91.39	–	91.39

Note 53 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	Market risk measure		
	Carrying amount	**Trading portfolios**	**Non-trading portfolios**
As at 31 March 2018			
Debt securities	9,605.28	–	9,605.28
Borrowings (other than debt securities)	9,018.12	–	9,018.12
Subordinated liabilities	1,514.56	–	1,514.56
Other financial liabilities	1,814.85	–	1,814.85
	22,044.20	–	22,044.20

	Market risk measure		
	Carrying amount	**Trading portfolios**	**Non-trading portfolios**
As at 1 April 2017			
Financial assets			
Cash and cash equivalents	549.98	–	549.98
Bank balance other than above	645.06	–	645.06
Derivative financial instruments	–	–	–
Receivables	30.13	–	30.13
Loans	18,016.88	–	18,016.88
Investments	5,187.05	–	5,187.05
Other financial assets	117.34	–	117.34
	24,546.44	–	24,546.44
Financial liabilities			
Derivative financial instruments	–	–	–
Trade payables	45.52	–	45.52
Debt securities	10,191.76	–	10,191.76
Borrowings (other than debt securities)	11,259.38	–	11,259.38
Subordinated liabilities	1,532.52	–	1,532.52
Other financial liabilities	1,667.11	–	1,667.11
	24,696.29	–	24,696.29

(a) Market risk - trading portfolios

The Company does not have any trading portfolios.

(b) Market risk - Non-trading portfolios

(i) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which borrowings are denominated and the respective functional currencies of Company. The functional currency for the Company is rupees. The currency in which these transactions are primarily denominated is EURO.

Currency risk is related to the principal amounts of the Company's EURO bank loans, have been fully hedged using forward contracts that mature on the same dates as the loans are due for repayment.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company – primarily rupees. In addition, interest on borrowings is denominated in the currency of the borrowing. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Note 53 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management is as follows:

	31 March 2019		31 March 2018		01 April 2017	
	INR	**EURO**	INR	EURO	INR	EURO
Borrowings	**426.12**	**5.49**	471.88	5.84	429.13	6.19
Net exposure in respect of recognised assets and liabilities	**426.12**	**5.49**	471.88	5.84	429.13	6.19

Sensitivity analysis

A reasonably possible strengthening (weakening) of Rupee and Euro against all currencies at 31st March would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2019				
EURO (10% movement)	42.61	(42.61)	27.72	(27.72)
31 March 2018				
EURO (10% movement)	47.19	(47.19)	30.70	(30.70)
01 April 2017				
EURO (10% movement)	42.91	(42.91)	27.92	(27.92)

(ii) Interest rate risk

The Company makes attempts to minimize the gap between floating rate liabilities and floating rate assets, in order to minimize interest rate risk. This is achieved by way of borrowings at a floating rate and lending at rates linked to IFCI benchmark rate, which in turn is linked to, among others, its cost of borrowings. Further, analysis of impact of change in market rates of interest is carried out on a periodic basis, to undertsand impact on net interest income of IFCI and Market Value of Equity of IFCI. In line with extant regulatory guidelines, Interest rate Sensitivity statement is prepared on a monthly basis and analysed to understand gaps in various time buckets.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management is as follows:

Loans and advances to customers	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017
Fixed rate instruments			
Financial assets	**–**	–	–
Financial liabilities	**10,540.09**	11,119.84	11,724.28
Variable rate instruments			
Financial assets	**13,109.49**	15,844.85	18,016.88
Financial liabilities	**5,553.71**	9,018.12	11,259.38

Fair value sensitivity analysis for fixed rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have no impact in statement of profit and loss. This would have an impact on the fair value at the reporting dates. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 March 2019				
Variable rate instruments	**40.47**	**(40.47)**	**26.33**	**(26.33)**
Cash flow sensitivity (net)				
31 March 2018				
Variable rate instruments	(7.71)	7.71	(5.04)	5.04
Cash flow sensitivity (net)				

Note 53 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(iii) Equity price risk

Equity price risk is the risk that the fair value of equities declines as a result of changes in the level of equity indices and market price of individual stocks. The non–trading equity price risk exposure arises from equity securities classified at Fair Value. The equity price risk is more applicable to securities held for the purpose of trading. As the Company focuses on long term investments and current investments are kept low (investments held for trading purposes), IFCI may not be exposed to significant equity price risk.

(c) Legal and operational risk

(i) Legal risk

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Company has developed preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced. The Company also has well established legal procedures to scrutinise product offerings and manage risks arising out of its transactions.

As at 31 March 2019, there were legal cases pending against the Company aggregating ₹75.00 crore. Based on the opinion of the Company's legal advisors, the management believes that the liability, if any, shall be dependent on the decision of the Courts.

Refer Note 37 for pending litigation cases.

(ii) Operational

Operational risk is the exposure to loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Company has well defined policies for each of its products and services. It also has advanced computer systems that enable it to run operations with speed and accuracy.

The Operational Risk Management function is a part of Integrated Risk Management department and reports directly to the Chief Risk Officer. The Operational Risk Management Policy aims to ensure that the operations are in line with Board's directives and set out the broad outlines of the processes by which the operational risks shall be managed i.e. identified, measured, controlled, monitored and mitigated.

The Company has initiated an exercise for collection of loss event data (internal loss arising from actual events) on annual basis for the past 3 years from its regional offices and various departments at Head office. The operational loss event data is being obtained against 6 sub-categories viz. Internal fraud, External Fraud, Employment practices and workplace safety, Client, products and business practices, and Business disruption and system failures.

The expected outcome of the internal loss event process shall not only be a better informed response to current risks but also a better informed management of future risks. Such databases, fed during consecutive several years turn into a valuable source of information for management of operational risks. This shall help reduce the probability and potential impact of losses.

The Company also has a contingency plan to take care of any failure of its computer systems. Regular backups are made for all important datasets, and stored outside the Company's premises. This ensures that in case of any system failure, the Company will be able to continue its operations without losing critical data or business transactions. As part of its disaster recovery plan, the Company has established a back-up site which would operate during an emergency.

The Company has a specific Business Continuity Plan ("BCP") unit. The main objective of the BCP is to ensure that in the event of full or partial disaster, the Company should be able to continue providing essential services to customers, minimizing any adverse effects on the Company's business, through business impact analysis, business restoration plans and procedures, for the identified critical functions.

54 CAPITAL MANAGEMENT

The basic approach of capital adequacy framework is that, a financial institution should have sufficient capital to absorb shocks on account of any unexpected losses arising from the risks in its business.

As per RBI guidelines, IFCI as a Government owned NBFC-ND-SI is required to maintain a minimum capital to risk weighted asset ratio. Capital management entails optimal utilization of scarce capital to meet extant regulatory capital requirements. IFCI has put in place an appropriate Risk Appetite framework and computes its capital requirements and adequacy as per extant regulatory guidelines.

(i) Regulatory capital

The Company's regulatory capital consists of the sum of the following elements :

- Common equity Tier 1 (CET1) capital, which includes ordinary share capital, related share premiums, retained earnings and reserves after adjustment for dividend declared and deduction for goodwill, intangible assets and other regulatory adjustments relating to items that are not included in equity but are treated differently for capital adequacy purposes.

Note 54 (contd..) (All amounts are in Rupees crores unless otherwise stated)

- Tier 2 capital, which includes preference shares, qualifying subordinated liabilities and any excess of impairment over expected losses.

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Common equity Tier 1 (CET1) capital	**881.31**	1,730.01	3,395.56
Tier 2 capital instruments	**440.65**	1,496.31	1,667.78
Total regulatory capital	**1,321.96**	3,226.32	5,063.34
Risk weighted assets	**16,583.45**	23,017.84	30,300.96
CRAR (%)	**7.97%**	14.02%	16.71%
CRAR -Tier I Capital (%)	**5.31%**	7.52%	11.21%
CRAR -Tier II Capital (%)	**2.66%**	6.50%	5.50%

* Capital to Risk Assets Ratio (CRAR) and amounts for 31 March 2018 and 01 April 2017 have not been recomputed as per Ind AS and and is presented basis erstwhile GAAP as reported to RBI, hence not comparable.

For the purpose of calculation of Net Owned Funds (Tier 1 Capital), DTA has been considered net of MAT credit entitlement.

(ii) Capital allocation

The amount of capital allocated to each operation or activity is undertaken with the objective of minimisation of return on the risk adjusted capital. Allocation of capital to various lines of business is carried out basis annual business plan drawn at the beginning of the year. Various consideration for allocating capital include synergies with existing operations and activities, availability of management and other resources, and benefit of the activity with the Company's long term strategic objectives.

55 First time adoption of Ind AS

Explanation of transition to Ind AS

These financial statements for the year ended 31 March 2019, are the first financial statements, the Company has prepared in accordance with Ind AS. For the periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

Accordingly, the Company has prepared its financial statements to comply with Ind AS for the year ended 31 March 2019, together with comparative data as at and for the year ended 31 March 2018, as described in the summary of significant accounting policies. All applicable Ind AS have been consistently applied retrospectively subject to Ind AS 101 exemptions and exceptions availed by the Company. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2017, the Company's date of transition to Ind AS.

'In preparing its Ind AS balance sheet as at 1 April 2017 and in presenting the comparative information for the year ended 31 March 2018, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing the financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions:

(i) Property plant and equipment, intangible assets and investment properties

As per Ind AS 101 an entity may elect to:

(a) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date; or

(b) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (a) and (b) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market); or

(c) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

Note 55 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

The Company has elected to apply the exemption available under Ind AS 101 to use the previous GAAP revaluation for all of its property, plant and equipment, intangible assets and investment properties as recognised in the financial statements as at the date of transition to Ind AS, as deemed cost as at the date of transition (i.e. 1 April 2017).

(ii) Investments in group companies

Ind AS 101 provides an exemption to the first-time adopter to measure an investment in subsidiaries and associates at:

(a) cost determined in accordance with Ind AS 27; or

(b) deemed cost, which shall be its:

(i) fair value at the entity's date of transition to Ind AS in its separate financial statements; or

(ii) previous GAAP carrying amount at that date.

A first-time adopter may elect the above option for each subsidiary, joint venture or associate that it elects to measure using a deemed cost.

The Company has elected to apply the exemption available under Ind AS 101 to use the carrying value (measured as per the previous GAAP) for all its investments in subsidiaries and joint ventures as recognised in the financial statements as at the date of transition to Ind AS, as deemed cost as at the date of transition (i.e. 1 April 2017).

(iii) Compound financial instruments

Ind AS 101 permits a first-time adopter not to split the compound financial instrument into separate liability and equity components in accordance with Ind AS 32 Financial Instruments: Presentation, if the liability component is no longer outstanding at the date of transition to Ind AS.

Accordingly, as the liability component of compound financial instrument was no longer outstanding at the date of transition to Ind AS, the Company has elected not to apply Ind AS 32 retrospectively to split the liability and equity components of the instrument.

(iv) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

B. Mandatory exceptions:

(i) Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the derecognition principles of Ind AS 109 prospectively from 1 April 2017.

(ii) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS and at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair value of financial instruments carried at fair value through profit and loss and/ or fair value through other comprehensive income.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

(iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively.

Note 55 (contd..) (All amounts are in Rupees crores unless otherwise stated)

C. Reconciliation of total comprehensive income for the year ended 31 March 2018

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

(i) Reconciliation of Balance Sheet as at 1st April 2017 and 31st March 2018

	Notes to first-time adoption	As at date of transition 1st April 2017			As at 31st March 2018		
		Previous GAAP *	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Assets							
Financial assets							
Cash and cash equivalents	(l)	541.63	8.35	549.98	184.66	8.05	192.71
Bank balance other than (a) above	(l)	640.32	4.74	645.06	662.88	11.15	674.03
Derivative financial instruments		–	–	–	20.93	–	20.93
Receivables	(d)	30.28	(0.15)	30.13	15.50	(0.45)	15.05
Loans	(d) & (b)	21,764.99	(3,748.11)	18,016.88	17,345.21	(1,500.36)	15,844.85
Investments	(d) &(e)	4,064.65	1,122.40	5,187.05	4,513.43	810.29	5,323.72
Other financial assets	(d) & (l)	234.77	(117.43)	117.34	282.84	(94.97)	187.87
Non-financial assets							
Investment in subsidiaries		1,361.78	–	1,361.78	1,361.78	(0.00)	1,361.78
Equity accounted investees		59.13	–	59.13	0.04	0.00	0.04
Current tax assets (net)		28.40	–	28.40	54.18	–	54.18
Deferred tax assets (net)	(h)	1,037.95	649.22	1,687.17	1,796.79	20.79	1,817.58
Investment property	(g)	–	261.30	261.30	–	198.28	198.28
Property, plant and equipment	(g)	972.98	(261.30)	711.68	929.31	(198.28)	731.03
Capital work-in-progress		0.64	–	0.64	0.31	–	0.31
Other intangible assets		2.46	–	2.46	1.99	–	1.99
Assets held for sale	(f)	927.38	(260.64)	666.74	787.46	(215.47)	571.99
Other non-financial assets		7.08	0.16	7.24	8.20	(0.01)	8.19
Total assets		**31,674.44**	**(2,341.46)**	**29,332.98**	**27,965.52**	**(960.99)**	**27,004.53**
Equity and liabilities							
Financial liabilities							
Derivative financial instruments							
Payables							
(I) Trade payables							
(i) total outstanding dues of micro enterprises and small enterprises		–	–	–	–	–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		45.52	–	45.52	91.39	–	91.39
Debt securities	(a)	10,248.92	(57.16)	10,191.76	9,649.91	(44.63)	9,605.28
Borrowings (Other than Debt Securities)	(a)	11,336.46	(77.08)	11,259.38	9,083.48	(65.36)	9,018.12
Subordinated Liabilities	(a)	1,313.30	219.22	1,532.52	1,313.30	201.26	1,514.56
Other financial liabilities		1,668.54	(1.43)	1,667.11	1,816.42	(1.57)	1,814.85
Non-Financial Liabilities							
Provisions	(d)&(i)&(m)	331.32	(91.10)	240.22	230.89	9.46	240.35
Other non-financial liabilities		0.06	2.14	2.20	–	1.71	1.71
Total liabilities		**24,944.12**	**(5.41)**	**24,938.71**	**22,185.39**	**100.87**	**22,286.26**
Equity							
Equity share capital	(a)	1,925.88	(263.84)	1,662.04	1,920.99	(225.00)	1,695.99
Other equity	(j)	4,804.44	(2,072.21)	2,732.23	3,859.14	(836.86)	3,022.28
Total equity		6,730.32	(2,336.05)	4,394.27	5,780.13	(1,061.86)	4,718.27
Total equity and liabilities		31,674.44	(2,341.46)	29,332.98	27,965.52	(960.99)	27,004.53

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Note 55 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(ii) Reconciliation of total comprehensive income for the year ended 31st March 2018

	Notes to first-time adoption	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Revenue from operations				
Interest Income	(b)&(i)	1,925.50	686.99	2,612.49
Dividend Income		58.46	–	58.46
Rental Income		37.68	–	37.68
Fees and commission income		19.04	0.43	19.47
Net gain on fair value changes	(e)	389.96	329.52	719.48
Total Revenue from operations		**2,430.64**	**1,016.94**	**3,447.58**
Other income	(f)	352.91	(60.50)	292.41
Total Income (I+II)		**2,783.54**	**956.44**	**3,739.99**
Expenses				
Finance Costs	(a)	2,029.30	45.00	2,074.30
Impairment on financial instruments	(d)	2,327.04	(1,392.68)	934.36
Employee Benefits Expenses	(c)&(m)	107.82	1.37	109.19
Depreciation, amortization and impairment		33.65	–	33.65
Others expenses	(f)	42.83	45.40	88.23
Total Expenses (IV)		**4,540.64**	**(1,300.91)**	**3,239.73**
Profit / (loss) before tax (III-IV)		**(1,757.10)**	**2,257.35**	**500.25**
Tax expense:				
Current tax - current year		10.53	(0.04)	10.49
Current tax - earlier year		(0.04)	0.04	–
Deferred tax	(h)	(758.84)	780.23	21.39
Profit / (loss) for the year		**(1,008.75)**	**1,477.12**	**468.37**
Other comprehensive income				
(i) Items that will not be reclassified to profit or loss				
- Fair value changes on FVTOCI - equity securities	(e)		(371.75)	(371.75)
- Loss on sale of FVTOCI - equity securities			(0.90)	(0.90)
- Actuarial gain/(loss) on defined benefit obligation	(k)		2.97	2.97
(ii) Income tax relating to items that will not be reclassified to profit or loss				
- Tax on Fair value changes on FVTOCI - Equity securities	(e)		143.78	143.78
- Tax on Actuarial gain/(loss) on Defined benefit obligation	(e)		(1.04)	(1.04)
Subtotal (A)		–	**(226.94)**	**(226.94)**
(i) Items that will be reclassified to profit or loss				
- Debt securities measured at FVTOCI - net change in fair value	(e)		22.08	22.08
- Debt securities measured at FVTOCI - reclassified to profit and loss	(e)		(48.57)	(48.57)
(ii) Income tax relating to items that will be reclassified to profit or loss				
- Tax on Fair value changes on FVTOCI - Debt securities			9.06	9.06
Subtotal (B)		–	**(17.43)**	**(17.43)**
Other comprehensive income (A + B)		–	**(244.37)**	**(244.37)**
Total comprehensive income for the year		**(1,008.75)**	**1,232.75**	**224.00**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Note 55 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(iii) Reconciliation of total comprehensive income for the year ended 31 March 2018

	Notes to first-time adoption	For the year ended 31 March 2018
Profit after tax under India GAAP		(1,008.75)
Adjustments:		
Incremental impact of expected credit loss provision on advances	(d)	1,453.00
Income on non-performing Stage 3 assets	(b)	595.83
Accretion of Interest expense at market rate on preferential rate borrowings	(a)	(45.15)
Incremental impact of expected credit loss provision on investments	(e)	27.99
Unrealised gain/(loss) on FVTPL securities	(e)	328.62
Impact on Assets held for sale	(f)	(45.40)
FTIL(Interest capitalisation) reversal	(i)	(60.12)
Incremental impact of expected credit loss provision on Trade receivables and other financial assets	(d)	5.07
Remeasurements of post-employment benefit obligations	(c)	(2.97)
Gain/(loss) on sale of FVTOCI securities		0.90
Change in Provident fund liability on account of classification as post employment defined benefit plan	(m)	1.60
Other adjustments		(2.03)
Deferred tax impact on Ind AS adjustments	(h)	(780.23)
Profit after tax as per Ind AS		**468.36**
Remeasurements of post-employment benefit obligations	(k)	2.97
Unrealised gain/(loss) on FVTOCI debt securities	(e)	(26.48)
Unrealised gain/(loss) on FVTOCI equity securities	(e)	(371.75)
Gain/(loss) on sale of FVTOCI securities		(0.90)
Deferred tax impact on above items	(h)	151.80
Total Comprehensive income for the year		**224.00**

*The previous GAAP figures have been restated/ reclassified to confirm to Ind AS presentation for the purpose of this note.

(iv) Reconciliation of total equity as at 31 March 2018 and 1 April 2017

	Notes to first-time adoption	As at 31st March 2018	As at date of transition 1st April 2017
Total equity (shareholder's funds) as per previous GAAP		**5,780.13**	**6,730.32**
Adjustments:			
0.10% Cumulative Redeemable Preference Shares classified as financial liability	(a)	38.84	(263.84)
Incremental impact of expected credit loss provision on advances	(d)	1,453.00	(5,092.26)
Income on Stage 3 assets	(b)	595.83	1,265.99
Accretion of Interest expense at market rate on preferential rate borrowings	(a)	(45.15)	(349.65)
Incremental impact of expected credit loss provision on investments	(e)	27.99	838.50
Unrealised gain on FVTPL securities	(e)	328.62	372.07
Fair valuation loss for Assistance under financing - Investments held for sale	(f)	(45.40)	(260.63)
FITL(Interest capitalisation) reversal	(i)	(60.12)	118.15
Incremental impact of expected credit loss provision on Trade receivables and other financial assets	(d)	5.07	(6.48)
Deemed equity contribution on prefenrential rate borrowings	(a)	–	528.52
Unrealised (loss)/gain on FVTOCI debt securities	(e)	(26.48)	57.65
Unrealised loss on FVTOCI equity securities	(e)	(371.75)	(146.10)
Change in Provident fund liability on account of classification as post employment defined benefit plan	(m)	1.60	(46.75)
Other adjustments		0.57	(0.43)
Deferred tax impact on Ind AS adjustments	(h)	(628.43)	649.22
Total adjustments on transition to Ind AS		**1,274.19**	**(2,336.05)**
Net impact brought forward from Opening balance sheet	(j)	(2,336.05)	–
Total equity as per Ind AS		4,718.27	4,394.27

(v) Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2018

The transition from previous GAAP to Ind AS did not have a material impact on the statement of cash flows.

Note 55 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

Notes to the reconciliations

(a) Preference share capital

Under previous GAAP, 0.01% preference share capital is presented under equity share capital and dividend at 0.01% is declared on the same. However under Ind AS 32 the same is classified as a financial liability which has been recorded at fair value. Since, the said preference shares have been issued to the shareholders of the Company, the difference between transaction value and fair value is recognised as deemed equity contribution. Subsequently, Interest expense has been recognised at market rate of interest on such instruments. Also, there are preferential rate borrowings from shareholders which are recognised at transaction value and interest expense is recognised at preferential rate of interest. Under Ind AS 109, the same has been recorded at fair value and the difference between transaction value and fair value is recognised as deemed equity contribution. Subsequently, Interest expense on said borrowings are recognised at market rate of interest on such borrowings.

(b) Interest income on stage 3 assets

Under the previous GAAP, interest income on nonperforming assets (NPA) was recognised upon realisation as per RBI Guidelines. Under Ind AS, interest income from financial assets is recognised on an accrual basis using Effective Interest Rate (EIR) method on the gross carrying amount for assets falling under stages 1 and 2 and on the amortised cost for assets falling under stage 3. Accordingly, the Company has recognised income on stage 3 assets on the carrying value of the asset.

(c) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses on post employment defined benefit plan are recognised in other comprehensive income. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. The concept of other comprehensive income did not exist under previous GAAP. However, this has no impact on the total comprehensive income and total equity.

(d) Expected credit loss allowance

Under previous GAAP, provision on loans was recognised based on RBI Income recognition and asset classification norms. On transition to Ind AS, the Company has recognised impairment loss on loans, investments, trade receivables and other financial assets based on the expected credit loss model as required by Ind AS 109.

(e) Fair valuation of investments

Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on intention of management at the time of purchase. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investments.

In accordance with Ind AS, investment in equity shares other than subsidiaries, associates and joint ventures and investment in security receipts, preference shares, venture capital fund, mutual funds have been fair valued with changes in fair value recognised in profit and loss account.

Investment in debt securities and certain identified equity securities has been classified as at fair value through other comprehensive income (FVTOCI) and accordingly fair valued with changes in fair value recognised in other comprehensive income.

(f) Investment in associates

Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on intention of management at the time of purchase. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investments.

Under Ind AS, the Company has classified said investments in Assistance under finance-associates are classified as assets held for sale and subsequently it is measured at cost or fair value whichever is lower with any change in carrying value recognised in profit and loss account.

(g) Investment property

Under Ind AS, the Company has reclassified building given on operating lease as investment property. Under the previous GAAP, this was disclosed as a part of property, plant and equipment as there was no concept of investment property.

(h) Deferred tax

Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, Company has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

(i) FITL (Interest capitalisation reversal)

Under Indian GAAP, as per RBI guidelines, upon restructuring of unpaid interest into FITL, the Company was required to debit interest income on advances and recognise a liability for the same.

In case of repayment of FITL : The said FITL account is then subsequently released to the P&L account in the proportion of recovery of the principal amount of the unpaid interest term loan.

Under Ind AS, the derecognition of the previously recognised interest income and deferring the same as a liability does not meet the Ind AS recognition principles. Accordingly, under Ind AS, the Company has derecognised the FITL liability.

Note 55 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(j) Retained earnings

Retained earnings as at 1 April 2017 has been adjusted consequent to the above Ind AS transition adjustments.

(k) Other comprehensive income

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

(l) Interest accrued

Under previous GAAP, interest accrued on fixed deposits was shown under other current assets. Under Ind AS, the said amount has been reclassified to cash and cash equivalents and other bank balances.

(m) Provident fund liability as a defined benefit plan

Under previous GAAP, provident fund was erroneously classified as a defined contribution scheme. Under Ind AS, the said scheme has been classified as a defined benefit scheme. Hence, the Company has recomputed its provident fund liability using projected unit credit method and has taken the impact in the opening balance sheet as on 31-03-2017.

56 The following additional information is disclosed in terms of RBI Circulars applicable to Non-Banking Financial Companies. Ind AS adjustments have not been made in these disclosures unless specifically stated :

(i) The Company is registered with Securities and Exchange Board of India as debenture trustee having registration code i.e. “IND000000002”.

(ii) There are no penalties imposed by RBI and other regulator during the year ended March, 2019. However, BSE & NSE had levied a fine of ₹9,77,040/-(inclusive of taxes) each per quarter, for quarters ended September 30, 2018 and December 31, 2018 and ₹9,55,800/- (inclusive of tax) each for quarter ended March 2019 aggregating ₹58,19,760/-. The fine has been levied for non-compliance of the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, w.r.t. non-appointment of Independent Directors in compositions of the Board, Audit Committee, Nomination & Remuneration Committee, etc. Our response in this regard has been communicated to BSE & NSE clarifying that, being a government Company, as per the provisions of the Companies Act, 2013, such appointment does not fall within the control of IFCI or its Board of Directors. The application for appointment of independent directors has been sent to Ministry of Finance, Government of India and appointments are awaited. In view of these facts the management is of the opinion that the amount of fine will be withdrawn by the BSE & NSE and is not payable by the Company. However this amount is included in contingent liability of the Company.

(iii) Ratings assigned by credit rating agencies and migration of ratings during the year ended 31 March 2019 are as under:

Long Term (Bonds/NCDs/Term Loans)

Ratings by	**31-Mar-19**	31-Mar-18
ICRA	**[ICRA] BBB+ w.e.f. 30/05/2018**	[ICRA] A– w.e.f. 23/08/2017
CARE	**CARE BBB w.e.f. 23/02/2019**	CARE A– w.e.f. 30/06/2017
Brickwork	**BWR A– w.e.f. 27/06/2018**	BWR A+ w.e.f. 31.03.2017

Short Term (Commercial Paper/Short term borrowings)

Ratings by	**31-Mar-19**	31-Mar-18
ICRA	**[ICRA] A2+ w.e.f. 30/05/2018**	[ICRA] A1 w.e.f. 23/08/2017
Brickwork	**BWR A1 w.e.f. 18/06/2018**	–

For Structured Secured NCD

Ratings by	**31-Mar-19**	31-Mar-18
CARE	**CARE A– (SO) w.e.f. 23/02/2019**	CARE A+ (SO) w.e.f. 30/06/2017
Brickwork	**BWR AA– (SO) w.e.f. 27/06/2018**	BWR AA+ (SO) w.e.f. 31.03.2017
CARE	**CARE A– (SO) w.e.f. 23/02/2019**	CARE A+ (SO) w.e.f. 30/06/2017

Subordinate Bonds

Ratings by	**31-Mar-19**	31-Mar-18
CARE	**CARE BBB– w.e.f. 23/02/2019**	CARE BBB+ w.e.f. 30/06/2017

Note 56 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(iv) Disclosures relating to Customer Complaints

		31-Mar-19	31-Mar-18
(a)	No. of complaints pending at the beginning of the period	–	–
(b)	No. of complaints received during the period	–	–
(c)	No. of complaints redressed during the period	–	–
(d)	No. of complaints pending at the end of the period	–	–

(v) Capital to Risk Assets Ratio (As per Ind AS)*

		31-Mar-19	31-Mar-18
(a)	Capital to Risk Assets Ratio (CRAR)	**7.97%**	14.02%
(i)	Core CRAR	**5.31%**	7.52%
(ii)	Supplementary CRAR	**2.66%**	6.50%
(b)	Subordinated debt raised, outstanding as Tier II Capital (₹ crore)	**440.65**	865.01
(c)	Risk-weighted assets (₹ crore):		
(i)	On-Balance Sheet Items	**15,526.05**	21,468.05
(ii)	Off-Balance Sheet Items	**1,069.98**	1,549.79

* Capital to Risk Assets Ratio (CRAR) Ratio and amounts for 31st March 2018 have not been recomputed as per Ind AS and is presented basis erstwhile GAAP as reported to RBI, hence not comparable with CRAR as on 31st March 2019.

(vi) Loans and advances availed, inclusive of interest accrued thereon but not paid (As per Ind AS)

		As on 31/03/2019		As on 31/03/2018	
		Outstanding	Overdue	Outstanding	Overdue
(a)	Debentures:				
(i)	Secured	**2,857.26**	–	2,857.26	–
(ii)	Unsecured	**818.19**	–	818.19	–
(b)	Deferred Credits	–	–	–	–
(c)	Term Loans	**5180.17**	–	8,411.60	–
(d)	Inter Corporate loans & borrowing	–	–	–	–
(e)	CBLO/ Commercial Paper	–	–	–	–
(f)	Other Loans (incl. FC Loan)	**426.12**	–	671.88	–
(g)	Funds placed with IFCI	–	–	312.17	–
(h)	Bonds	**6908.36**	–	7,287.76	–

The Company has not defaulted in repayment of dues to any financial institution or bank or bond/ debenture holders.

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

	Category	As on 31/03/2019		As on 31/03/2018	
		Market/ Break- up/ Fair Value/ NAV	Book Value	Market/ Break- up/ Fair Value/ NAV	Book Value
	Related Parties				
(a)	Subsidiaries	**2,278.75**	**1,546.41**	2,002.32	1,751.85
(b)	Companies in same group	**22.03**	**0.04**	11.06	0.04
(c)	Joint Venture	–	**0.01**	–	0.01
(d)	Other than Related Parties	**3,724.67**	**3,982.54**	6,839.66	5,889.32
	Total	**6,025.45**	**5,529.00**	8,853.04	7,641.22

(viii) Details of investment and movement in provision :

		31-Mar-19	31-Mar-18
(A)	**Value of Investment in India**	**5,529.00**	7,641.22
	Provisions for Depreciation	**0.00**	1,004.65
	Net Value of Investments	**5,529.00**	6,636.57
(B)	**Movement of provisions held towards depreciation on investments**		
(i)	Opening balance	**1,004.65**	976.66
(ii)	Add : Provisions made during the year	**268.48**	273.79
(iii)	Less : Write-off / write-back of excess provisions during the year	**119.62**	245.80
(iv)	Closing balance	**1,153.51**	1,004.65

Note 56 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	31-Mar-19	31-Mar-18
(ix) Leased Assets and stock on hire and other assets counting towards Loan activities	**–**	–

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

		31-Mar-19	31-Mar-18
1	Related Parties		
(a)	Subsidiaries	**–**	–
(b)	Companies in same group	**–**	–
2	Other than Related Parties	**12,808.00**	17,345.24
	Total	**12,808.00**	17,345.21

Amount is net of provision against non-performing and standard restructured assets.

(xi) Details of Single Borrower Limit - exceeded by the NBFC on the basis of Gross Exposure

		As on 31/03/2019			As on 31/03/2018	
		Videocon Industries Ltd	**Amtek Auto Ltd.**	**Kalpataru Limited**	Alok Industries Ltd.	Sravanthi Energy Pvt. Ltd.
(a)	Loan Total Outstanding	**383.50**	**386.30**	**350.00**	492.09	722.68
(b)	% of owned funds	**17.03%**	**17.15%**	**15.54%**	16.00%	23.50%
(c)	Investment outstanding	**0.00**	**0.00**	**0.00**	42.88	139.59
(d)	% of owned funds	**0.00%**	**0.00%**	**0.00%**	1.39%	4.54%
(e)	Total Exposure	**394.58**	**386.30**	**350.00**	534.97	862.26
(f)	% of owned funds	**17.52%**	**17.15%**	**15.54%**	17.40%	28.04%

(xii) Details of Group Borrower Limit – exceeded by the NBFC on the basis of Gross Exposure

		31-Mar-19	31-Mar-18
		Jaiprakash Group	ADA Group
(a)	Loan Total Outstanding	**629.57**	1076.65
(b)	%of owned funds	**27.96%**	35.01%
(c)	Investment outstanding	**–**	18.01
(d)	% of owned funds	**0.00%**	0.59%
(e)	Total Exposure	**669.57**	1094.67
(f)	% of owned funds	**29.73%**	35.60%

(xiii) Concentration of Advances

	31-Mar-19	31-Mar-18
Total Advances to top twenty largest borrowers / customers	**5,606.50**	7,035.78
Percentage of Advances to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	**31.87%**	33.23%

(xiv) Concentration of Exposures

	31-Mar-19	31-Mar-18
Total Exposure to top twenty largest borrowers / customers	**6,296.98**	8,086.03
Percentage of Exposures to top twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	**24.44%**	27.62%

(xv) Concentration of NPAs

	31-Mar-19	31-Mar-18
Total Exposure to top Four NPA Accounts	**1334.01 (6.47%)**	2046.61 (9.67%)

Note 56 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(xvi) Status of Non–Performing Assets

		31-Mar-19	31-Mar-18
1	**Gross Non-Performing Assets**		
(a)	Related Parties	–	–
(b)	Other than Related parties	**8,609.79**	8,672.37
2	**Net Non-Performing Assets**		
(a)	Related Parties	–	–
(b)	Other than Related parties	**4,069.33**	5,126.95
	Assets acquired in satisfaction of debt	–	–

(xvii) Movement of NPA :

		31-Mar-19	31-Mar-18
(i)	**Net NPAs to Net Advances (%)**	**31.77%**	29.56%
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	**8,672.37**	7,552.96
(b)	Additions during the year	**2,125.94**	2,045.16
(c)	Reductions during the year	**2,188.52**	925.75
(d)	Closing balance	**8,609.79**	8,672.37
(iii)	**Movement of Net NPAs**		
(a)	Opening balance	**5,126.95**	5,882.33
(b)	Additions during the year	**1,722.78**	1,663.67
(c)	Reductions during the year	**2,780.40**	2,419.05
(d)	Closing balance	**4,069.33**	5,126.95
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
(a)	Opening balance	**3,545.42**	1,670.63
(b)	Provisions made during the year	**2,171.90**	2,309.18
(c)	Write-off / write-back of excess provisions	**1,176.86**	434.39
(d)	Closing balance	**4,540.46**	3,545.42

(xviii) Sector–Wise NPA

		% of NPAs to Total Advances	
Sector		**31-Mar-19**	31-Mar-18
1.	Agriculture and Allied Activities	–	–
2.	MSME	–	–
3.	Corporate Borrowers	**48.93%**	40.96%
4.	Services	–	–
5.	Unsecured Personal Loans	–	–
6.	Auto Loans	–	–
7.	Other personal loans	–	–

(xix) Provisions and contingencies

Break up of Provisions and Contingencies	31-Mar-19	31-Mar-18
Provisions for depreciation on Investment	**148.87**	27.99
Provision towards NPA	**961.47**	1,887.90
Provision for Standard Assets	**(27.88)**	(49.50)
Provision made towards Income tax	–	–
Provision against trade receivables and other advances	–	(1.31)

(xx) Exposure to Real Estate Sector

Category		31-Mar-19	31-Mar-18
(a)	**Direct Exposure**		
(i)	**Residential Mortgages-**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (Individual housing loans up to ₹15 lakh may be shown separately)	–	–

Note 56 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(ii)	**Commercial Real Estate-**		
	Lending secured by mortgages on commercial real estate (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	**1,411.29**	2,468.14
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures:**	**–**	–
(b)	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	**–**	–

(xxi) Exposure to Capital Market

		31-Mar-19	31-Mar-18
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	**3114.43**	4075.19
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	**–**	–
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	**1584.26**	2024.55
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	**24.97**	18.93
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**0.00**	10.00
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	**–**	–
(vii)	bridge loans to companies against expected equity flows / issues;	**51.91**	–
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	**204.62**	220.70
	Total Exposure to Capital Market	**4,928.27**	6,349.37

(xxii) Assets sold to Securitization Company/ Reconstruction Company (SC/ RC):

		31-Mar-19	31-Mar-18
1.	Number of Accounts	**5**	8
2.	Aggregate outstanding of accounts sold to SC/ RC	**722.96**	384.07
3.	Aggregate consideration	**436**	281.49
4.	Additional consideration realized in respect of accounts transferred in earlier years	**–**	–
5.	Aggregate gain/ (loss) over net book value	**(286.96)**	(102.58)

(xxiii) Details of Assignment Transactions

	31-Mar-19	31-Mar-18
Assignment transactions undertaken	**–**	–

(xxiv) Details of Non–performing financial assets purchased:

	31-Mar-19	31-Mar-18
Number of accounts purchased during the year	**–**	–
Aggregate Outstanding (₹ crore)	**–**	–
Of the above number of accounts restructured during the year	**–**	–
Aggregate Outstanding (₹ crore)	**–**	–

(xxv) Non–performing financial assets sold to other than SC/RC

	31-Mar-19	31-Mar-18
Non-performing financial assets sold to other than SC/RC	**–**	–

Note 56 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(xxvi) Exchange traded interest rate (IR) derivatives

	31-Mar-19	31-Mar-18
Exchange traded interest rate (IR) derivatives	–	–

(xxvii) Details of Forward rate agreement/ interest rate swap

	31-Mar-19	31-Mar-18
Details of Forward rate agreement/ interest rate swap	–	–

(xxviii) Quantitative Disclosures:

		31-Mar-19	31-Mar-18
(i)	Currency Derivatives - Hedging	**603.12**	692.16
	Marked to Market Position		
(a)	Assets	**28.51**	(18.42)
(b)	Liability	**12.7**	(25.01)
(ii)	Interest Rate Derivatives	–	–

(xxix) Disclosures on Flexible Structuring of Existing Loans

Financial Year		No. of Borrowers taken up for Flexible Structuring	Amount of Loans Taken up for flexible Structuring		Exposure weighted average duration of Loans taken up for Flexible Structuring	
			Classified as Standard	Classified As NPA	Before Applying Flexible Structure	After Applying Flexible Structuring
(i)	FY 2018-19	–	–	–	–	–
(ii)	FY 2017-18	–	–	–	–	–

(xxx) Disclosures on Change in Ownership of Projects under Implementation (Accounts which are currently under the stand-still period).

Particulars	Amount Outstanding as on the reporting date		
	Classified as Standard	Classified as Standard Restructured	Classified as NPA
No. of Project Loan Accounts where Banks have decided to effect change in ownership	–	–	–

(xxxi) Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A) as on 31st March, 2019

	No. of Accounts where S4A has been applied	Aggregate amount outstanding	Amount Outstanding		Provision Held
			In Part A	In Part B	
FY 2018-19					
(i) Classified as Standard	2	118.18	57.09	61.09	37.58
(ii) Classified as NPA	-	-	-	-	-
FY 2017-18					
(i) Classified as Standard	2	136.85	75.74	61.11	37.58
(ii) Classified as NPA	-	-	-	-	-

(xxxii) Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)

Financial Year	No. of Accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		Amount Outstanding as on the reporting date with respect to accounts where conversion of debt to equity /invocation of pledge of equity shares is pending		Amount Outstanding as on the reporting date with respect to accounts where conversion of debt to equity /invocation of pledge of equity shares has taken place		Amount Outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
		Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
FY2018-19	–	–	–	–	–	–	–	–	–
FY2017-18	–	–	–	–	–	–	–	–	–

Note 56 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(xxxiii) Disclosures on Strategic Debt Restructuring Scheme (Accounts which are currently under the stand-still period)

Financial Year	No. of Accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount Outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount Outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
		Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
FY2018-19	–	–	–	–	–	–	–
FY2017-18	2	390.47	13.84	–	–	390.47	13.84

(xxxiv) Maturity Pattern of assets and liabilities:

As at 31 March 2019

	1 day to 30 days	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
LIABILITIES									
Borrowing from Banks	–	25.00	610.69	200.63	1,212.00	2,475.61	656.25	–	5,180.18
Market borrowings	–	153.40	125.90	176.92	937.81	3,333.99	712.36	5,143.15	10,583.53
TOTAL	**–**	**178.40**	**736.59**	**377.55**	**2,149.81**	**5,809.60**	**1,368.61**	**5,143.15**	**15,763.71**
ASSETS									
Advances	111.53	74.34	329.05	1,139.00	1,216.08	2,494.09	1,115.83	6,327.51	12,807.43
Investments	150.66	–	148.31	4.54	88.23	556.60	5.00	3,422.15	4,375.49
TOTAL	**262.19**	**74.34**	**477.36**	**1,143.54**	**1,304.31**	**3,050.69**	**1,120.83**	**9,749.66**	**17,182.92**

As at 31 March 2018

	1 day to 30 days	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
LIABILITIES									
Borrowing from Banks	506.25	52.08	782.02	538.13	1,521.47	3,849.80	1,336.85	25.00	8,611.60
Market borrowings	–	3.00	168.50	5.64	190.81	2,298.21	3,306.45	5,462.48	11,435.09
TOTAL	**506.25**	**55.08**	**950.52**	**543.77**	**1,712.28**	**6,148.01**	**4,643.30**	**5,487.48**	**20,046.69**
ASSETS									
Advances	163.20	286.88	350.28	1,061.85	1,599.03	4,185.94	1,925.31	7,772.72	17,345.21
Investments	206.64	–	540.57	81.42	317.99	149.31	425.00	4,915.63	6,636.56
TOTAL	**369.84**	**286.88**	**890.85**	**1,143.27**	**1,917.02**	**4,335.25**	**2,350.31**	**12,688.35**	**23,981.77**

As at 31 March 2017

	1 day to 30 days	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
LIABILITIES									
Borrowing from Banks	500.00	31.25	298.54	298.96	2,103.43	4,999.29	2,175.89	500.00	10,907.36
Market borrowings	29.46	–	14.16	217.37	235.15	1,750.09	3,486.45	6,258.64	11,991.32
TOTAL	**529.46**	**31.25**	**312.70**	**516.33**	**2,338.58**	**6,749.38**	**5,662.34**	**6,758.64**	**22,898.68**
ASSETS									
Advances	143.00	101.68	464.09	940.80	2,257.54	6,252.56	2,652.56	8,952.72	21,764.95
Investments	265.13	198.13	197.49	98.04	146.85	232.20	516.04	4,741.82	6,395.70
TOTAL	**408.13**	**299.81**	**661.58**	**1,038.84**	**2,404.39**	**6,484.76**	**3,168.60**	**13,694.54**	**28,160.65**

Note 56 (contd..)

(xxxv) Disclosure of Restructured Accounts

(All amounts are in Rupees crore unless otherwise stated)

Sl. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification / Details		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April, 1 of the FY (opening figures)*	No. of borrowers	–	1	1	–	**2**	–	–	–	–	**–**	1	1	10	–	**12**	**1**	**2**	**11**	**–**	**14**
		Amount outstanding	–	147.00	90.42	–	**237.42**	–	–	–	–	**–**	300.64	434.63	2173.51	–	**2908.78**	**300.64**	**581.63**	**2263.93**	**–**	**3146.20**
		Provision thereon	–	33.37	46.63	–	**80.00**	–	–	–	–	**–**	15.03	43.46	726.15	–	**784.64**	**15.03**	**76.83**	**772.78**	**–**	**864.64**
2	Fresh restructuring during the year #	No. of borrowers	–	–	–	–	**–**	–	–	–	–	**–**	1	–	–	–	**1**	**1**	**–**	**–**	**–**	**1**
		Amount outstanding	–	–	–	–	**–**	–	–	–	–	**–**	95.90	–	–	–	**95.90**	**95.90**	**–**	**–**	**–**	**95.90**
		Provision thereon	–	–	–	–	**–**	–	–	–	–	**–**	9.59	–	–	–	**9.59**	**9.59**	**–**	**–**	**–**	**9.59**
3	Upgradations to restructured standard category during the FY	No. of borrowers	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–	**–**	**–**	**–**	**–**	**–**	**–**
		Amount outstanding	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–	**–**	**–**	**–**	**–**	**–**	**–**
		Provision thereon	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–	**–**	**–**	**–**	**–**	**–**	**–**
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–	**–**	**–**	**–**	**–**	**–**	**–**
		Amount outstanding	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–	**–**	**–**	**–**	**–**	**–**	**–**
		Provision thereon	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–	**–**	**–**	**–**	**–**	**–**	**–**
5	Downgradations of restructured accounts during the FY	No. of borrowers	–	–	1	–	**1**	–	–	–	–	**–**	1	1	–	–	**2**	**1**	**1**	**1**		**3**
		Amount outstanding	–	–	147.00	–	**147.00**	–	–	–	–	**–**	300.64	434.63	–	–	**735.27**	**300.64**	**434.63**	**147.00**		**882.27**
		Provision thereon	–	–	33.37	–	**33.37**	–	–	–	–	**–**	26.09	43.47	–	–	**69.56**	**26.09**	**43.47**	**33.37**		**102.93**
6	Write-offs of restructured accounts during the FY**	No. of borrowers	–	–	–	–	**–**	–	–	–	–	**–**	–	–	1	–	**1**	**–**	**–**	**1**	**–**	**1**
		Amount outstanding	–	–	–	–	**–**	–	–	–	–	**–**	–	–	722.68	–	**722.68**	**–**	**–**	**722.68**	**–**	**722.68**
		Provision thereon	–	–	–	–	**–**	–	–	–	–	**–**	–	–	269.89	–	**269.89**	**–**	**–**	**269.89**	**–**	**269.89**
7	Restructured Accounts as on March, 31 of the FY (closing figures)*	No. of borrowers	–	–	2	–	**2**	–	–	–	–	**–**	1	–	11	–	**12**	**1**	**–**	**13**	**–**	**14**
		Amount outstanding	–	–	237.42	–	**237.42**	–	–	–	–	**–**	95.90	–	1633.86	–	**1729.76**	**95.90**	**–**	**1,871.28**	**–**	**1967.18**
		Provision thereon	–	–	181.39	–	**181.39**	–	–	–	–	**–**	9.59	–	804.69	–	**814.28**	**9.59**	**–**	**986.08**	**–**	**995.67**

There was no restructuring during the year, the case reported was inadvertently omitted in last year disclosures.

Note 56 (contd..) (All amounts are in Rupees crores unless otherwise stated)

56.1 Open interest in the Currency Futures as at 31/03/2019 (Previous Year ended March 2018 : EUR/ USD 10 million)

Position (as at 31/03/2019)

		Series of Future	Exchange	Number of Contracts	Number of Units Involved (EUR & USD)
1	USD/INR	25 April 2019	NSE	2000	2,000,000.00
2	EUR/USD	25 April 2019	NSE	29950	29,950,000.00
3	USD/INR	28 August 2019	NSE	2000	2,000,000.00

57 Foreign Currency exposure that is not hedged by derivative instrument or otherwise is USD 0.073 million (Previous Year ended March 2018: USD 2.509 million) and EUR 0.049 million (Previous Year ended March 2018: EUR 0.049 million), equivalent to ₹0.89 crore (Previous Year ended March 2018: ₹16.75 crore).

58 Details of securities sold and purchased under Repos and Reverse Repos Transactions:

		Maximum O/s during the period	Daily Average O/s during the period	O/s as on 31 March 2018
Securities sold under Repo:				
1	Govt. Securities	–	–	–
2	Corporate Bonds	–	–	–
Securities purchased under reverse repo:				
1	Govt. Securities	–	–	–
2	Corporate Bonds	–	–	–

Maximum & average outstanding is based on face value of securities.

59 Previous year figures have been re-grouped/ re-arranged/ restated wherever necessary, to conform to current period's presentation.

In terms of our report of even date

For **KPMR & ASSOCIATES**
Chartered Accountants
Firm Regn. No.: 02504N

DEEPAK JAIN
Partner
Membership No.: 090854

Place : New Delhi
Date : May 21, 2019

For and on behalf of the Board of Directors of
IFCI Limited

Dr E S RAO
Managing Director & Chief Executive Officer
DIN 05184747

Prof ARVIND SAHAY
Director
DIN 03218334

JHUMMI MANTRI
General Manager & Chief Financial Officer

RUPA SARKAR
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of IFCI Limited
Report on the Consolidated Ind AS Financial Statements
Opinion

We have audited the accompanying consolidated Ind-AS financial statements of IFCI Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated statement of Profit and Loss, the consolidated cash flows Statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind-AS, of the consolidated state of affairs of the Group, as at March 31, 2019, of consolidated loss, consolidated cash flows and its consolidated changes in equity for the year then ended, subject to the following in respect of IFCI Limited and in respect of subsidiary companies, as reported by the Statutory Auditors in their respective Audit report, reproduced herein below:

1. **Qualified opinion, Emphasis of matters and Other matters in case of M/s IFCI Limited**

   (a) Basis for Qualified Opinion

   1. One borrower account has been considered as 'Standard Restructured Account' and classified under Stage-2 by the Company, as at March 31, 2019, for the reasons stated in the Note No 41(b) In our opinion, as the project could not achieve the COD inspite of three extensions, the account should be considered as non-performing account (NPA) and classified under stage-3. This has resulted in lower impairment allowance (ECL) by ₹44.06 crore on outstanding loan amount of ₹95.90 crore. Consequently, the loss of the Company is understated to the extent of ₹44.06 crore and loans (net) are overstated by the same amount.
   2. Reference is drawn to Note No. 41(c) of the financial statements regarding loan exposure to another borrower having outstanding exposure of ₹367.19 crore. The account was restructured on January 04, 2018 and an amount of ₹235.61 crore was identified as unsustainable debt, which was to be converted into 9.5% Optionally Convertible Debentures (OCDs) of a Special Purpose Vehicle (SPV) backed by portfolio of real estate assets, which has not happened. The Company classified the entire outstanding of ₹367.19 crore under Stage-3 assets and has applied impairment allowance for ECL. In our opinion, the Company should make 100% provision against unsustainable portion of ₹235.61 crore. Thus, the loss of the Company has been understated by ₹93.18 crore and loans (net) are overstated to that extent.
   3. In one of the subsidiary companies i.e. IFCI Factors Ltd. (IFL), the Company is holding 27,41,54,700 number of shares, which are being carried at ₹171.84 crore as on March 31, 2019, for the reasons stated in Note No. 41 (d). However, in our opinion, the book value of these investments as at March 31, 2019 be taken at ₹52.91 crore (excluding Deferred Tax Assets and Intangible Assets), the Company has not recognized further impairment loss of ₹118.93 crore. This has resulted in understatement of loss by ₹118.93 crore for the year and overstatement of value of investment in subsidiaries by the same amount.

   Thus the loss of M/s IFCI Limited is understated by ₹256.17 crore and loans (net) & investment are overstated by ₹137.24 crore and ₹118.93 crore, respectively.

   (b) Emphasis of Matters

   Reference is drawn to Note No. 41 (e) of the financial statements with regard to outstanding loan of ₹174.74 crore to one borrower, which has been classified as Stage-3 account and impairment allowance for ECL applied. In this case, RBI vide its letter dated November 20, 2017 has given dispensation from downgrading upto March 31, 2018. In absence of any further dispensation the borrower account has not been classified as 'Non-Performing Asset'. There is no impact on profitability as the account has been classified under Stage 3 and ECL calculated accordingly.

   (c) Other Matters

   Reference is also drawn to Note No. 38.1 of the financial statements with regards to contingent liabilities in which contingent liability pertaining to income tax demands of significant amount for several assessment years remains pending before various authorities. Management has not calculated total quantum of such demands, however there is no impact on the profitability and liabilities of the Company.

2. **Disclaimer of Opinion, Emphasis of matter and Other matters in case of M/s IFCI FACTORS LIMITED**

   (a) Basis for Disclaimer of Opinion

   1. We draw attention to Note No. 7 to the financial statements regarding recognition of Deferred Tax Assets on account of provisions of Non-Performing Assets. In case of Deferred Tax Assets of ₹79.35 crore as on 31 March 2019, in the opinion of management there is reasonable certainty of availability of future taxable income to realize the deferred tax assets. Considering the past accumulated losses and further stressed standard assets and nature of factoring business, we are unable to comment on the sufficiency of the future taxable profits of the Company which can realize the deferred tax assets.

      As a result of this matter, we have not been able to obtain sufficient appropriate audit evidence on the said matter to state whether any adjustments would be required to the information included in the financial statements and impact thereof.
   2. The Company has deviated from its credit policy/ exceeded the limits, though the same has been authorised by the competent authority.

   Disclaimer of Opinion

   Because of the significance of matters described in the basis for Disclaimer of Opinion paragraph, we are unable to express an audit opinion on the same.

   (b) Emphasis of Matter

   We draw attention to the following matters relating to borrowers' accounts:

   1. Impact of IL&FS Financial Services Limited payment crisis debacle on IFCI Factors Limited on the Company's loan accounts having high risk exposure.

      A. Exposure on IL&FS Transportation Networks Limited:

As per the information provided to us, the Company has sanctioned exposure on IL&FS Transportation Networks Ltd (as a debtor) in case of two accounts, GHV India Pvt Ltd and Oriental Structural Engineers Pvt Ltd (hereinafter referred to as “OSEPL”). The total sanction amount is ₹36 crore till date. In the standalone Ind AS Financial Statements for the year ended 31 March 2019, the outstanding amount in case of OSEPL is Nil and in case of GHV is ₹17 crore (approx.). In case of GHV India Pvt Ltd as a client the Company has taken cash flow as a security from IRCON International Ltd which is a CARE AAA rated Company. GHV India Pvt Ltd is CRISIL A rated. The risk has been sufficiently covered.

2. In our view, the following accounts of the Company appear to be High risk accounts:

   A. Ind Swift Laboratories Limited

   The Company has sanctioned exposure of ₹18 crore in the Company which had defaulted with all its bankers and public deposit schemes. The Company has also defaulted with IFCI Limited.

   The Company was suffering losses since 2012, however the Company is now generating sufficient profits to cover its financial obligations. For the 9 months ended 31 December 2018, the Company has reported a net profit of ₹71.33 crore (Source: moneycontrol.com).

   B. Real Estate Industry Exposure

   The Company has exposure in the real estate industry. Omaxe Ltd, Vatika Ltd, BPTP Ltd, Ganesh Housing Ltd and GTM Builders and Promoters Ltd are the clients having credit limits from the Company. The real estate industry is struggling in the NCR region. Many clients like Jaypee, Amrapali, Lotus and 3C’s have defaulted with banks and Financial institutions. The Company has exposure with real estate clients having long track record with them, but the risk is sufficiently covered.

   C. Shriram EPC Limited

   The account has been declared NPA by Axis Bank, Yes Bank, State Bank of India, ICICI Bank.

Our opinion is not modified in respect of this matter.

(c) Other Matters

We draw attention to the following other matters:

The list of total active clients has been analysed for their working and professional conduct. Though we have relied on the information provided by the Company w.r.t. the conduct of account with them, information has been gathered from the public domain and other sources. Efforts have been made to update on the legal cases that IFL clients have been facing, that may impact the business and overall working of the clients and in a broader perspective may impact the right use of public money. The information will also help IFL management in making risk analysis of the portfolio and in taking steps going forward.

Cases for the cheque returns (against Section 138) have been running against the below mentioned clients:

1. Ind Swift Laboratories Limited
2. Manoj Cables Limited
3. Unilec Engineers Private Limited

Other cases

1. BPTP Limited

   Against its contractor M/s Ahluwalia Contractors (I) Ltd, Cases have been filed under Section 304 A (Causing death by negligence), Section 288 (Negligent conduct with respect to pulling down or repairing buildings) and Section 338 (Causing grievous hurt by act endangering life or personal safety of others) of the Indian Penal Code for the incident that happened at its construction site located in Sector 94, Noida.

2. Omaxe Limited

   A Case in NCLT has been filed by the erstwhile Director of the Company, Mr. Sunil Goel against the promoter of Omaxe Limited, Mr.Rohtash Goel.

   The matter described under the Emphasis of Matter and Other Matters paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company.

3. Emphasis of matters in case of M/S IFCI INFRASTRUCTURE DEVELOPMENT LIMITED

We draw attention to the following matters in the Financial Statement:

(a) Company had received sum of ₹7,50,00,000.00 towards advance for sale of property located at Plot No. C-26 to C-34, Ramprastha, Ghaziabad in terms of agreement to sell dated 24.01.2013. As per the terms of agreement to sell, the party was to pay balance amount of ₹11,00,00,000.00 by 31st December, 2013. The party had failed to make payment of balance amount. The advance of ₹7,50,00,000.00 paid by the party was liable to be forfeited on non-payment to balance amount. However till date Company had not forfeited the advance, as per the terms and conditions of the agreement to sell dated 24.01.2013. The party is agreeable to exit from the project and accepted an amount of ₹6.75 crore after deduction of 10% of ₹7.5 crore advance. The above refund will subject to sale of the property by IIDL.

4. Emphasis of matters in case of M/S STOCKHOLDING CORPORATION OF INDIA LIMITED

Note No. 36 of the Standalone Ind AS Financial Statements related to outcome of continuing litigation with a Bank, pending adjudication of the matter by the Honourable Supreme Court. As per the legal opinion obtained by the Management, no provision has been recognised in the Statement of Profit and Loss.

Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Overall the consolidated loss of the Company is understated by ₹256.17 crore and loans(net) & investment are overstated by ₹137.24 crore and ₹118.93 crore, respectively apart from

the facts that auditors of M/s IFCI Factors Limited has given a disclaimer on the results of the Company.

Key Audit Matters in respect of Holding Company

Key audit matters are those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current year. The attention is invited to the following Key Audit Matters related to the audit conducted for the year:

1. Replacement of RBI prudential (IRAC) Norms Provision with Expected Credit Loss (ECL) which have following features :
   I. ECL has been calculated based on the Probability of Default (PD) and Loss Given Default (LGD).
   II. LGD has been computed based on the discounted recovery rate of accounts turned NPA's within previous seven years from the reporting date. Accounts which became NPA's within three years from reporting date are not considered for LGD computation, unless closed.
   III. Availability or non-availability of securities has not been considered for calculation of LGD, consequently ECL.
   IV. ECL calculated upto March 31, 2017 has been adjusted in opening balances as on April 01, 2017 and that for FY 2017-18 and FY 2018-19 charged to the Profit and Loss Statement for the respective years.
   V. ECL has also been calculated on off balance sheet items like undisbursed commitments and non-fund facilities.
2. Recognition of interest on Stage III assets [including on Non-Performing Assets (NPA's)].
3. Loss/Gain on valuation of Investments Portfolio are divided into two parts and dealt with accordingly:
   I. Fair Value through Profit & loss (FVTPL):
      (a) Valuation of Investments in securities held for sale are valued at cost or fair Value whichever is less.
      (b) Investment in Subsidiaries and Associates is valued at cost less impairment.
      (c) Other investments are valued at Fair value.
   II. Fair Value through Other Comprehensive Income (FVTOCI):

      Valuation of Investments in debt securities with dual purpose and certain equity securities identified by the management are valued at fair value.
4. Amount calculated on the basis of difference in rate of interest due to preferential rates of certain Non-convertible debentures and cumulative redeemable Preference Shares have been considered as deemed equity and included in Statement of Changes in Equity and also has been charged in the Profit & Loss Statement.
5. RBI IRAC norms have been partially followed, instead following are considered in Ind AS financials:
   I. Income on Stage 3 assets which includes NPA's is recognized on net of ECL basis.
   II. Assets classified into Stage I, Stage II and Stage III assets as per Ind AS requirement instead of standard, sub-standard, doubtful and loss assets.

   That amount of provision is recognised which is higher of provision as per IRAC norms and as per ECL calculation, on portfolio level.

Key Audit Matters in respect of M/s IFCI Venture Limited

1. Expected Credit Loss (ECL): Apart from the ECL calculated for each Loan Account as per methodology mentioned at Clause VI of Note 1.6 "Significant Accounting Policies", the Company has increased ECL on Standard Assets to make the ECL equal to RBI Norms of 0.40% on Standard Assets. Further, the ECL on Sub Standard & Doubtful Assets is already higher than what is mandated by RBI in its Master Directions on Prudential Norms for NBFCs.
2. Interest Accrued on Stage III Cases (Non-Performing Assets): The Company has provided Interest on Non-Performing Assets (Stage III Financial Assets) at Effective Interest Rate (EIR) and on Amount Outstanding net of ECL already made (Principle + Opening Interest Accrued – Opening ECL) since the amount on which ECL has been provided is considered to be Doubtful hence Interest Income on such portion has not been recognized due to uncertainty of its recovery.
3. Consolidation of Investments in Venture Funds (Associates): The Company is into the business of managing Venture Funds & is required to consolidate these funds as Associates following the Ind AS 28. The Company is considered itself to be a Venture Capital Organisation for the purpose of Ind AS 28 para 18. In this para, there is an exemption given for such Venture Capital Organisations that such an entity may opt for consolidation of these funds by measuring the investments held in these venture funds at Fair Value Through Profit or Loss (FVTPL) method. Since the Company has already measured these investments at FVTPL in its Standalone Financial Statements hence these Financial Standards have also been considered as its Consolidated Financial Statements.
4. Quick Mortality Loan Account: The Company has sanctioned & disbursed one loan (Secured against Listed Shares) during the year, and the same had to be downgraded to Sub Standard due to overdue installments. Further, the market value of the security being listed shares was already started decreasing at the time of disbursement. Within a short span of 4 months, the share price had reduced by 96% from the rate as on the date of sanction. The Company has formed a committee to look into the matter and to decide the future course of action for the recovery. Further, the Company has provided 100% ECL against this account.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the relevant notes on accounts and other financial disclosures but does not include the consolidated 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 consolidated 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 Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of the Group and of its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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 ability of the Group and its associates and jointly controlled entities 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 consolidated 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 Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matters

(a) We did not audit the financial statements of six subsidiaries and seven step-down subsidiaries included in the consolidated annual results, whose consolidated annual financial statements reflect total assets of ₹5,381.70 crore as at March 31, 2019, total revenue of ₹694.23 crore, total profit/(loss) after tax (net) of ₹(19.72) crore and total comprehensive income of ₹(6.33) crore, for the year ended March 31, 2019. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amount and disclosures included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors.

(b) The comparative consolidated financial information of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at 1st April 2017 included in these Ind AS financial statements, are based on the previously audited financial statements prepared in accordance with the accounting standards specified under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India, the financial statements for the year ended March 31, 2018 audited by us and for the year ended March 31, 2017 jointly audited by M/s ASA & Associates LLP, whose report for the year ended March 31, 2018 dated July 12, 2018 expressed a modified opinion and March 31, 2017, dated May 19, 2017, expressed an unmodified opinion, on those financial statements, as adjusted for the difference in the accounting principles adopted on transition to the Ind AS, which have been audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required under Section 143(5) of the Companies Act, 2013, we enclose herewith, as per Annexure I, our report for the Group on the directions and sub-directions (Part A and Part B, respectively) issued by the Comptroller & Auditor General of India.

2. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors;

    (c) The Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss, and the Consolidated cash flow statement and the consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;

    (e) On the basis of the written representations received from the directors of the Holding Company, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, step down subsidiaries and associate companies incorporated in India, none of the directors of the Group companies and its Associate Company incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure II, which is based on the auditors' reports of the Holding Company and subsidiary companies; and

    (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates – Refer Note No. 38 to the consolidated financial statements;

        (ii) Provision has been made in the consolidated financial statements, as required under the applicable law and accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note No. 58 to the consolidated financial statements;

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

For **KPMR & Associates**
Chartered Accountants
Firm Registration No: 02504N

Deepak Jain
Partner
Membership No. 090854

Place: New Delhi
Date: May 21, 2019

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

Part A – Directions

Sl. No.	Directions	Reply $
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the accounting transactions process through IT system. The income tax computation and deferred tax computation have been done manually on MS excel, however the accounting transactions for both is passed through IT system only.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.	There is no restructuring of loans during the year under reference. There are no cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan. However, according to the information and explanations provided to us by the Company, there are case(s) of waiver/ write-off of debts/ loan/ interest etc. The details of such write-off/waiver are as under: Sl. No. / Nature of Dues / No. of Cases / Amount (₹ in crore) A. / Waiver/Write-off/ Technical write-off of loans / 52 / 2001.28 B. / Debtors write-offs / 32 / 3.01 It was informed that the waiver/ write-off is decided on case to case basis with due assessment of the possibility of recovery/realization in each case considering the available security, status of the borrower/investee and pending litigation. The outstanding in technical write-offs/ waiver cases was fully provided for in the books of accounts to the extent of the amount of write-off/ waiver.
3.	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Yes, the funds received for Credit Enhancement Guarantee Scheme For Scheduled Castes have been properly accounted for and utilized as per its terms and conditions of the scheme.

$ The replies in respect of the Subsidiaries are based on the other Auditor's Report on the subsidiaries.

Part B – Sub-Directions *

Sl. No.	Sub–Directions	Reply $
1.	**Investments** Whether the titles of ownership in respect of CGS/ SGS/ Bonds/ Debentures etc. are available in physical/de-mat form and these, in aggregate, agree with the respective amounts shown in the Company's books of accounts? If not, details may be stated.	According to the information and explanations provided by the Company and based on audit procedures performed by us and based on the other Auditor's Report on the subsidiaries, the titles of ownership in respect of CGS/ SGS/ Bonds/ Debentures etc. are available in physical/de-mat form and these, in aggregate, agree with the respective amounts shown in the Company's books of accounts, ***except*** for the cases mentioned below; (a) Where shares are lying in Demat or physical form but not accounted for in the books of accounts to the extent identified on test check basis.

Sl. No.	Company Name	Mode	No. of shares
1	ACC Ltd.	Demat	80
2	Reliance Industries Ltd.	Demat	4,664
3	Tata Motors Ltd.	Demat	600
4	Tata Steel Ltd.	Demat	300
5	Asian Hotels (East) Ltd.	Demat	265
6	Asian Hotels (North) Ltd.	Demat	265
7	Asian Hotels (West) Ltd.	Demat	265
8	Bengal & Assam Company Ltd.	Demat	23
9	Bhilwara Technical Textiles Ltd.	Demat	958
10	Birla Precision Technology Ltd.	Demat	13
11	Cimmco Ltd.	Demat	24,550
12	Coromandel International Ltd.	Demat	69,220
13	E I D Parry (India) Ltd.	Demat	430
14	Eveready Industries India Ltd.	Demat	200
15	Excel Glasses Ltd.	Demat	50
16	Gabriel India Ltd., Parwanoo	Demat	3,500
17	GKW Ltd.	Demat	110
18	Graphite India Ltd.	Demat	366
19	Gujarat Sidhee Cement Ltd.	Demat	275
20	Heg Ltd.	Demat	1,785
21	Hi-Tech Gears Ltd.	Demat	2,700
22	Indian Metals & Ferro-Alloys Ltd.	Demat	89
23	ITC Ltd.	Demat	67
24	J. K. Cement Ltd.	Demat	20
25	Larsen & Toubro Ltd.	Demat	1,125
26	National Organic Chemical Industries Ltd.	Demat	130
27	Ponni Sugars & Chemicals Ltd.	Demat	64,800
28	Rainbow Denim Ltd.	Demat	40
29	Rajasthan Spg & Wvg Mills Ltd.	Demat	383

Sl. No.	Sub–Directions	Reply $			
		30	Reliance Capital Ltd.	Demat	223
		31	Reliance Communications Ltd.	Demat	4,482
		32	Reliance Infrastructure Ltd.	Demat	335
		33	Reliance Power Ltd.	Demat	1,120
		34	Tata Power Co. Ltd.	Demat	900
		35	Titagarh Wagons Ltd.	Demat	25
		36	Ultratech Cement Ltd.	Demat	100
		37	Winsome Textile Industries Ltd.	Demat	200
		38	Zenith Ltd.	Demat	38
		39	Aditya Birla Capital Ltd.	Demat	194
		40	Aditya Birla Fashion And Retail Ltd.	Demat	483
		41	Banswara Syntex Ltd.	Demat	100
		42	Core Education & Technologies Ltd.	Demat	3
		43	Era Infra Engineering Ltd.	Demat	27
		44	Grasim Industries Ltd.	Demat	139
		45	Indian Seamless Enterprises	Demat	1,028
		46	Jaykay Enterprises Ltd.	Demat	100
		47	Kama Holdings Ltd.	Demat	150
		48	Reliance Home Finance Ltd.	Demat	223
		49	Western India Shipyard Ltd.	Demat	30
		50	Ansal Hotel	physical	4727750
		51	Aryavastra plywoods Ltd.	physical	60000
		52	Bhilwara Processors	physical	209998
		53	Biotech Synergy	physical	440000
		54	BR Foods	physical	350000
		55	Cimmco Ltd.	physical	2860
		56	DCM Shree Ram	physical	16016
		57	Depro Foods	physical	1320
		58	Essar Coated Steel Ltd.	physical	753000
		59	Excelsior Plants Co. Ltd.	physical	51998
		60	Flower and Tissue India Ltd.	physical	500000
		61	Ganesh banzoplast Ltd.	physical	3888889
		62	Gian Agra Industries Ltd.	physical	1995
		63	Globe United	physical	3958
		64	Golden Polymarbles Ltd.	physical	380000
		65	Hind Food Ltd.	physical	300000
		66	Hindal Co. India	physical	116
		67	Jauss Polymers Ltd.	physical	11000
		68	JCT Ltd.	physical	500315
		69	JK Paper Ltd.	physical	27813
		70	Kinzle India Samay Ltd.	physical	123400
		71	Maharastra Steel Ltd.	physical	2995
		72	MM Polytex Ltd.	physical	100000
		73	Modi Alkalies and Chemicals	physical	784590
		74	Mohta Electro Steel	physical	18361
		75	MP Plywood	physical	25000
		76	Naina Semiconductor Ltd.	physical	509481
		77	ORDe Textiles	physical	20000
		78	Orrissa Synthetics Ltd.	physical	100
		79	Oshi Foods Ltd.	physical	210000
		80	Perfect Drugs Ltd.	physical	400000
		81	Pratibha Syntex Ltd.	physical	1250000
		82	Punjab Fibre Ltd.	physical	87076
		83	Punsuni Frine and Components Ltd.	physical	220000
		84	Saurashtra Chemicals Ltd.	physical	1107024
		85	Shama Forge	physical	24863
		86	Shama Forge (PREF SHARES)	physical	7495
		87	Siel Ltd.	physical	336348
		88	Siel Sugar Ltd.	physical	300
		89	Standard Woolens	physical	50000
		90	Tridev Duplex Board Pvt. Ltd.	physical	200000
		91	Tripati Woolens	physical	59789
		92	Usha Forging and Stamping	physical	45000
		93	Usha Forging and Stamping (PREF)	physical	1968
		94	Usha Spinning and Weaving Mill Ltd.	physical	2783
		As per management, with some exceptions, these shares have been transferred by the Company in the past and the beneficiaries did not get these shares transferred owing to various reasons. The historical values of the above shares are not ascertainable.			

Sl. No.	Sub–Directions	Reply $
		(b) Where shares are accounted in the books of Account but are not available in Demat or physical form, to the extent identified on test check basis.

Sl. No.	Company Name	No. of shares
1	Ajanta Textiles Ltd. (Pref Shares)	38219
2	BST Mfg Ltd. (Pref Shares)	9920
3	Chemco Steels Ltd.	500000
4	Digvijay Synthetics Ltd. (Pref Shares)	170000
5	Echon Industries Ltd.	1400000
6	G. R. Solvents & Allied Industries Ltd.	125000
7	Graham Firth Steel Products (I) Ltd.	3
8	Hermonite Associates Ltd.	130000
9	Hindustan Agro Chemicals Ltd.	19300
10	I C Textiles Ltd. (Pref Shares)	952394
11	LML Ltd (Pref Shares)	2150912
12	Minerva Holding Ltd.	120
13	Modern Syntex (I) Ltd.	6000000
14	Morepen Laboratories Ltd. (Pref Shares)	87373
15	Munak Chemicals Ltd.	6
16	Nutech Packaging Ltd.	525000
17	OCM India Ltd.	589743
18	Parasrampuria Synthetics Ltd. (Pref Shares)	1389450
19	Poddar Udyog Ltd. (Pref Shares)	18000
20	Pooja Granites and Marbles Pvt Ltd.	276000
21	Prag Bosmi Synthetics Ltd. (Pref Shares)	2614577
22	Punj Steel Machine Tools Pvt. Ltd. (Pref Shares)	150000
23	Samcor Glass Ltd.	2000000
24	Shree Maheswar Hydel Power Company Ltd.	8387028
25	Southern Wind Farms Pvt. Ltd.	100000
26	Steel & Allied Products Ltd. (Pref Shares)	5980
27	Triveni Metal Tubes Ltd. (Pref Shares)	449
28	West Bengal Consultancy Orgn. Ltd.	12700
29	Yuil Measure (I) Ltd. (Pref Shares)	39500

Sl. No.	Sub–Directions	Reply $
2.	**Loans** In respect of provisioning requirement of all restructured, rescheduled, renegotiated loan-whether a system of periodical assessment of realisable value of securities available against all such loans is in place and adequate provision has been created during the year? Any deficiencies in this regard, if any, may be suitably commented upon alongwith financial impact.	There is a system of assessment of realisable value of securities available for loan portfolio including restructured, rescheduled, renegotiated loans and is updated on quarterly basis. However, valuation exercise is undertaken on periodical basis or, as and when warranted by the circumstances. In view of adoption of Ind AS norms, the financial accounts of the Company are drawn as per Ind AS resulting into non-adherence to IRAC norms of RBI. Impairment in the assets have been calculated in accordance with Ind AS by calculating Expected Credit Loss (ECL) in case of loans and by adoption of fair value for Investments. Also no consideration is given to availability or not of the securities against loans in the calculation of impairment of loans/ investments. **In case of M/s IFCI Factors Limited :** According to information and explanations given to us and based on the information available, there is a system of periodical assessment of realisable value of securities available against all restructured (except Critical Mass Multilink Limited), rescheduled and renegotiated loan and adequate provision has been created during the year.

$ The replies in respect of the Subsidiaries are based on the other Auditor's Report on the subsidiaries.

* Applicable to the Group except IFCI Financial Services Ltd. and Stock Holding Corporation of India Ltd. and their respective subsidiaries as reportedly no sub-directions have been issued for these companies.

For **KPMR & Associates**
Chartered Accountants
Firm Registration No: 02504N

Deepak Jain
Partner
Membership No. 090854

Place: New Delhi
Date: May 21, 2019

Annexure II referred to in paragraph 2 of Report on Other Legal and Regulatory Requirements of our report of even date on consolidated financial statements:

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of IFCI Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date (the Holding Company together with its subsidiaries referred to as "the Group") as of March 31, 2019 in conjunction with our audit of the financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its subsidiaries 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. 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting 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 control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company, its subsidiaries, have, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to six subsidiary companies, seven step-down subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **KPMR & Associates**
Chartered Accountants
Firm Registration No: 02504N

Deepak Jain
Partner
Membership No. 090854

Place: New Delhi
Date: May 21, 2019

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

(All amounts are in Rupees crore unless otherwise stated)

	Note No.	As at March 31, 2019	As at March 31, 2018	As at 1 April 2017
I. ASSETS				
(1) Financial Assets				
(a) Cash and cash equivalents	3	**729.25**	543.15	1,277.20
(b) Bank balance other than (a) above	4	**938.95**	1,078.72	965.50
(c) Derivative financial instruments	5	**14.66**	20.93	–
(d) Trade receivables	6	**175.14**	137.51	167.69
(e) Loans	7	**13,713.52**	16,652.71	19,164.40
(f) Investments	8	**5,580.09**	7,350.14	6,237.15
(g) Other financial assets	9	**920.58**	785.61	846.16
Total financial assets		**22,072.20**	26,568.78	28,658.11
(2) Non-financial Assets				
(a) Investment in subsidiaries		**–**	–	–
(b) Investment accounted using equity method	10	**–**	12.86	181.00
(c) Inventories		**155.05**	198.29	210.12
(d) Current tax assets (Net)		**208.17**	114.18	83.65
(e) Deferred tax Assets (Net)	11	**1,767.82**	1,524.69	1,596.01
(f) Investment property	12	**209.58**	217.21	280.56
(g) Property, plant and equipment	13	**1,040.35**	1,050.30	1,050.29
(h) Capital work-in-progress		**1.20**	2.50	2.85
(i) Intangible assets under development		**0.06**	–	0.11
(j) Goodwill	14	**446.64**	446.64	446.64
(k) Other intangible assets	15	**4.51**	6.42	8.80
(l) Other non-financial assets	16	**78.63**	83.71	61.80
Total non-financial assets		**3,912.00**	3,656.81	3,921.84
Assets held for sale	17	**57.94**	571.99	666.74
Total assets		**26,042.14**	30,797.58	33,246.69
II. LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial Liabilities				
(a) Payables				
(I) Trade Payables	18			
(i) Total outstanding dues of micro enterprises and small enterprises		**23.99**	24.36	28.42
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**229.29**	171.87	112.53
(II) Other payables				
(i) Total outstanding dues of micro enterprises and small enterprises		**–**	–	0.24
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**126.40**	100.81	85.07
(b) Debt securities	19	**9,331.96**	9,730.73	10,417.45
(c) Borrowings (other than debt securities)	20	**5,748.99**	9,419.55	11,792.59
(d) Subordinated liabilities	21	**1,313.30**	1,514.56	1,532.52
(e) Other financial liabilities	22	**2,610.32**	2,488.50	2,971.37
Total financial liabilities		**19,384.26**	23,450.38	26,940.18
(2) Non-Financial Liabilities				
(a) Current tax liabilities (Net)		**–**	1.81	0.28
(b) Provisions	23	**141.56**	298.07	294.65
(c) Deferred tax liabilities (Net)				
(d) Other non-financial liabilities	24	**48.86**	58.88	62.32
Total non-financial liabilities		**190.42**	358.76	357.25
(3) Equity				
(a) Equity Share capital	25	**1,695.99**	1,695.99	1,662.04
(b) Other Equity	26	**3,660.68**	4,192.94	3,577.24
Equity attributable to equity holders of the parent		**5,356.67**	5,888.93	5,239.28
Non controlling interest		**1,110.79**	1,099.51	709.98
Total equity		**6,467.46**	6,988.44	5,949.26
Total liabilities and equity		**26,042.14**	30,797.58	33,246.69

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For **KPMR & ASSOCIATES**
Chartered Accountants
Firm Regn. No.: 02504N

DEEPAK JAIN
Partner
Membership No.: 090854

Place : New Delhi
Date : May 21, 2019

For and on behalf of the Board of Directors of **IFCI Limited**

Dr E S RAO
Managing Director & Chief Executive Officer
DIN 05184747

Prof ARVIND SAHAY
Director
DIN 03218334

JHUMMI MANTRI
General Manager & Chief Financial Officer

RUPA SARKAR
Company Secretary

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rupees crore unless otherwise stated)

		Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I.	**Revenue from operations**			
	Interest income	27	**2,199.72**	2,778.59
	Dividend income		**70.18**	92.38
	Rental income		**25.59**	31.90
	Fees and commission income	28	**31.04**	29.30
	Net gain on fair value changes	29	**–**	617.25
	Sale of products (including Excise Duty)		**14.90**	23.39
	Sale of services		**480.03**	484.77
	Total Revenue from operations		**2,821.45**	4,057.58
II.	**Other Income**	30	**313.03**	304.00
III.	**Total Income**		**3,134.49**	4,361.58
IV.	**Expenses**			
	Finance Costs	31	**1,802.70**	2,144.46
	Fees and commission expense		**49.19**	61.46
	Net loss on fair value changes	29	**132.46**	–
	Net loss on derecognition of financial instruments under amortised cost category		**–**	–
	Impairment on financial instruments	32	**1,146.32**	1,009.45
	Cost of materials consumed		**48.63**	21.72
	Purchases of Stock-in-trade		**14.36**	22.94
	Employee Benefits Expenses	33	**293.41**	295.20
	Depreciation and Amortization	34	**63.46**	62.52
	Others expenses	35	**277.93**	303.33
	Total Expenses		**3,828.46**	3,921.08
V.	**Profit / (loss) before exceptional items and tax (III- IV)**		**(693.98)**	440.49
	Exceptional items		**1.66**	1.68
VI.	**Profit/(Loss) before tax**		**(695.64)**	438.81
VII.	**Tax Expense:**			
	- Current Tax	11	**(0.96)**	35.75
	- Taxation for earlier years	11	**(0.26)**	(0.24)
	- Deferred Tax (Net)	11	**(218.43)**	(13.12)
	Profit/(loss) for the period		**(475.99)**	416.43
	Share of net profit of associates and joint ventures accounted for using the equity method		**–**	1.51
VIII.	**Profit/(Loss) for the period**		**(475.99)**	417.94
IX.	**Other Comprehensive Income**			
A.	**(i) Items that will not be reclassified to profit or loss**			
	- Fair value changes on FVTOCI - Equity securities		**38.00**	647.60
	- Gain/(loss) on sale of FVTOCI - Equity securities		**(117.71)**	(0.90)
	- Actuarial gain/(loss) on Defined benefit obligation		**49.92**	3.51
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	- Tax on Fair value changes on FVTOCI - Equity securities		**32.52**	(91.91)
	- Tax on Actuarial gain/(loss) on Defined benefit obligation		**(17.78)**	(1.35)
	Subtotal (A)		**(15.06)**	556.95
B.	**(i) Items that will be reclassified to profit or loss**			
	- Debt securities measured at FVTOCI - net change in fair value		**(16.17)**	22.08
	- Debt securities measured at FVTOCI - reclassified to profit and loss		**(0.35)**	(48.57)
	- Exchange differences in translating the financial statements of a foreign operation		**(0.16)**	–
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	- Tax on Fair value changes on FVTOCI - Debt securities		**5.77**	9.06
	Subtotal (B)		**(10.90)**	(17.43)
	Other Comprehensive Income (A + B)		**(25.96)**	539.52
X.	**Total Comprehensive Income for the period**		**(501.96)**	957.46
XI.	**Profit for the year attributable to Equity holders of the parent**		**(488.67)**	383.12
	Non-controlling interest		**12.68**	34.82
XII.	**Total comprehensive income for the year attributable to Equity holders of the parent**		**(521.00)**	552.86
	Non-controlling interest		**19.04**	404.60
XIII.	**Earnings per equity share**			
	Basic Earnings per share of ₹10.00 each		**(2.88)**	2.26
	Diluted Earnings per share of ₹10.00 each		**(2.88)**	2.26

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **IFCI Limited**

For **KPMR & ASSOCIATES**
Chartered Accountants
Firm Regn. No.: 02504N

Dr E S RAO
Managing Director & Chief Executive Officer
DIN 05184747

Prof ARVIND SAHAY
Director
DIN 03218334

DEEPAK JAIN
Partner
Membership No.: 090854

JHUMMI MANTRI
General Manager & Chief Financial Officer

RUPA SARKAR
Company Secretary

Place : New Delhi
Date : May 21, 2019

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rupees crore unless otherwise stated)

		For the year ended March 31, 2019	For the year ended March 31, 2018
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before Tax	**(695.64)**	438.81
	Adjustments for:		
	Depreciation and amortisation	**63.46**	62.52
	Impairment provision/ write offs	**1,146.32**	1,009.45
	Unrealised gain/(loss) on investments	**(255.04)**	332.66
	Impairment on Assets held for sale	**(81.49)**	45.40
	(Profit)/ Loss on Sale of Assets	**(6.72)**	(21.65)
	Interest cost on preference shares	**8.86**	21.12
	Operating Profit before Working Capital Changes & Operating Activities	**179.75**	1,888.30
	Adjustments for Operating Activities:		
	(Increase)/ decrease in Investments	**1,928.87**	(825.44)
	(Increase)/ decrease in Inventory	**43.24**	11.83
	(Increase)/ decrease in Loans & Advances	**1,792.87**	1,502.24
	(Increase)/ decrease in Derivative Financial Instruments	**6.27**	(20.93)
	Increase/ (decrease) in Trade Payables	**82.63**	70.79
	(Increase)/ decrease in Receivables	**(37.62)**	30.18
	Increase/ (decrease) in Debt Securities	**(398.77)**	(686.72)
	Increase/ (decrease) in Borrowings	**(3,670.55)**	(2,373.04)
	Operating Profit before Working Capital Changes	**(73.31)**	(402.78)
	Adjustments for:		
	(Increase)/ decrease in Other Financial Assets	**(134.97)**	60.55
	Increase/ (decrease) in Other Non-financial Asset	**5.92**	(21.68)
	Increase/ (decrease) in Other Financial Liability	**121.82**	(482.86)
	Increase/ (decrease) in Other Non-financial Liability	**(10.01)**	(3.44)
	Increase/ (decrease) in Provision	**(106.59)**	6.93
	Increase/ (decrease) in other bank balances	**139.77**	(113.22)
	Increase/ (decrease) in assets held for sale	**595.54**	49.35
	Cash Flow before taxation	**611.47**	(504.37)
	Income Tax (paid)/ refund - Net	**(94.58)**	(64.50)
	Net cash flow from Operating Activities	**443.58**	(971.66)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of / Advance for property, plant and equipment (including Leased property)	**(43.92)**	(53.29)
	Proceeds from sale of investment property	**2.76**	58.35
	Sale of investment in associates and joint ventures	**12.86**	169.65
	Purchase of/ Advance for Intangible Asset	**(1.57)**	(1.40)
	Proceeds from sale of property, plant and equipment (including leased property)	**6.72**	21.65
	Net cash flow from Investing Activities	**(23.15)**	194.96
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Redemption of Preference Shares	**(225.09)**	(39.08)
	Issue of Equity Shares	**–**	33.95
	Share Premium (net of expenses)		66.05
	Dividend paid	**(9.23)**	(18.28)
	Net cash flow from Financing Activities	**(234.33)**	42.64
	Net Increase/ (Decrease) in Cash and Cash Equivalent Flow (A+B+C)	**186.11**	(734.06)
	Opening Cash and Cash Equivalent	**543.15**	1,277.20
	Closing Cash and Cash Equivalent	**729.25**	543.15
	For composition of cash & cash equivalents please refer Note No. 3		
	The accompanying notes are an integral part of these financial statements		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of **IFCI Limited**

For **KPMR & ASSOCIATES**
Chartered Accountants
Firm Regn. No.: 02504N

Dr E S RAO
Managing Director & Chief Executive Officer
DIN 05184747

Prof ARVIND SAHAY
Director
DIN 03218334

DEEPAK JAIN
Partner
Membership No.: 090854

JHUMMI MANTRI
General Manager & Chief Financial Officer

RUPA SARKAR
Company Secretary

Place : New Delhi
Date : May 21, 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

(All amounts are in Rupees crore unless otherwise stated)

a. Equity Share Capital

Balance as at 01 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
1,662.04	**33.95**	1,695.99	–	1,695.99

b. Other Equity

Particulars	Reserves and Surplus											Debt instruments through other compreh-ensive income	Equity instruments through other compreh-ensive income	Foreign currency translation reserve	Remeasu-rements of the defined benefit plans	Total attributable to equity holders of the parent	Total non-controlling interest	Total
	Deemed equity contribution Share holders	Reserve u/s 45IC of RBI Act	Special reserve under Section 36(1) (viii) of the income Tax Act, 1961 (foot-note 4)	Capital reserve	Contingency reserve	Securities premium reserve	Capital redemption reserve	Debenture redemption reserve	Amalgamation reserve	General reserve	Retained earnings							
Balance as at 01 April 2017	345.61	923.57	136.74	7.58		966.01	211.21	171.00	(0.60)	360.03	466.83	37.70	(48.77)	–	0.33	3,577.24	709.98	4,287.22
Changes in accounting policy/ prior period errors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Comprehensive Income for the year	–	–	–	–	–	–	–	–	–	–	383.12	(17.43)	185.39	–	1.78	552.86	404.60	957.46
Dividends paid including tax	–	–	–	–	–	–	–	–	–	–	(3.21)	–	–	–	–	(3.21)	(15.07)	(18.28)
Transfer between reserves and retained earnings	–	–	–	–	–	–	38.84	89.08	–	–	(127.92)	–	–	–		–	–	–
Sale of associates - reversal of accumulated profits	–	–	–	(6.73)	–	–	–	–	–	–	6.73	–	–	–	–	–	–	–
Issue of equity shares	–	–	–		–	66.05	–	–	–	–	–	–	–	–	–	66.05	–	66.05
Balance as at 31 March 2018	**345.61**	**923.57**	**136.74**	**0.85**	**–**	**1,032.06**	**250.05**	**260.08**	**(0.60)**	**360.03**	**725.54**	**20.27**	**136.62**	**–**	**2.11**	**4,192.94**	**1,099.51**	**5,292.45**
Total comprehensive income for the year ended 31 March 2019	–	–	–	–	–	–	–	–	–	–	(488.67)	(10.74)	(53.89)	(0.08)	32.39	(521.00)	19.04	(501.96)
Transfer to/from retained earnings	–	–	–	–	11.60	–	50.00	–	–	6.58	(68.16)		(0.02)	–	–	(0.00)	–	(0.00)
Impact on account of early redemption of preference shares	(9.79)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(9.79)	–	(9.79)
Dividends paid including tax	–	–	–	–	–	–	–	–	–	–	(1.47)	–	–	–	–	(1.47)	(7.76)	(9.23)
Balance as at 31 March 2019	**335.82**	**923.57**	**136.74**	**0.85**	**11.60**	**1,032.06**	**300.05**	**260.08**	**(0.60)**	**366.61**	**167.24**	**9.52**	**82.71**	**(0.08)**	**34.50**	**3,660.68**	**1,110.79**	**4,771.47**

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For **KPMR & ASSOCIATES**
Chartered Accountants
Firm Regn. No.: 02504N

DEEPAK JAIN
Partner
Membership No.: 090854

Place : New Delhi
Date : May 21, 2019

For and on behalf of the Board of Directors of **IFCI Limited**

Dr E S RAO
Managing Director & Chief Executive Officer
DIN 05184747

Prof ARVIND SAHAY
Director
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JHUMMI MANTRI
General Manager & Chief Financial Officer

RUPA SARKAR
Company Secretary

(All amounts are in Rupees crores unless otherwise stated)

ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

1 GROUP INFORMATION

A Background

IFCI Limited ('the Company'), incorporated in Delhi, India is a Non-Banking Finance Company in the public sector. Established in 1948 as a statutory corporation, IFCI is currently a Company listed on BSE and NSE. The Company provide financial support for the diversified growth of Industries across the spectrum. The financing activities cover various kinds of projects such as airports, roads, telecom, power, real estate, manufacturing, services sector and such other allied industries. The Group's Registered Office is at 61 Nehru Place, New Delhi-110 019. The Company together with its subsidiaries are collectively referred to as "the Group".

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

The consolidated financial statements for the year ended March 31, 2019 have been prepared by the Group in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, in this regard.

For periods up to and including the year ended March 31, 2018, the Group presented its financial statements on accrual basis under historical cost convention, and conform in all material aspects to the Generally Accepted Accounting Principles in India ('Indian GAAP' or 'previous GAAP') which encompasses applicable accounting standards relevant provisions of the Companies Act, 2013, the applicable guidelines issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies, other statutory provisions and regulatory framework.

The financial statements for the year ended March 31, 2019 are the first financial statements of the Group prepared under Ind AS. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Group is provided in Note 58.

The accounting policies set out below have been applied consistently to the periods presented in these Consolidated financial statements.

The financial statements were authorised for issue by the Group's Board of Directors on 21 May 2019.

(b) Functional and Presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Group's functional and presentation currency. All amounts have been denominated in crore and rounded off to the nearest two decimal, except when otherwise indicated.

(c) Basis of measurement

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

- Financial assets at FVTOCI that is measured at fair value.
- Financial instruments at FVTPL that is measured at fair value.
- Net defined benefit (asset)/ liability - fair value of plan assets less present value of defined benefit obligation.
- Assets held for sale - Measured at fair value less cost to sale.

(d) Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities and assets) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

I. Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 58 - Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Note 59 - Impairment of financial assets: establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining methodology for incorporating forward looking information into measurement of expected credit loss ('ECL') and selection of models used to measure ECL.

Note 10 - Equity accounted investees: whether the Group has significant influence over an investee.

Note 53 - Leases: classification of leases into finance and operating lease.

II. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2019 is included in the following notes:

Note 59 - Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward looking information including key assumptions used in estimating recoverable cash flows;

Note 58 - determination of the fair value of financial instruments with significant unobservable inputs;

Note 51 - measurement of defined benefit obligations: key actuarial assumptions;

Note 11 - recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;

Note 12, 13,15 - determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised;

Note 55 - estimates regarding the value in use of the cash generating unit (CGU) for non financial assets based on the future cash flows.; and

Note 38 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

(e) Principles of consolidation and equity accounting

I. Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the

(All amounts are in Rupees crores unless otherwise stated)

entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

II. Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

III. Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

IV. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

(f) Revenue recognition

(i) Interest income from financial assets is recognised on an accrual basis using Effective Interest Rate ('EIR') method. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate to the net carrying amount of the financial asset. The EIR is computed basis the expected cash flows by considering all the contractual terms of the financial instrument. The calculation includes all fees, transaction costs, and all other premiums or discounts paid or received between parties to the contract that are an integral part of the effective interest rate.

The interest revenue continues to be recognised at the original EIR applied on the gross carrying amount for financial assets (when the asset is not credit impaired). However, for the financial assets that have become credit impaired subsequent to the initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset.

(ii) Penal interest and other overdue charges which are not included in effective interest rate is recognised on realisation, due to uncertainty of realisation and is accounted for accordingly.

(iii) Amount received from borrowers against loans and advances are appropriated due date-wise towards other debits, interest overdue and principal overdue, in that order, across the due dates, except in the case of one time or negotiated settlements, where the appropriation is done as per the terms of the settlement.

(iv) Premium on pre-payment of loans/ reduction in interest rates is recognised as income on receipt basis.

(v) Dividends declared by the respective Companies till the close of the accounting period are accounted for as income when the right to receive the dividend is established.

(vi) LC Commission is recognised over time as the services are rendered as per the terms of the contract.

(vii) The dividend unclaimed on account of shares sold and outstanding in the books are recognised as income after the end of three years, the limitation period.

(viii) Income from physical custody services is recognized on a monthly basis as per agreements with customers.

(ix) Broking Income is recognised on the trade date of the transaction upon confirmation of the transactions by the Exchanges.

(x) Service charges received are recognised as income on completion of post trading operations. A post trading operation is treated as complete on settlement under the electronic segment and on lodgement/ delivery of securities under the paper segment.

(xi) Annual maintenance charges received from beneficiary account holders/clearing members for depository services are amortised on time proportion basis over the period of contract.

(xii) Charges collected on cheques dishonoured/ bounced are recognised on actual basis.

(xiii) Income from digitalisation and software services is recognised over a period of time. Income from software products is recognised on either delivery or installation of product.

(xiv) Commission from selling of Mutual Funds, Fee income from Portfolio Management and advisory services and fees for project advisory and execution services is accounted over a period of time.

(xv) Revenue from hospitality services is recognised on accrual basis:

(i) Selling price is determined on the basis of published rack rate less discount offered to customers.

(ii) Income in foreign exchange: The bills for services rendered are raised in Indian Rupees. The payment received in foreign currency against these bills, is credited and accounted for at the rate/ rates prevalent on the date of receipt of payment. The gains/ losses arising out of the fluctuation in the exchange rates are accounted for on realization.

(xvi) Revenue from real estate development of constructed properties is recognised either on point in time or over the period. Conditions whether revenue shall be recognised over time:

(a) The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

(b) The entity's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.

(All amounts are in Rupees crores unless otherwise stated)

(c) The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

(xvii) Project cost includes cost of land, estimated cost of construction and development of such properties. The estimates of the saleable area and costs are reviewed periodically and effect of any changes in such estimates recognised in the period such changes are determined.

(i) Revenue from external project services is recognized based on the Cost plus method. A fixed markup percentage is added to the cost incurred towards construction and the total is recognized as revenue. Revenue is recorded based on point in time when conditions satisfying over time are not met.

(ii) Revenue from sale of property held as stock-in-trade is recognized upon transfer of control of the said property.

(xviii) Income & Expenses on Project Consultancy, Entrepreneurship Development Trainings etc. under the Grants-In Aid (G.I.A)/ similar other programmes awarded by the Central/ State Govt. Department/ Other Agencies are accounted on an over time basis.

(g) Financial instruments

I. Initial recognition and measurement

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs 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 or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

II. Classifications and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as subsequently measured at either amortised cost or fair value through other comprehensive income ('FVTOCI') or FVTPL, depending on the contractual cash flow characteristics of the financial assets and the Group's business model for managing the financial assets.

Business Model Assessment

The Group makes an objective assessment of the business model in which an asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized;

The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group applies judgement and considers all the contractual terms of the instrument. This includes assessing whether the financial asset contains any contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the said assessment, the Group considers prepayment and extension terms, features that modify consideration of the time value of money (e.g. periodical reset of the interest rates).

Financial assets at Amortised Cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Subsequently, these are measured at amortised cost using the effective interest rate (EIR) method less any impairment losses.

Financial assets at Fair Value through Other Comprehensive Income ('FVTOCI')

A financial asset is measured at FVTOCI only if both of the following conditions are met:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Subsequently, these are measured at fair value and changes therein, are recognised in other comprehensive income. Impairment losses on said financial assets are recognised in other comprehensive income and do not reduce the carrying amount of the financial asset in the balance sheet.

Financial assets at Fair Value through Profit and Loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVTPL. Subsequently, these are measured at fair value and changes therein, are recognised in profit and loss account.

Investment in equity instruments

All equity investments in scope of Ind AS 109 are measured at FVTPL.

Subsequently, these are measured at fair value and changes therein, are recognised in profit and loss account. However on initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis.

Derivative instruments

All derivative instruments are measured as FVTPL

(All amounts are in Rupees crores unless otherwise stated)

Financial liabilities and equity instruments

Debt and equity instruments issued by the Group 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.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised cost, as appropriate and is accordingly accounted for.

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 the Group is recognised at the proceeds received, net of directly attributable transaction costs.

III. Measurement Basis

Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR method of discount or premium on acquisition and fees or costs that are an integral part of the EIR and, for financial assets, adjusted for any loss allowance.

Fair Valuation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects it non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

IV. De-recognition/Modification financial assets and financial liabilities

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or fully recovered or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. The Group also recognise a liability for the consideration received attributable to the Group's continuing involvement on the asset transferred. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Financial liabilities

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the modification results in derecognition of the original financial asset and new financial asset is recognised at fair value.

If the cash flows of the modified asset are not substantially different, then the modification does not result in de-recognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset by recomputing the EIR rate on the instrument.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The Group de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If the modification is not accounted as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original EIR and the resulting gain or loss is recognised in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial liability and are amortised over the remaining term of the modified financial liability by recomputing the EIR rate on the instrument.

V. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

VI. Impairment of Financial Assets

The Group recognises impairment allowances for ECL on all the financial assets that are not measured at FVTPL:

- financial assets that are debt instruments.

(All amounts are in Rupees crores unless otherwise stated)

- lease receivables.
- financial guarantee contracts issued.
- loan commitment issued.

No impairment loss is recognised on equity investments.

ECL are probability weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows.
- undrawn loan commitments – as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.

With respect to trade receivables and other financial assets, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For financial assets at FVTOCI, the loss allowance is recognised in OCI.

Write-off

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss as an adjustment to impairment on financial assets.

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

I. The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

II. The Group as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(i) Employee benefits

(i) Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Post employment benefits

(a) Defined contribution plans

Pension

Prior to 1 April 2008, the employees were governed by the provisions of the pension scheme in operation at the time of their retirement and are accordingly entitled to DA relief and family pension as and when due. The contribution made on account of same is charged to revenue as and when due. The Group switched to defined contribution scheme in August 2008 for employees existing on 1 April 2008 and opting for the same. The administration of Pension Fund in respect of the employees has been entrusted by Trustees to Life Insurance Corporation of India (LIC) by entering into a Group Superannuation Cash Accumulation Scheme.

Provident fund

Group Companies other than IFCI pays provident fund contributions to publicly administered provident funds as per local regulations. The group 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.

(b) Defined benefit plans

Provident Fund

IFCI pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contributions to the fund for the year are recognized as expense and are charged to the profit or loss. The obligation of the Group is to make such fixed contributions and to ensure a minimum rate of return to the members as specified by the Government of India (GoI).

Gratuity

The Group has a defined benefit employee scheme in the form of Gratuity. The Trustees of the scheme have entrusted the administration of related fund to LIC. Expense for the year is determined on the basis of actuarial valuation of the Group's year-end obligation in this regard and the value of year end assets of the scheme. Contribution is deposited with LIC based on intimation received by the Group.

Medical facility

The Group has a post-retirement medical benefit scheme for employees and their dependents subject to certain limits for hospitalization and normal medical treatment.

(All amounts are in Rupees crores unless otherwise stated)

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current costs and the fair value of any plan assets, if any is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements and the change in defined benefit plan asset is split between interest income and re-measurements. Changes due to service cost and net interest cost / income is recognized in the statement of profit and loss. Re-measurements of net defined benefit liability / (asset) which comprise of the below are recognized in other comprehensive income:

- Actuarial gains and losses;
- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

(iii) Other long term employee benefits

Benefits under the Group's leave encashment and leave fare concession constitute other long term employee benefits. The Group's net obligation in respect of leave encashment is the amount of future benefit that employees have present value, and the fair value of any related assets is deducted. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognized in profit or loss in the period in which they arise. Provision for Leave fare concession is being made on actuarial valuation basis.

(j) Income Taxes

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of temporary differences between tax base and book base). It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

I. Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Minimum alternative tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss.

Current tax assets and liabilities are offset only if, the Group:

(a) has a legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

II. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Group:

(a) has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(k) Property, plant and equipment and Investment property

Recognition and measurement

Property, plant and equipment held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Investment Property consists of building let out to earn rentals. The Group follows cost model for measurement of investment property.

Depreciation

Depreciation is provided using the straight line method over the useful life as prescribed under Schedule II to the Companies Act, 2013. Depreciation is calculated on pro-rata basis, including the month of addition and excluding the month of sale/disposal. Leasehold improvements are amortised over the underlying lease term on a straight line basis. Residual value in respect of Buildings and Vehicles is considered as 5% of the cost and in case of other assets 'Nil'.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(All amounts are in Rupees crores unless otherwise stated)

Considering the nature of business and operations of the Company, SHCIL and step down subsidiary of SHCIL considered shorter life for certain assets as detailed below:

Nature of Asset	Useful life Adopted	Useful life in Companies Act
Computer Servers and Network	4 years	6 years
Mobiles	2 years	5 years
Vehicles	3 years	8 years
Building	58 years	60 years

De-recognition

An item of property, plant and equipment or investment property is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment or investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Transition to Ind AS

The Group has elected to continue with the carrying value of all of its property, plant and equipment and investment property recognised as of April 1, 2017 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

(l) Intangible assets

Recognition and measurement

Intangible assets are recognized at cost of acquisition which includes all expenditure that can be directly attributed or allocated on a reasonable and consistent basis, to create, produce or making the asset ready for its intended use.

Amortisation

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

In the case of IFIN, the computer software has been amortised at the rate of 40% following written down value method.

De-recognition

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is de-recognized.

Transition to Ind AS

The Group has elected to continue with the carrying value of all of its intangible asset recognised as of April 1, 2017 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amount of its non financial assets (other than assets held for sale and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in profit and loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Foreign currency transactions

The expenses and income in foreign exchange transactions are accounted for at the rates prevailing on the date of transactions/ at the forward rate, if booked, for such transaction. Assets and liabilities held in foreign currencies and accrued income and expenditure in foreign currencies are translated into Indian Rupees at the rates advised by Foreign Exchange Dealers Association of India (FEDAI) prevailing towards the close of the accounting period. Gains/ losses, if any, on valuation of various assets and liabilities are taken to Statement of Profit & Loss.

Foreign currency balances pertaining to Hospitality Business have been converted at the closing TT buying rate at the year end.

(o) Provisions and contingencies related to claims, litigation, etc.

Provisions are recognised when the Group has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate 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.

(p) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are disclosed in the financial statements where an inflow of economic benefits is probable.

(q) Cash and cash equivalent

Cash and cash equivalents include balance with banks in current accounts and term deposits, cash & cheques in hand and money lent on collateralized lending & borrowing obligations transactions.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. Refer Note 56 for details on segment information presented.

(All amounts are in Rupees crores unless otherwise stated)

(s) Assets held for sale

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets measured at the lower of their carrying amount and fair value less cost to sell with gains and losses on remeasurement recognised in profit or loss.

Once classified as held for sale, assets are no longer amortised. depreciated or impaired.

(t) Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

(u) Stock in trade

(a) Inventory comprises of lands (with or without removable structure) incl. existing/ added boundary walls, Land and Building/ Residential Complex, Built-up floor space acquired/ purchased for development and/or sale, other removable/ disposable assets existing thereon. These are valued at lower of Cost or net realizable value. Costs are determined by adding all considerations/ costs which are attributable to purchase/ acquisition, and other expenses incurred specifically thereto.

(b) Inventory of hospitality business comprises of closing balance of consumables purchased. FIFO method is followed for ascertaining the cost price considered for valuation. Closing inventories are valued at cost or replacement value, whichever is less, after providing for obsolescence and damage.

(c) Securities held for trade and those devolved on SHCIL in the process of settlement are held as stock-in trade and are valued at lower of cost or net realisable value.

(v) Disclosure as per Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'

Recent accounting pronouncements

Standards/ amendments issued but not yet effective:

On 30 March 2019, Ministry of Corporate Affairs (MCA) has notified the following standards/ appendix/ amendments which will come into force from 1 April 2019:

1. Ind AS 116 'Leases'

The new leasing standard will replace the existing leases standard, Ind AS 17 Leases, and related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Currently, operating lease expenses are charged to the statement of profit and loss on a straight line basis. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. Further, the new standard contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (modified retrospective approach).

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

Certain practical expedients are available under both the methods.

The Group will adopt the standard on 1 April 2019 by using the modified retrospective approach and accordingly comparatives for the year ending or ended 31 March 2019 will not be retrospectively adjusted.

2. Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments

Appendix C of Ind AS 12, 'Uncertainty over Income Tax Treatments' is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application.

  The Group will adopt the standard on 1 April 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1 April 2019 without adjusting comparatives.

3. Amendment to Ind AS 12 'Income taxes'

The amendments to the guidance in Ind AS 12, 'Income Taxes', clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognized.

The Group is evaluating the requirements of the above amendments and the effect on the financial statements is being evaluated.

(All amounts are in Rupees crores unless otherwise stated)

3 CASH AND CASH EQUIVALENTS

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash in hand (including postage stamps)	**6.35**	3.58	6.97
Balances with Banks			
- Bank balance	**335.05**	412.22	638.71
- Bank Deposits	**81.59**	86.91	119.43
Collateralised Borrowings Lending Operations (CBLO) (secured against Treasury Bills)	**299.84**	–	499.82
Cheques on hand & under collection and remittances in transit	**6.42**	40.44	12.27
Total	**729.25**	543.15	1,277.20

4 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Bank Deposits against fund placed with Company under Credit Guarantee Enhancement Scheme			
- Bank balance	**0.13**	0.05	0.13
- Bank deposits	**646.25**	641.17	553.00
Unclaimed dividend account	**12.55**	14.54	16.47
Balances with banks held as margin money against guarantees	**53.46**	46.83	7.75
Others restricted bank balances (Lien marked Fixed Deposits)	**6.41**	4.34	0.03
Bank deposits under directions of court and tribunal etc.	**220.15**	371.79	388.13
Total	**938.95**	1,078.72	965.50

5 DERIVATIVE FINANCIAL INSTRUMENTS:

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Notional amounts	**Fair Value - Assets**	Notional amounts	Fair Value - Assets	Notional amounts	Fair Value - Assets
Part I						
Currency derivatives:						
- Spot and forwards	**603.12**	**14.66**	692.16	20.93	–	–
Total	**603.12**	**14.66**	692.16	20.93	–	–
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
Undesignated derivatives	**603.12**	**14.66**	692.16	20.93	–	–
Total	**603.12**	**14.66**	692.16	20.93	–	–

The derivatives have been used by the Group for hedging the interest rate and principle risk for loans taken in foreign currency refer Note No. 59 for management of risk arising from derivatives.

6 RECEIVABLES:

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A) Secured			
- considered good	**13.01**	8.93	7.51
- considered doubtful	**–**	–	–
(B) Unsecured			
- considered good	**14.62**	27.54	39.36
- considered doubtful	**4.27**	4.27	3.98
- others	**164.56**	126.32	148.84
	196.46	167.06	199.69
Less: Allowance for bad and doubtful debts	**21.32**	29.55	32.00
Total	**175.14**	137.51	167.69

For terms and conditions of trade receivables owing from related parties and transactions with related parties, see Note 52.
The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 59.

(All amounts are in Rupees crores unless otherwise stated)

7 LOANS

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At Amortised cost				
(A)				
(i)	Term loans	**20,497.72**	23,535.48	24,876.06
(ii)	Leasing	**0.04**	0.04	0.05
(iii)	Factoring	**555.54**	605.72	636.96
(iv)	Debentures	**1,372.54**	1,830.74	1,935.54
	Total (A) -Gross	**22,425.85**	25,971.98	27,448.61
	Less: Impairment loss allowance	**8,712.33**	9,319.27	8,284.21
	Total (A) - Net	**13,713.52**	16,652.71	19,164.40
(B)				
(i)	Secured by tangible assets	**17,084.78**	20,965.71	23,269.81
(ii)	Covered by bank/government guarantees	**551.91**	658.82	916.48
(iii)	Unsecured	**4,789.16**	4,347.45	3,262.32
	Total (B)- Gross	**22,425.85**	25,971.98	27,448.61
	Less: Impairment loss allowance	**8,712.33**	9,319.27	8,284.21
	Total (B)-Net	**13,713.52**	16,652.71	19,164.40
(C)				
(i)	Public sector	**374.60**	408.27	266.03
(ii)	Others	**22,051.25**	25,563.71	27,182.58
	Total (C)- Gross	**22,425.85**	25,971.98	27,448.61
	Less: Impairment loss allowance	**8,712.33**	9,319.27	8,284.21
	Total (C)-Net	**13,713.52**	16,652.71	19,164.40

The Group's exposure to credit and currency risks, and loss allowances related to loans are disclosed in Note 59.

8 INVESTMENTS

		Amortised cost	At Fair Value: Through other comprehensive Income	At Fair Value: Through profit or loss	At Fair Value: Designated at fair value through profit or loss	Others	Total
As at 31 March 2019							
(A)							
(i)	Mutual funds	–	–	107.11	–	–	107.11
(ii)	Government securities	–	**625.67**	37.27	–	–	662.94
(iii)	Debt securities	–	**321.63**	30.54	–	–	352.17
(iv)	Equity instruments	–	**2,067.02**	1,491.50	–	–	3,558.52
(v)	Others	–			–	–	
	Venture capital	–	–	140.37	–	–	140.37
	Security receipts	–	–	528.36	–	–	528.36
	Certificate of deposit	–	**198.16**		–	–	198.16
	Preference shares	–		32.46	–	–	32.46
	Total – Gross (A)	–	**3,212.48**	2,367.61	–	–	5,580.09
(B)							
(i)	Investments in India		**3,212.48**	2,367.61	–	–	5,580.09
(ii)	Investments outside India	–			–	–	
	Total – Gross (B)	–	**3,212.48**	2,367.61	–	–	5,580.09
(C)	Less: Allowance for Impairment loss		–		–		–
(D)	**Total – Net (A-C)**	–	**3,212.48**	2,367.61	–	–	5,580.09

Note 8 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

			At Fair Value				
		Amortised cost	**Through other comprehensive Income**	**Through profit or loss**	**Designated at fair value through profit or loss**	**Others**	**Total**
As at 31 March 2018							
(A)							
(i)	Mutual funds	–	–	172.55	–	–	172.55
(ii)	Government securities	–	**618.81**	31.29	–	–	650.10
(iii)	Debt securities	–	**281.41**	31.11	–	–	312.52
(iv)	Equity instruments	–	**2,159.47**	1,843.41	–	–	4,002.87
(v)	Others	–			–	–	
	Venture capital	–		191.28	–	–	
	Security receipts	–		1,170.60	–	–	1,170.60
	Commercial paper	–	**49.06**	–	–	–	49.06
	Certificate of deposit	–	**732.90**		–	–	732.90
	Preference shares	–		68.25	–	–	68.25
	Total – Gross (A)	–	**3,841.65**	3,508.49	–	–	7,158.86
(B)							
(i)	Investments in India	–	**3,841.65**	3,508.49	–	–	7,350.14
(ii)	Investments outside India	–	–	–	–	–	(191.28)
	Total – Gross (B)	–	**3,841.65**	3,508.49	–	–	7,350.14
(C)	Less: Allowance for Impairment loss		–		–		–
(D)	**Total – Net (A-C)**	–	**3,841.65**	3,508.49	–	–	7,350.14

			At Fair Value				
		Amortised cost	**Through other comprehensive Income**	**Through profit or loss**	**Designated at fair value through profit or loss**	**Others**	**Total**
As at 1 April 2017							
(A)							
(i)	Mutual funds	–	–	282.98	–	–	282.98
(ii)	Government securities	–	**448.40**	31.63	–	–	480.03
(iii)	Debt securities	–	**308.71**	31.67	–	–	340.38
(iv)	Equity instruments	–	**1,056.62**	1,945.88	–	–	3,002.50
(v)	Others	–			–	–	
	Venture capital	–	–	244.79	–	–	244.79
	Security receipts	–	–	1,168.88	–	–	1,168.88
	Commercial paper	–	**197.08**		–	–	197.08
	Certificate of deposit	–	**392.21**		–	–	392.21
	Preference shares	–		128.30	–	–	
	Total – Gross (A)	–	**2,403.02**	3,834.13	–	–	6,108.86
(B)							
(i)	Investments in India	–	**2,403.02**	3,834.13	–	–	6,237.15
(ii)	Investments outside India	–	–	–	–	–	–
	Total – Gross (B)	–	**2,403.02**	3,834.13	–	–	6,237.15
(C)	Less: Allowance for Impairment loss	–	–	–	–	–	–
(D)	**Total – Net (A-C)**	–	**2,403.02**	3,834.13	–	–	6,237.15

The Group's exposure to credit and currency risks, and loss allowances related to loans are disclosed in Note 59.

(All amounts are in Rupees crores unless otherwise stated)

9 OTHER FINANCIAL ASSETS

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Security Deposits	**78.48**	75.63	77.90
Accrued Income			
- Interest on Investments	**28.94**	29.45	22.97
- Other income*	**35.97**	10.75	16.84
Unbilled revenue	**18.38**	11.19	25.64
Amounts due on settlement from Clearing House	**77.76**	132.83	170.04
Fixed Deposits with companies	**31.00**	31.00	23.25
Amounts recoverable from government towards stamp duty payments	**6.41**	50.64	14.80
Amounts due on settlement from Clients and Brokers, Others	**503.16**	206.87	343.74
Other advances receivable	**21.31**	65.93	44.07
Loans to employees	**23.23**	16.76	16.77
Other Deposits	**65.14**	27.06	76.59
Other doubtful deposits	**12.12**	12.12	12.00
Other recoverables	**83.80**	129.26	20.70
	985.69	799.48	865.31
Less: Impairment loss allowance	**65.10**	13.87	19.15
Total	**920.58**	785.61	846.16

* Accrued income of ₹35.97 crore for FY 2018-19 includes ₹10.66 crore as accrued interest income on fixed deposit invested against fund placed with Company under Credit Guarantee Enhancement Scheme.

The Group's exposure to credit and currency risks, and loss allowances related to loans are disclosed in Note 59

10 INVESTMENT ACCOUNTED USING EQUITY METHOD

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Investment in associates	**–**	12.86	181.00
Investment in joint ventures	**–**	–	–
Total	**–**	12.86	181.00

11 INCOME TAX

	Year ended 31 March 2019	Year ended 31 March 2018
A. Amounts recognised in profit or loss		
Current period (a)	**(0.96)**	35.75
Changes in estimates related to prior years (b)	**(0.26)**	(0.24)
Deferred tax (c)		
Attributable to-		
Origination and reversal of temporary differences	**(218.43)**	(29.50)
Increase/reduction in tax rate	**–**	16.38
Sub-total (c)	**(218.43)**	(13.12)
Tax expense (a)+(b)+(c)	**(219.65)**	22.39

B. Income tax recognised in other comprehensive income

	Year ended 31 March 2019			Year ended 31 March 2018		
	Before tax	**Tax (expense)/ income**	**Net of tax**	Before tax	Tax (expense)/ income	Net of tax
Actuarial gain/(loss) on defined benefit obligation	**49.92**	**(17.78)**	**32.14**	3.51	(1.35)	2.16
Tax on Fair value changes on FVTOCI - Equity securities	**(67.79)**	**32.52**	**(35.28)**	646.70	(91.91)	554.79
Tax on Fair value changes on FVTOCI - Debt securities	**(16.52)**	**5.77**	**(10.74)**	(26.49)	9.06	(17.43)
	(34.39)	**20.51**	**(13.88)**	623.72	(84.20)	539.52

Note 11 (contd..) (All amounts are in Rupees crores unless otherwise stated)

C. Reconciliation of effective tax rate

	Year ended 31 March 2019		Year ended 31 March 2018	
	%	**Amount**	**%**	**Amount**
Profit before tax		**(695.64)**		438.81
Tax using the Company's domestic tax rate of 34.944%	**34.94%**	**(243.08)**	34.94%	153.34
Effect of:				
Tax exempt income	**4.69%**	**(32.61)**	(4.12%)	(18.08)
Non-deductible expenses	**(0.27%)**	**1.86**	0.76%	3.35
Tax impact of income chargeable at lower tax rates	**0.00%**	**–**	0.00%	–
Previous year taxes	**0.92%**	**(6.39)**	(0.01%)	(0.04)
Change in previously recognised tax losses	**0.00%**	**–**	2.40%	10.51
Current year depreciation for which no deferred tax asset was recognised	**1.35%**	**(9.37)**	(2.18%)	(9.57)
MAT credit	**0.62%**	**(4.29)**	3.66%	16.05
Others	**(10.67%)**	**74.23**	(30.35%)	(133.17)
Effective tax rate	**31.57%**	**(219.65)**	**5.10%**	**22.39**

D. Recognised deferred tax assets and liabilities

Movement of deferred tax assets / liabilities presented in the balance sheet

	As at 01 April 2018	Recognised in equity	Recognised in profit or loss during the year	Recognised in OCI during the year	**As at 31 March 2019**
Deferred tax assets:					
Loans	2,292.79		(241.50)		**2,051.29**
Minimum alternate tax credit entitlement	–		75.39		**75.39**
Others	(112.27)		429.44	(17.78)	**298.40**
	2,180.52	**–**	**263.33**	**(17.78)**	**2,425.08**
Deferred tax liabilities:					
Property, plant and equipment	332.56		(2.55)		**330.01**
Investments	276.55		9.85	(38.29)	**248.11**
DTL on Special Reserve u/s 36(i)(viii)	–		46.72		**46.72**
Borrowings	46.72	(5.18)	(9.12)		**32.42**
	655.83	(5.18)	44.90	(38.29)	**657.26**
Net deferred tax assets	**1,524.69**	**5.18**	**218.43**	**20.51**	**1,767.82**

	As at 01 April 2017	Recognised in equity	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2018
Deferred tax assets:					
Loans	2,329.80	–	(37.01)	–	2,292.79
Minimum alternate tax credit entitlement	62.15	–	(62.15)	–	–
	2,391.95	–	(99.16)	–	2,292.79
Deferred tax liabilities:					
Property, plant and equipment	327.85		4.71		332.56
Investments	319.80		(126.10)	82.85	276.55
DTL on Special Reserve u/s 36(i)(viii)	46.72		(46.72)		–
Borrowings	62.40		(15.68)		46.72
Others	39.17		71.51	1.35	112.27
	795.94	**–**	**(112.28)**	**84.20**	**768.10**
Net deferred tax assets	**1,596.01**	**–**	**13.12**	**(84.20)**	**1,524.69**

E. Tax losses, unabsorbed depreciation and unutilised tax credit

Details of Tax losses, unabsorbed depreciation and unutilised tax credits on which no deferred tax was recognised expire as follows:

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Amount	**Expiry**	Amount	Expiry	Amount	Expiry
Unabsorbed depreciation	**16.10**	**Never expire**	10.10	Never expire	6.20	Never expire
MAT Credit	**249.11**	**2022-23 to 2034-35**	253.40	2022-23 to 2033-34	237.35	2022-23 to 2032-33

Note 11 (contd..) (All amounts are in Rupees crores unless otherwise stated)

F. Uncertain tax positions

Refer Note 37 on contingent liabilities and commitment relating to income tax matter under dispute.

G. Unrecognised deferred tax balances

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Deductible temporary differences	**5.63**	3.53	2.14
Unabsorbed depreciation	**248.88**	241.63	225.19
Deferred tax on account of indexation on equity shares of investment in subsidiary	**249.11**	253.40	237.35
Unutilised tax credit			
Total	**503.62**	498.56	464.68

12 INVESTMENT PROPERTY

	Gross Block				Depreciation				Net Block	
	As at 1 April 2018	Additions / Adjustments	Disposals / Adjustment	**As at 31 March 2019**	As at 1 April 2018	For the year	Disposals / Adjustment	**As at 31 March 2019**	**As at 31 March 2019**	As at 31 March 2018
Owned Assets										
Freehold Land	9.84	–	–	**9.84**	–	–	–	**–**	**9.84**	9.84
Buildings	201.62	–	0.38	**201.25**	4.80	4.70	0.04	**9.47**	**191.78**	196.82
Flats	10.71		2.42	**8.30**	0.19	0.17		**0.36**	**7.93**	10.52
Assets under finance lease										
Leasehold land	0.02	–	–	**0.02**	–	–	–	**–**	**0.02**	0.02
Total	**222.21**	**–**	**2.79**	**219.41**	4.99	4.87	0.04	**9.83**	**209.58**	217.21

	Gross Block				Depreciation				Net Block	
	As at 1 April 2017	**Additions / Adjustments**	**Disposals / Adjustment**	**As at 31 March 2018**	As at 1 April 2017	For the year	Disposals / Adjustment	As at 31 March 2018	As at 31 March 2018	As at 1 April 2017
Owned Assets										
Freehold Land	9.84	–	–	9.84	–	–	–	–	9.84	9.84
Buildings	259.98	0.34	58.69	201.62	–	4.80	–	4.80	196.82	259.98
Flats	10.71	–		10.71	–	0.19		0.19	10.52	10.71
Assets under finance lease										
Leasehold land	0.02	–	–	0.02	–	–	–	–	0.02	0.02
Total	**280.56**	**0.34**	**58.69**	**222.21**	–	4.99	–	4.99	217.21	280.56

For details regarding rental income earned from investment property, refer statement of profit and loss.

For details regarding investment property given on lease, refer Note 53.

Fair value of investment property

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Freehold Land	**12.60**	12.00	11.57
Leasehold Land	**0.73**	0.69	0.64
Buildings	**311.85**	303.91	378.77

Note 12 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Measurement of fair values

(i) Fair value hierarchy

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

(ii) Valuation technique

The Group follows direct sale comparison technique. The valuation model considers the value of the subject property by comparing recent sales / listing of similar interest in the properties located in the surrounding area. By analysing sales which qualify as 'arms-length' transactions, between willing buyers and sellers, adjustments would be made for size, location, time, amenities and other relevant factors when comparing such sales price against the subject property. This approach is commonly used to value standard properties when realisable sales evidence is available.

13 PROPERTY, PLANT AND EQUIPMENT

	Gross Block				Depreciation				Net Block	
	As at 1 April 2018	Additions / adjustments	Disposals / adjustments	**As at 31 March 2019**	As at 1 April 2018	For the year	Disposals / adjustments	**As at 31 March 2019**	**As at 31 March 2019**	As at 31 March 2018
Owned Assets										
Freehold Land	119.60	–	4.93	**114.67**	–	–	–	**–**	**114.67**	119.60
Buildings	578.00	25.15	0.36	**602.78**	15.62	15.70	–	**31.31**	**571.47**	562.38
Leasehold Improvement	1.48	1.59	0.63	**2.44**	0.20	0.29	0.11	**0.38**	**2.06**	1.28
Plant & Machinery	73.16	14.69	3.10	**84.75**	6.42	8.46	1.11	**13.77**	**70.98**	66.74
Furniture & Fixtures	23.60	0.85	0.41	**24.04**	6.40	6.22	0.27	**12.35**	**11.68**	17.20
Vehicles	1.53	1.12	0.38	**2.27**	0.84	0.67	0.35	**1.17**	**1.11**	0.69
Office Equipments	29.28	9.84	1.20	**37.92**	9.78	11.26	1.13	**19.91**	**18.01**	19.51
Electrical Installations and Equipments	11.44	0.02	–	**11.46**	3.22	3.16	–	**6.38**	**5.08**	8.22
Assets under Lease										
Leasehold Land	264.06			**264.06**	9.38	9.39		**18.77**	**245.29**	254.68
Total	1,102.16	53.25	11.01	**1,144.40**	51.86	55.16	2.97	**104.04**	**1,040.35**	1,050.30

	Gross Block				Depreciation				Net Block	
	As at 1 April 2017	Additions / adjustments	Disposals / adjustments	As at 31 March 2018	As at 1 April 2017	For the year	Disposals / adjustments	As at 31 March 2018	As at 31 March 2018	As at 1 April 2017
Owned Assets										
Freehold Land	114.58	5.02	–	119.60	–	–	–	–	119.60	114.58
Buildings	536.16	58.69	16.85	578.00	–	15.62	–	15.62	562.38	536.16
Leasehold Improvement	1.96	0.01	0.49	1.48	–	0.20	–	0.20	1.28	1.96
Plant & Machinery	75.97	3.11	5.92	73.16	–	8.19	1.78	6.42	66.74	75.97
Furniture & Fixtures	23.64	0.19	0.24	23.60	–	6.40	–	6.40	17.20	23.64
Vehicles	1.23	0.31	0.01	1.53	–	0.84	–	0.84	0.69	1.23
Office Equipments	21.14	8.21	0.07	29.28	–	9.78		9.78	19.51	21.14
Electrical Installations and Equipments	11.40	0.08	0.04	11.44	–	3.22	–	3.22	8.22	11.40
Assets under Lease										
Leasehold Land	264.20	3.35	3.49	264.06	–	9.38	–	9.38	254.68	264.20
Total	1,050.29	78.98	27.11	1,102.16	–	53.63	1.78	51.86	1,050.30	1,050.29

(All amounts are in Rupees crores unless otherwise stated)

14 GOODWILL

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Gross Block				
(i)	Opening Balance	**446.64**	446.64	446.64
(ii)	Additions	**–**	–	–
(iii)	Acquisitions through business combinations	**–**	–	–
(iv)	Disposals	**–**	–	–
(v)	Other adjustments	**–**	–	–
(vi)	Closing Balance	**446.64**	446.64	446.64
Impairment provision				
(i)	Opening balance	**–**	–	–
(ii)	Acquisitions through business combinations	**–**	–	–
(iii)	Impairment for the period	**–**	–	–
(iv)	Disposals	**–**	–	–
(v)	Reversals in provision	**–**	–	–
(vi)	Other adjustments	**–**	–	–
(vii)	Closing Balance	**–**	–	–
Net Goodwill		**446.64**	446.64	446.64

15 OTHER INTANGIBLE ASSETS

	Gross Block				Amortisation				Net Block	
	As at 1 April 2018	Additions	Disposals	**As at 31 March 2019**	As at 1 April 2018	For the year	Disposals	**As at 31 March 2019**	**As at 31 March 2019**	As at 31 March 2018
Computer Software	9.59	1.51	–	**11.10**	3.36	3.31		**6.67**	**4.43**	6.23
Licenses and franchises	0.72	–	–	**0.72**	0.53	0.12	–	**0.65**	**0.07**	0.19
Total	10.32	1.51	–	**11.82**	3.89	3.43	–	**7.32**	**4.51**	6.42

	Gross Block				Amortisation				Net Block	
	As at 1 April 2017	Additions	Disposals / adjustments	**As at 31 March 2018**	As at 1 April 2017	For the year	Disposals	**As at 31 March 2018**	**As at 31 March 2018**	As at 1 April 2017
Computer Software	8.08	1.51	–	**9.59**	–	3.36	–	**3.36**	**6.23**	8.08
Licenses and franchises	0.72	–	–	**0.72**	–	0.53	–	**0.53**	**0.19**	0.72
Total	8.80	1.51	–	**10.32**	–	3.89	–	**3.89**	**6.42**	8.80

16 OTHER NON-FINANCIAL ASSETS

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital advances	**4.85**	2.18	0.91
Pre-paid expenses	**3.81**	1.95	1.89
Employee advance	**4.79**	4.77	4.80
Statutory Dues	**0.65**	0.09	0.11
Other	**70.61**	80.82	61.78
	84.72	89.80	69.50
Less: Provision for impairment	**6.09**	6.09	7.70
Total	**78.63**	83.71	61.80

(All amounts are in Rupees crores unless otherwise stated)

17 ASSETS HELD FOR SALE

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Freehold Land	**0.01**	0.01	5.03
Leasehold Land	**0.02**	0.01	3.36
Buildings	**1.31**	26.13	11.01
Associates	**12.52**	–	–
Assistance under development financing (AUF) - Associates	**44.08**	545.84	647.34
Total	**57.94**	571.99	666.74

The Board of Directors of the Group have decided to sale certain land, buildings and investment in associates. Accordingly, the same has been classified as held for sale and the management has started the process of finding the buyers. The delay in disposing of the said assets is caused due to circumstances beyond the entity's control and entity is committed to its plans to sell the asset as it has sold many investments in the Financial Year 2018-19.

Non-financial assets and liabilities measured at fair value - non-recurring fair value measurements

Fair valuation of said investment in Assistance under development financing (AUF) - Associates is computed using NAV/DCF approach and are categorised as Level 3.

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Assistance under development financing (AUF) - Associates	**–**	102.18	549.95

18 TRADE PAYABLES

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Total outstanding dues to micro, small and medium enterprises	**23.99**	24.36	28.42
Total outstanding dues of creditors other than micro, small and medium enterprises	**229.29**	171.87	112.53
Total	**253.28**	196.23	140.95

There are no Micro and Small Enterprises, to whom the Group owes dues, which are outstanding for more than 45 days as at all reporting dates. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent the status of such parties identified on the basis of information available with the Group.

Other payables

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Total outstanding dues of micro enterprises and small enterprises		–	0.24
Total outstanding dues of creditors other than micro enterprises and small enterprises	**126.40**	100.81	85.07
Total	**126.40**	100.81	85.30

19 DEBT SECURITIES

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
As at 31 March 2019			
(A)			
(i) Non-Convertible Debentures			
- 6.00% LIC - Redeemable on 28.12.2021	**177.85**	171.42	165.62
- 6.00 % SBI - Redeemable on 25.01.2022	**178.43**	183.95	177.22
- 9.37% LIC - Redeemable on 01.04.2022	**418.19**	418.19	418.19
(ii) Bonds			
- Privately Placed Bonds	**4,574.62**	4,878.75	5,499.58
- Privately Placed Zero Coupon Bonds	**225.70**	205.64	187.36
- Infrastructure Bonds	**1,298.15**	1,292.51	1,225.45
- Other	**259.21**	314.49	454.75
- Less: Interest accrued but not due	**(578.41)**	(512.44)	(423.89)
(iii) Tax-free Bonds (secured by floating charge on receivables of IFCI Ltd.)			
- held by others	**265.00**	265.00	215.00
(iv) Public issue of NCDs			
Secured Redeemable Non Convertible Debentures(secured by floating charge on receivables of IFCI Ltd.)			
- held by others	**2,001.40**	1,984.26	1,953.58
- Less: Interest accrued but not due	**(63.18)**	(46.04)	(30.41)

Note 19 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(v)	***Privately Placed Bonds (Redeemable Non Convertible Debentures secured by floating charge on receivables of IFCI Ltd. & Lien on G-Sec)***			
	- Others (Bonds/ Debentures etc.)	**575.00**	575.00	575.00
	Total (A)	**9,331.96**	9,730.73	10,417.45
(B)				
(i)	*Debt securities in India*	**9,331.96**	9,730.73	10,417.45
(ii)	*Debt securities outside India*	**–**	–	–
	Total (B)	**9,331.96**	9,730.73	10,417.45

Privately placed Bonds includes ₹1280.58 crore of bonds which were guaranteed by the Govt. of India at the time of issue. these bonds were, subsequently, rolled over for 10 years from dates of maturity in terms of the decision at meetings of stakeholders in November 24 and December 2, 2002 under the aegis of the Govt. of India, but the guarantee did not continue. However, on the behalf of investors, Govt. of India was requested to guarantee these bonds during the rolled over period and accordingly, these bonds were shown under Bonds guaranteed by Govt. of India till March 31, 2013, with suitable disclosure of the fact in Notes to Accounts. Since all such bonds have been rolled over by March, 2012 and Govt. of India has not provided guarantee during the rolled over period, such rolled over erstwhile government guaranteed bonds are clustered under Privately placed Bonds as on 31 March 2019 above.

Tax free bonds of ₹265 crore (PY ₹265 crore) are secured by way of floating charge on the receivables of IFCI Ltd.

Other secured bonds of ₹98.30 crore (PY ₹98.30 crore) are secured by way of pari passu charge on the receivables of IFCI Venture Capital Funds Ltd.

Secured redeemable NCDs of ₹1938.22 crore (PY ₹1938.20 crore) are secured by way of floating charge on the receivables of IFCI Ltd.

20 BORROWINGS (OTHER THAN DEBT SECURITIES ISSUED)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At Amortised cost				
(A)				
(i)	*Term loans*			
	- from banks and other parties	**5,191.77**	8,750.90	11,192.17
	- from financial institutions	**87.72**	84.61	81.69
	- from KfW Line	**426.12**	471.88	429.13
(ii)	*Loans repayable on demand from Banks*	**14.24**	9.09	12.60
(iii)	*others*	**29.14**	103.07	77.00
Total (A)		**5,748.99**	9,419.55	11,792.59
(B)				
(i)	Borrowings in India	**5,322.87**	8,947.67	11,363.46
(ii)	Borrowings outside India	**426.12**	471.88	429.13
Total (B)		**5,748.99**	9,419.55	11,792.59

Term Loan of ₹158.93 crore from Banks are secured by hypothecation of Book debts of IFCI Venture Capital Funds Ltd (PY ₹326.73 crore) on pari passu basis and term loan of ₹45.64 crore (PY ₹48.61 crore) are secured by way of hypothecation of factored debt of IFCI Factors Ltd. on pari passu basis.

Loan from banks payable on demand of ₹130 crore (PY ₹130 crore) are secured by way of hypothecation of pari-passu charge on factored receivables of IFCI Factors Ltd.

Other loan of ₹20 crore (PY - ₹20 crore) from banks are secured by way of charge on the receivables of IFCI Venture Capital Funds Ltd.

Cash Credit of ₹37.15 crore (PY ₹37.15 crore) secured by way of hypothecation of pari-passu charge on factored receivables of IFCI Factors Ltd. and ₹5.72 crore (PY ₹1.30 crore) secured by way of pledge of fixed deposit by Stock Holding Corporation of India Ltd.

Loan from Kfw is guaranteed by the Government of India

21 SUBORDINATED LIABILITIES

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At Amortised cost				
(A)				
(i)	Preference Shares other than those that qualify as Equity			
	- 0.10% Cumulative Redeemable Preference Shares of ₹10/- each	**–**	201.26	219.22
(ii)	Subordinate - Tier II Bonds	**1,313.30**	1,313.30	1,313.30
Total (A)		**1,313.30**	1,514.56	1,532.52
(B)				
(i)	Subordinated Liabilities in India	**1,313.30**	1,514.56	1,532.52
(ii)	Subordinated Liabilities outside India	**–**	–	–
Total (B)		**1,313.30**	1,514.56	1,532.52

(All amounts are in Rupees crores unless otherwise stated)

22 OTHER FINANCIAL LIABILITIES

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Interest accrued but not due on bonds & borrowings	**1,141.08**	1,103.05	918.12
Other Liabilities (trade deposits and other payables)	**11.01**	11.44	12.98
Security Deposits-Estate	**13.32**	15.25	18.34
Unpaid Matured Debentures & interest	**0.24**	0.36	0.56
Scheduled Caste Credit Guarantee Enhancement Scheme (placed by Govt. of India)	**267.39**	240.81	232.31
Unclaimed redemption proceeds and interest on Relief and Saving Bonds	**20.74**	21.73	21.44
Amounts due on settlement to Clearing House, Clients and Brokers	**562.95**	343.38	613.64
Amounts payable to Government on account of stamp duty collection	**30.86**	44.17	58.21
Amounts payable to Reserve Bank of India on account of distribution of Relief Bonds/Inflation indexed bonds (net)	**–**	1.89	377.33
Advance Depository Participant charges, Advances from Customers,Statutory dues including Provident Fund and Taxes (includes amount due on settlement)	**160.46**	160.03	119.61
Contractual liability against Factoring	**51.93**	45.21	55.80
Unclaimed Dividend	**0.02**	0.04	0.04
Other Payables	**350.31**	501.15	542.99
	2,610.32	2,488.50	2,971.37

23 PROVISIONS

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Impairment provision on off balance sheet exposure	**52.99**	86.17	93.65
Employee Benefits	**54.44**	187.44	175.39
Provisions for others expenses	**9.67**	–	–
Provision for Claims-Long term Provisions	**24.46**	24.46	25.61
Total	**141.56**	298.07	294.65

Refer Note No. 51 for detailed disclosure on employee benefits

24 OTHER NON-FINANCIAL LIABILITIES

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Income received in Advance	**41.71**	44.19	50.64
Grant in Aid received for trainings	**2.02**	5.21	2.50
Statutory Dues	**1.33**	2.53	3.32
Other	**3.80**	6.94	5.86
	48.86	58.88	62.32

25 EQUITY

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Authorised			
2,00,00,00,000 Equity Shares of ₹10/- each	**2,000.00**	2,000.00	2,000.00
	2,000.00	2,000.00	2,000.00
Issued			
1,72,92,84,689 Equity Shares of ₹10/- each	**1,763.24**	1,763.24	1,729.28
	1,763.24	1,763.24	1,729.28
Subscribed			
1,69,73,09,792 Equity Shares of ₹10/- each	**1,697.31**	1,697.31	1,663.35
	1,697.31	1,697.31	1,663.35
Paid up			
1,69,59,93,092 Equity Shares of ₹10/- each	**1,695.99**	1,695.99	1,662.04
	1,695.99	1,695.99	1,662.04

Note 25 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Reconciliation of the number of equity shares and share capital:

There has been no change in the Authorised, Issued and Subscribed Share Capital during the year.

	As at 31 March 2019		As at 31 March 2018	
	Number	**Amount**	Number	Amount
Equity shares				
Outstanding at beginning of the period	**1,695,993,092**	**1,695.99**	1,662,037,235	1,662.04
Add: Shares issued to Government of India on preferential basis	**–**	**–**	33,955,857	33.95
Outstanding at the end of the period	**1,695,993,092**	**1,695.99**	1,695,993,092	1,695.99
Paid up share capital	**1,695,993,092**	**1,695.99**	1,695,993,092	1,695.99

Terms/ rights attached to equity shares:

The Group has only one class of equity share, i.e. equity shares having face value of ₹10 per share entitled to one vote per share.

Shareholders holding more than 5% of equity shares

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
Name of the shareholder	**Number of shares**	**Shareholding %**	Number of shares	Shareholding %	Number of shares	Shareholding %
President of India	**95,69,55,857**	**56.42%**	95,69,55,857	56.42%	92,30,00,000	55.53%

26 OTHER EQUITY

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i)	**Reserve u/s 45IC of RBI Act**			
	Opening balance	**923.57**	923.57	923.57
	Closing balance	**923.57**	923.57	923.57
(ii)	**Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961**			
	Opening balance	**136.74**	136.74	136.74
	Closing balance	**136.74**	136.74	136.74
(iii)	**Capital Reserve**			
	Opening balance	**0.85**	7.58	7.58
	Sale of associate		(6.73)	
	Closing balance	**0.85**	0.85	7.58
(iv)	**Securities Premium Reserve**			
	Opening balance	**1,032.06**	966.01	966.01
	Add: Issue of equity shares	**–**	66.05	–
	Closing balance	**1,032.06**	1,032.06	966.01
(v)	**Capital Redemption Reserve**			
	Opening balance	**250.05**	211.21	211.21
	Add: Transfer from retained earnings	**50.00**	38.84	–
	Closing balance	**300.05**	250.05	211.21
(vi)	**Debenture Redemption Reserve**			
	Opening balance	**260.08**	171.00	171.00
	Add: Transfer from retained earnings	**–**	89.08	–
	Closing balance	**260.08**	260.08	171.00
(vii)	**General Reserve**			
	Opening balance	**360.03**	360.03	360.03
	Add: Transfer from retained earnings	**6.58**		–
	Closing balance	**366.61**	360.03	360.03
(viii)	**Deemed equity contribution**			
	Opening balance	**345.61**	345.61	345.61
	Less: Early redemption of preference shares	**(9.79)**	–	–
	Closing balance	**335.82**	345.61	345.61

Note 26 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(ix)	**Retained Earnings**			
	Opening balance	**725.54**	466.83	466.83
	Add: profit/(loss) during the year	**(488.67)**	383.12	–
	Less: Transfer to Capital redemption reserve	**(50.00)**	(38.84)	–
	Less: Transfer to Debenture redemption reserve		(89.08)	–
	Less: Transfer to general reserve	**(6.58)**		
	Less: Transfer to contingency reserve	**(11.60)**		
	Less: Dividends (incl Dividend distribution tax)	**(1.47)**	(3.21)	
	Add: sale of associate		6.73	
	Closing balance	**167.24**	725.54	466.83
(x)	**Debt instruments through Other Comprehensive Income**			
	Opening balance	**20.27**	37.70	37.70
	Add: other comprehensive income during the year	**(10.74)**	(17.43)	–
	Closing balance	**9.52**	20.27	37.70
(xi)	**Equity instruments through Other Comprehensive Income**			
	Opening balance	**136.62**	(48.77)	(48.77)
	Add: other comprehensive income during the year	**(53.91)**	185.39	–
	Closing balance	**82.71**	136.62	(48.77)
(xii)	**Remeasurements of the defined benefit plans**			
	Opening balance	**2.11**	0.33	0.33
	Add: other comprehensive income during the year	**32.39**	1.78	–
	Closing balance	**34.50**	2.11	0.33
(xiii)	**Contingency reserve**			
	Opening balance	**–**	–	–
	Add: other comprehensive income during the year	**11.60**	–	–
	Closing balance	**11.60**	–	–
(xiv)	**Foreign currency translation reserve**			
	Opening balance	**–**	–	–
	Add: other comprehensive income during the year	**(0.08)**	–	–
	Closing balance	**(0.08)**	–	–
(xv)	**Amalgamation reserve**			
	Opening balance	**(0.60)**	(0.60)	(0.60)
	Closing balance	**(0.60)**	(0.60)	(0.60)

Reserve u/s 45IC of RBI Act

Pursuant to increase in shareholding of Govt. of India more than 50% of the paid-up Share Capital, the Group has become Government Company u/s 2(45) of the Companies Act, 2013 and therefore in view of the exemption available to Government Companies, no transfer has been made to the statutory reseve created u/s 45IC of RBI Act, 1934.

Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961

Section 36(1)(viii) of the Income Tax Act allows financial institutions to transfer 20% of profit from eligible business i.e. net income from long-term industrial financing, to this Reserve and the same is allowed as a deduction while computing taxable income. The Income Tax Act, by an amendment in Finance Act, 1998, has put a condition on maintaining the Reserve created w.e.f. FY 1997-98. Any withdrawal would attract tax liability. Upto FY 1996-97, utilisation of the said Reserve created in the earlier year did not attract tax liability and accordingly Deferred Tax Liability (DTL) has been created on the reserve transferred after FY 1997-98.

Capital Reserve

Capital Reserve represents proceeds of forfeited shares.

Securities Premium Reserve

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Capital Redemption Reserve

Capital Redemption Reserve represents amount transferred from surplus in statement of profit and loss towards redemption of preference shares without fresh issue of capital, as was required under Section 80 of the Companies Act, 1956.

Note 26 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

Debenture Redemption Reserve

Debenture Redemption Reserve has been created in terms of Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014 for Non Convertible Debentures issued by IFCI Ltd. through public offer.

General Reserve

General reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations.

Deemed equity contribution

Deemed equity contribution on account of preferential rate borrowings from shareholders.

Retained Earnings

Represents as at date accumulated surplus/(deficit) of the profits earned by the Group.

Contingency reserve

Contingency reserve was created through an annual transfer of net income attributed to a specific reserve to be used in case of any contingencies arising.

Foreign currency translation reserve

Foreign currency translation reserve is created out of the exchange difference arising on on conversion of foreign subsidiary into presentation currency.

Amalgamation reserve

Represents reserve created on merger of two or more entities.

Debt instruments through Other Comprehensive Income

This comprises changes in the fair value of debt instruments recognised in other comprehensive income and accumulated within equity. The Group transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

Equity instruments through Other Comprehensive Income

This comprises changes in the fair value of certain identified equity instruments recognised in other comprehensive income and accumulated within equity.

Remeasurements of the defined benefit plans

Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

27 INTEREST INCOME

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	On Financial Assets measured at fair value through OCI	**On Financial Assets measured at Amortised Cost**	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost
Interest on loans	–	2,055.29	–	2,663.22
Interest income from investments	**95.57**	14.51	69.62	18.20
Interest on deposits	–	4.90	–	2.19
Other Interest Income	–	29.44	–	25.36
Total	**95.57**	2,104.14	69.62	2,708.97

28 FEES AND COMMISSION INCOME

	For the year ended 31 March 2019	For the year ended 31 March 2018
Fund Management Fees	**6.24**	9.71
Business Services Fees and Commission (including guarantee commission)	**22.17**	16.79
Application and Administration Charges	**1.39**	1.19
Others	**1.24**	1.61
Total	**31.04**	29.30

(All amounts are in Rupees crores unless otherwise stated)

29 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

			For the year ended 31 March 2019	For the year ended 31 March 2018
(A)	Net gain/ (loss) on financial instruments at fair value through profit or loss			
	(i)	On trading portfolio		
	-	Equity securities	**(65.70)**	611.92
	-	Derivatives	**(0.06)**	0.10
	-	Security Receipts	**(89.34)**	18.16
	-	Preference Shares	**(13.67)**	(49.95)
	-	Units of Venture Capital Funds	**(18.29)**	(21.92)
	-	Units of Mutual Funds	**48.53**	55.17
(B)	Net gain on derecognition of financial instruments at fair value through other comprehensive income		**6.06**	3.77
(C)	Total Net gain/(loss) on fair value changes		**(132.46)**	617.25
	Fair value changes :			–
	-	Realised	**122.58**	284.59
	-	Unrealised	**(255.04)**	332.66
(D)	Total Net gain/(loss) on fair value changes		**(132.46)**	617.25

30 OTHER INCOME

	For the year ended 31 March 2019	For the year ended 31 March 2018
Net gain/(loss) on derecognition of property, plant and equipment	**6.72**	21.65
Foreign exchange gain/loss	**4.76**	2.27
Profit on sale of assets held for sale (Net)	**182.96**	–
Impairment loss on assets held for sale - reversal	**81.49**	–
Deferred Income from Land	**3.04**	3.04
Profit on sale of associates	**–**	264.40
Sundry balances written back (net)	**3.19**	1.63
Others	**30.88**	11.01
Total	**313.03**	304.00

31 FINANCE COSTS

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest on borrowings	**1,775.44**	2,104.02
Interest on debt securities	**2.57**	7.01
Interest on subordinated liabilities	**4.45**	21.12
Other interest expenses	**20.13**	12.29
Bank charges	**0.12**	0.02
Total	**1,802.70**	2,144.46

32 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost
Loans	**–**	**1,077.31**	–	1,009.95
Investments	**(0.07)**	**–**	–	
Provision for doubtful debts/ advances	**–**	**68.91**	–	4.65
Other assets	**–**	**0.17**	–	(5.15)
Total	**(0.07)**	**1,146.39**	–	1,009.45

* Refer Note 59 for detailed disclosure on impairment on loans, recovery of loans and write off of loans.

(All amounts are in Rupees crores unless otherwise stated)

33 EMPLOYEE BENEFIT EXPENSES

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries and bonus / incentives	**226.83**	218.58
Contribution to provident and other funds	**50.96**	57.78
Staff welfare expenses	**15.44**	17.90
Others	**0.20**	0.95
Total	**293.41**	295.20

34 DEPRECIATION AND AMORTISATION

	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipment	**55.16**	53.63
Depreciation on Investment Property	**4.87**	4.99
Amortisation of intangible assets	**3.43**	3.89
Total	**63.46**	62.52

35 OTHER EXPENSES

	For the year ended 31 March 2019	For the year ended 31 March 2018
Rent	**31.94**	23.02
Rates and Taxes	**4.55**	4.45
Insurance	**3.16**	2.29
Repairs and Maintenance		
- Buildings	**21.30**	13.22
- Plant and Machinery	**11.99**	13.57
- IT	**4.31**	3.00
- Others	**1.05**	0.62
Electricity & Water Charges	**8.41**	8.00
Security expenses	**8.33**	6.26
Payment to Auditors	**1.42**	1.45
Directors' Fee & Expenses	**0.31**	0.33
Publications, Advertisement	**1.65**	1.08
Legal and Professional charges	**21.88**	23.93
Travelling & Conveyance	**9.22**	8.84
Training & Development	**2.73**	2.69
Postage & Telephone	**4.30**	5.06
Printing & Stationery	**6.92**	7.51
Listing/ Filing/ Custody Fee	**2.59**	1.88
Library/ Membership Subscription	**0.91**	1.13
Expenses on CSR Activity	**6.42**	10.84
Impairment loss on assets held for sale	**–**	45.40
Advertising & Business Promotion	**4.44**	4.54
Communication Costs	**9.23**	8.51
Outsourcing Expenses and Feet on Street	**37.72**	36.49
Technical Know-how Fees	**35.16**	29.57
Software Expenses	**9.98**	10.35
Miscellaneous Expenses	**27.97**	29.30
Total	**277.93**	303.33

(All amounts are in Rupees crores unless otherwise stated)

36 ATTRIBUTION OF TOTAL COMPREHENSIVE INCOME

	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit for the year	**(475.99)**	417.94
- attributable to equity holders of the parent	**(488.67)**	383.12
- attributable to non-controlling interest	**12.68**	34.82
Other comprehensive income for the year	**(25.96)**	539.52
- attributable to equity holders of the parent	**(32.33)**	169.74
- attributable to non-controlling interest	**6.36**	369.78
Total comprehensive income for the year	**(501.96)**	957.46
- attributable to equity holders of the parent	**(521.00)**	552.86
- attributable to non-controlling interest	**19.04**	404.60

37 PAYMENT TO AUDITORS

	For the year ended 31 March 2019	For the year ended 31 March 2018
Audit Fees	**1.19**	1.16
Taxation Matters	**0.12**	0.09
Certification and other services	**0.17**	0.19
Reimbursement of Expenses	**0.05**	0.08
Total	**1.53**	1.52

38 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
A.	**Contingent Liabilities**			
(i)	Claims not acknowledged as debts	**93.00**	4.41	315.83
(ii)	Guarantees excluding financial guarantees	**3.26**	2.97	2.87
(iii)	Export obligations under EPCG Licenses	**4.89**	10.57	–
(iv)	Tax Matters :			
	Income Tax	**5.03**	8.00	0.17
	Service tax / GST	**8.29**	8.31	–
	Total	**114.47**	34.26	318.87

Considering the current status of the pending litigation cases, no material financial impact is expected on the financial statements as on March 31, 2018.

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
B.	**Commitments**			
(i)	Estimated amount of contract (including lease contract) remaining to be executed on capital account (net of advances)	**1.77**	6.63	7.01
(ii)	Undrawn Commitments	**1,580.87**	2,177.28	2,265.91
	Total	**1,582.64**	2,183.91	2,272.92
C.	**Contingent assets**	**Nil**	Nil	Nil

38.1 A contingent liability is disclosed, unless the possibility of an outflow of resources is remote. The Company is under litigation with the Income Tax Authorities on account of demand on the Company for various assessment years resulting in appeals by either parties, mostly being by the Tax authorities against the orders in favour of the Company. Based on the decisions of the appellate authorities ranging from CIT(A) to Hon'ble Supreme Court level and the available jurisprudence on the same issues across industry and the interpretations of other relevant provisions of the Income Tax Act, the tax disputes are most likely to be disposed in favour of IFCI and hence, contingent liability with regard to income tax has not been disclosed.

39 Certain balances appearing under trade receivables and payables are subject to confirmation.

40 These financial results have been prepared as per Schedule III Division III of the Companies Act, 2013 which has been notified by the Ministry of Corporate Affairs and published in the official Gazette on 11th October 2018. Any application guidance/ clarifications/ directions issued by RBI or other regulators will be implemented as and when they are issued/ applicable.

41 In case of IFCI Ltd. :-

(a) During the Financial Year 2017-18, the accounting policy of appropriating the amounts received from borrowers against "loans and advances" in the order of other debits across due dates and then, similarly of interest and principal dues without considering due dates, except in the case of one time or negotiated settlements, where the appropriation was done as per the terms of the settlement has been revised to, appropriating such amounts due date-wise in the order of other debits, interest and principal dues, starting from the earliest due date, except in the case of one time or negotiated settlements, where the appropriation is done as per the terms of the settlement.

(b) The Company has sanctioned a loan of ₹100 crore (outstanding ₹95.90 crore as at March 31, 2019) in a road project for widening of 4 lane highway into 6 lane, as a part of consortium finance. The project could not be completed within the original stipulated time and within three further extensions granted by the consortium of lenders. As per Independent Engineer appointed by NHAI, overall physical progress of the project is 91% upto March, 2019. NHAI vide letter dated January 11, 2019 has clarified that Appointed Date of the project has already been given as October 16, 2012 and Commercial Operations Date (COD) shall be from the Appointed Date. Accordingly, toll collection has already started from October 16, 2012 and the account is standard as per the record of recovery. It has been confirmed by the Lead Bank and all other members of the Consortium that this account has been classified as 'Standard Account' in their respective books of accounts as at March 31, 2019. Considering the overall status of the project and record of recovery, the account has been kept as 'Standard Restructured Account' and classified under Stage-2 and impairment allowance as per ECL has been applied accordingly.

(c) The loan account of one borrower has been restructured as per the scheme approved by the consortium of lenders. As per the scheme of restructuring, a portion of overall debt (IFCI share – ₹235.61 crore) alongwith identified portfolio of real estate assets, is to be transferred to an Special Purpose Vehicle (SPV) which will issue 9.5% Optionally Convertible Debenture (OCDs) in lieu of the debt and the proceeds from the real estate portfolio will be utilized towards servicing of these OCDs. However, pending approval of the demerger plan from National Company Law Tribunal (NCLT), the process of transfer of debt and real estate assets to the SPV is not yet completed. The Company has classified the entire outstanding of ₹367.19 crore as Stage-3 asset and impairment allowance for ECL has been applied accordingly. As the debt of the SPV shall be backed by real estate assets having sufficient security cover, provision has been made by the Company as per uniformly applied accounting policy for ECL to the entire portfolio for Stage 3 assets.

(d) IFCI is carrying the investment in subsidiary companies at cost net of impairment loss (if any) and opted for one time exemption under Ind AS 101 for deemed cost being the carrying value of investment as at transition date i.e. April 1, 2017. As on March 31, 2019, the Company had investment in 27,41,54,700 no. of shares in its subsidiary, IFCI Factors Ltd. (IFL), comprising of 19,91,54,700 no. of equity shares and 7,50,00,000 no. compulsorily convertible preference shares (CCPS). There being indications of impairment in these investments, the Company got the shares of IFL fair valued by an external expert valuer, registered as Category-I merchant banker, per which, the fair value of investments in shares of IFL was determined at ₹171.81 crore using the generally accepted valuation methodologies, in line with Indian Accounting Standards and accordingly, the resultant impairment loss has been charged in the books of account.

(e) RBI vide letter dated November 20, 2017 allowed the lenders to continue to retain loan exposure to one borrower as standard asset upto March 31, 2018; subject to certain conditions. In the aforementioned letter, RBI further clarified that "if the restructuring is not completed by March 31, 2018; the account should be downgraded on March 31, 2018 with retrospective effect." As the account was restructured by March 31, 2018; the management is of the view that no further clarification is required from RBI and accordingly, for the purpose of classification under RBI Guidelines, the account has been treated as 'Standard Restructured Asset' and disclosed accordingly. For the purpose of classification under Ind-AS, the account has been classified under Stage-3 and impairment allowance for ECL has been applied accordingly.

(f) The preference shares of ₹225 crore along with the dividend of ₹0.90 crore has been redeemed in Q2FY19. As per Section 55(2)(c) of the Companies Act, 2013, where preference shares are proposed to be redeemed out of the profits of the Company, there shall, out of such profits, be transferred, a sum equal to the nominal amount of the shares to be redeemed, to a reserve, to be called the Capital Redemption Reserve Account, and the provisions of this Act relating to reduction of share capital of a Company shall, except as provided in this section, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company. Since there are insufficient profits as at 31st March 2019, the transfer of ₹225 crore to Capital Redemption Reserve could not be carried out.

As per Section 71(4), the Company shall create a debenture redemption reserve account out of the profits of the Company available for payment of dividend and the amount credited to such account shall not be utilised by the Company except for the redemption of debentures. As per Rule 18(7)(b)(ii), for NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997 and for Housing Finance Companies registered with the National Housing Bank, 'the adequacy' of DRR will be 25% of the value of outstanding debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and no DRR is required in the case of privately placed debentures. Since there are insufficient profits during the year ended 31st March 2019, the transfer of ₹76.08 crore to Debenture Redemption Reserve could not be carried out.

42 Stock Holding Corporation of India Ltd (SHCIL) had during the year 2000-01 undertaken a transaction of ₹24.45 crore with a client through the Calcutta Stock Exchange (CSE) under the 'Cash on Payout' scheme for the sale of 7,20,000 equity shares of DSQ Industries Limited. The said transaction was confirmed by CSE based on which post-dated cheques were issued. The cheques were stopped for payment before their due date by the Company as the underlying trade transaction was contended to be non-bonafide and disallowed by CSE. A Bank, which had granted financial assistance against the said cheques, issued a notice of demand against the Company under Section 138 of the Negotiable Instrument Act, 1881. The Bank also filed an application in the Debt Recovery Tribunal (DRT) for recovery of the amount alongwith compound interest from the Company and the client. The Company disputed the claim of the Bank. The Bank's application to the DRT was dismissed and only the client was held liable. The Bank and the client had filed an appeal in the Debt Recovery Appellate Tribunal (DRAT) against the order of DRT. The appeals were allowed vide the DRAT order dated September 23, 2011, which stated that the amount would carry compound interest from 1st August 2001 @ 19% p.a. with quarterly rests till realisation and the Bank was entitled to realize the sum from both the client and the Company. The Company filed a Revision Application in High Court, Calcutta on November 30, 2011 which was admitted but no interim relief was granted. Hence, the Company filed a Special Leave Petition (SLP) in the Supreme Court for stay of the High Court Order for not granting interim relief of staying the DRAT order, the Order of the DRAT and the recovery certificate and notice of demand issued by Presiding Officer and recovery officer of DRT respectively. The Supreme Court vide its order dated April 23, 2012 granted stay on the recovery proceedings and requested the Calcutta High Court to dispose off the Revision Application within a period of four months and the Company to deposit

Note 42 (contd..) (All amounts are in Rupees crores unless otherwise stated)

₹30.00 crore with the Calcutta High Court Registry within a period of 4 weeks from the date of order by way of a short term deposit in a nationalised bank. Accordingly, the Company had deposited the money with the Calcutta High Court, Registry. The Revision application was dismissed. The Company filed Special Leave Petition (SLP) in the Supreme Court in May 2015. The Supreme Court vide its order dated May 14, 2015 stayed the operation of the execution proceedings and the Company to deposit with the Registrar, Supreme Court of India, a fixed deposit receipt in the name of the Company and endorsed in favour of the Registrar an amount of not less than ₹30.00 crore. Accordingly, the Company made the deposit. The amount of ₹60.00 crore, deposited by the Company in the High Court (₹30.00 crore) and Supreme Court (₹30.00 crore) is shown under the heading "Long Term Loans and Advances" under the sub heading "Security and other deposits" in the Statement of Balance Sheet as on March 31, 2018. The bank was granted liberty to withdraw ₹30.00 crore along with interest that had been lying as deposit before the High Court of Kolkata which is subject to final decision in the SLP. Accordingly, an amount of ₹38.04 crore was released to the Bank. Further by an order dated October 12, 2015, the Supreme Court directed the bank to withdraw an additional amount of ₹15.00 crore along with accrued interest from the money deposited with the Supreme Court. Accordingly, an amount of ₹15.45 crore was released to the Bank. The case has been converted from Special Leave petition to a Civil Appeal by the Hon'ble Supreme Court. The amounts released to the Bank is subject to the final decision in the matter. In view of the nature of dispute, the amount of contingent liability has not been ascertained. Pending final adjudication of the matter by the Honourable Supreme Court and also in view of the legal opinion obtained by SHCIL,in the opinion of SHCIL management no provision is required to be made in the statement of Profit and Loss for Financial Year 2018-2019.

43 In terms of RBI circular No. DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated March 02, 2012, the IFCI Factors Ltd. has identified and reported to Reserve Bank of India four fraud accounts amounting to Nil during the current year (Previous year ended March 2017: ₹30.22 crore).

44 EXCEPTIONAL ITEMS

Fire incident at Mahape office premises of Stock Holding Corporation of India Ltd.

During the previous year, a fire incident occurred on December 11, 2017 at Mahape premises of the Company. The Insurance Company have appointed surveyors. The surveyors are in the process of assessing the damage to the property of the Company. The Company has appointed contractors to carry out the repairs work for the Interior and Basement areas.

An amount of ₹444 lakhs has been debited to Repairs & Maintenance Account for Interiors furnishing and an amount of ₹54 lakhs has been debited to Repairs & Maintenance Account in the FY 2018-19 for Basement area. The Company expects to complete the repair/renovation in Financial Year 2019-20.

StockHolding Document Management Services Limited

(a) During the previous year, a fire incident occurred on December 11, 2017 at Mahape premises of the Company. The Insurance Company have appointed surveyors. The surveyors are in the process of assessing the damage to the property of the Company.

(b) The Company has continued to carry the corresponding fixed assets of interior furnishing, electricals, networking, air conditioning and galvanized containers at their written down values on a going concern basis as on Sep 30, 2018, due to difficulty in identification and measurability of value of the said assets. The robotics storage, bins and vaults & IT items with gross value of ₹704.70 lakhs have been removed from the fixed assets register, based on supplier's report and clear identification and measurability. The corresponding amount net of depreciation has been shown as "Insurance Claim Receivable" grouped under "Other Current Assets" and adjusted against the adhoc advance of ₹799.73 lakhs received from Insurance Company. The loss (if any)/ claim in this regard will be provided/disclosed as and when the amount and liability is ascertained.

(c) The Company has been receiving claims for loss of documents from its clients. Pending ascertainment of actual claim, the Company has not provided/disclosed for such claim/contingent liabilities and corresponding insurance claim receivable in the books of account as on September 30, 2018.

SHCIL Services Limited

Company was operating from the premises situated at SHCIL House, P-51, TTC Industrial Area, MIDC, Mahape, Navi Mumbai – 400710, leased out to it by its Holding Company Stock Holding Corporation of India Limited. On Monday, December 11, 2017 fire incident occurred at the above mentioned premises. Based on Preliminary assessed estimated Architect certificate, fire incident has resulted in damage to office premises & Property due to emanating heat. Written down values of above Fixed assets stand of ₹14 as on December 2017. Estimated replacement cost of the above fixed assets is ₹84,85,000/-. Company uses temporary premises provided by the Holding Company for its day to day operation for which Company is paying of ₹4,09,334 per month to Stock Holding.

45 In case of Stock Holding Corporation of India Ltd (SHCIL) the Company in the year 1992-93 had purchased 18 residential flats admeasuring 9216 square feet from MAHADA vide their possession and allotment letter at Tilak Nagar, Chembur on outright sale basis for the use as staff quarters. Pending registration of flats in favour of Company, these properties are shown under fixed assets - building. The Company is rigorously following up with the respective authorities for getting the registration to get the clear title of the property.

46 In case of IFCI Infrastructure Development Ltd. (IIDL) :-

(a) Inventory includes one property of 9 acre land transferred to IIDL during the Financial Year 2008-09 for ₹15.79 crore. However, the said property was notified to be acquired by Government of Haryana vide notification dated 13.05.2010 issued under Section 4 & 6 of Land Acquisition Act, 1984. Recently, an application before ADJ Rewari has been filed for disbursement of compensation amount of the acquired land. Since compensation amount has has to be finalized as per the notification issued by the Government of Haryana, therefore no adjustment has been made in the books.

(b) Inventory includes one property against which the Regional Privident Fund Commissioner - II has ordered for the recovery of those defaulted by the earlier Company, i.e. Haryana Sheet Glass Limited (HSGL). A Writ Petition has been filed by the Company

Note 46 (contd..) (All amounts are in Rupees crores unless otherwise stated)

before High Court of Punjab and Haryana at Chandigarh against the said order. The Court was of prima facie opinion that proper procedures has not been followed in assessing the liability. Accordingly, the impugned order has been quashed giving liberty to PF department to decide afresh after following due procedure. However, in terms of order of Recovery Officer of EPF Department a liability of ₹4.35 crore accrued on HSGL which has been passed on IIDL being the purchaser of the property, the same been challenged by IIDL before Punjab & Haryana High Court at Chandigarh. However, EPF Department has taken an amount of ₹1.09 crore from the IIDL through Bank and pursuant to the order of Punjab & Haryana High Court, IIDL has deposited a sum of ₹3.25 crore with the Registrar of High Court and the matter is now pending for adjudication.

(c) The Company has received a notice from AIG Stamp Ghaziabad, alleging short payment of stamp duty amounting to ₹1.77 crore in stamp duty paid by IIDL. IIDL filed a writ petition before high court of Allahabad, U.P. wherein the Hon'ble High Court granted stay and referred the matter to collector to re-decide the same. The collector passed an order on 17.04.2016 wherein deficit stamp of ₹0.73 crore was levied on IIDL as short payment of stamp duty alongwith interest @1.5%. The matter is pending for adjudication before Allahabad High Court.

(d) An award dated 25.01.2018 was passed by the Arbitral Tribunal in the arbitration proceedings between M/s Subir Engineering Work(s) Pvt Ltd. vs. IIDL directing IIDL to pay claimant ₹7.68 crore with interest @ 6% from 27.10.2016 against the total claim of ₹21.18 crore claimed by the Claimant. (The Award includes VAT amount of ₹3.09 crore and security deposit of ₹2.72 crore). IIDL has filed a petition u/s 34 of The Arbitration and Conciliation Act, 1996 before Hon'ble Delhi High Court against this award. Further, an application for stay of the execution of the award as well as to oppose the execution of the award has also been filed by IIDL. The Hon'ble Delhi High Court allowed the petition and further stayed the operation of the impugned award subject to deposit a sum of ₹4.00 crore with the Registrar General, High Court of Delhi.

47 IIDL is constructing a campus for MDI, Gurgaon at Jangipur, Murshidabad Distt, West Bengal. The financials relating to the contract are as under:

Contract	**Amount**
Contract revenue recognized during the year	Nil
Contract expenses recognized during the year	Nil
Recognized Profits	Nil
Estimated Contract Cost	Nil
Amount recoverable from MDI	0.46

Cost-plus contract method has been used to determine the contract revenue recognized in the period.

48 IIDL is developing residential complex at Ghaziabad & Kochi, revenue from construction contract recognized during the year is ₹21.34 crore. Percentage completion method is used to determine the revenue. The stage of completion has been determined on the basis of work completion certificate obtained from the engineer/ architect.

49 MPCON has continued to act as Nodal Agency for the implementation of various government programmes i.e. National Handicapped Finance & Development Corp., National Safai Karamchari Fin. & Dev. Corp. Ministry of Textile, Govt. of India, M.P State open School Bhopal, Entrepreneurship Development Institute of India. The Government of India has sanctioned grant amounting to ₹12.17 crore in 2018-19 (March 2018: ₹8.83 crore March 2017: ₹10.85 crore).

50 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.

		As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
		Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(I)	**ASSETS**									
(1)	**Financial Assets**									
	Cash and cash equivalents	**729.25**	**–**	**729.25**	543.15	–	543.15	1,277.20	–	1,277.20
	Bank Balance other than (a) above	**628.29**	**310.66**	**938.95**	767.36	311.36	1,078.72	735.72	229.78	965.50
	Derivative financial instruments	**14.66**	**–**	**14.66**	20.93	–	20.93	–	–	–
	Receivables	**175.14**	**–**	**175.14**	137.51	–	137.51	167.69	–	167.69
	Loans	**4,590.59**	**9,122.93**	**13,713.52**	3,981.35	12,671.36	16,652.71	4,569.86	14,594.54	19,164.40
	Investments	**398.13**	**5,181.96**	**5,580.09**	1,207.37	6,142.77	7,350.14	964.64	5,272.51	6,237.15
	Other Financial assets	**548.15**	**372.43**	**920.58**	419.57	366.05	785.61	567.92	278.24	846.16
	Total financial assets	**7,084.22**	**14,987.98**	**22,072.20**	7,077.23	19,491.55	26,568.78	8,283.04	20,375.07	28,658.11

Note 50 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(2) Non-financial Assets									
Equity accounted investees	–	–	–	–	12.86	12.86	–	181.00	181.00
Inventories	155.05	–	155.05	198.29	–	198.29	210.12	–	210.12
Current tax assets (Net)	11.81	196.36	208.17	7.04	107.15	114.18	5.17	78.49	83.65
Deferred tax Assets (Net)	–	1,767.82	1,767.82	–	1,524.69	1,524.69	–	1,596.01	1,596.01
Investment Property	–	209.58	209.58	–	217.21	217.21	–	280.56	280.56
Property, Plant and Equipment	–	1,040.35	1,040.35	–	1,050.30	1,050.30	–	1,050.29	1,050.29
Capital work-in-progress	–	1.20	1.20	–	2.50	2.50	–	2.85	2.85
Intangible assets under development	–	0.06	0.06	–	–	–	–	0.11	0.11
Goodwill	–	446.64	446.64	–	446.64	446.64	–	446.64	446.64
Other Intangible assets	–	4.51	4.51	–	6.42	6.42	–	8.80	8.80
Other non-financial assets	39.77	38.86	78.63	71.43	12.29	83.71	52.14	9.66	61.80
Total non-financial assets	206.62	3,705.38	3,912.00	276.75	3,380.06	3,656.81	267.43	3,654.42	3,921.84
Assets held for sale	57.94	–	57.94	571.99	–	571.99	666.74	–	666.74
Total assets	7,348.78	18,693.36	26,042.14	7,925.97	22,871.60	30,797.58	9,217.20	24,029.49	33,246.69

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(II) LIABILITIES AND EQUITY									
LIABILITIES									
(1) Financial Liabilities									
Derivative financial instruments									
Payables									
(I) Trade Payables									
(i) total outstanding dues of micro enterprises and small enterprises	23.99	–	23.99	24.36	–	24.36	–	28.42	28.42
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	229.29	–	229.29	171.87	–	171.87	45.52	67.01	112.53
(II) Other Payables	–	–	–	–	–	–	–	–	–
(i) total outstanding dues of micro enterprises and small enterprises	–	–	–	–	–	–	–	0.24	0.24
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	126.40	–	126.40	100.81	–	100.81	5.09	79.98	85.07
Debt Securities	1,396.40	7,935.56	9,331.96	370.72	9,360.01	9,730.73	557.43	9,860.03	10,417.45
Borrowings (Other than Debt Securities)	2,204.40	3,544.59	5,748.99	3,700.72	5,718.83	9,419.55	3,597.99	8,194.60	11,792.59
Subordinated Liabilities	–	1,313.30	1,313.30	–	1,514.56	1,514.56	–	1,532.52	1,532.52
Other financial liabilities	2,331.84	278.48	2,610.32	1,638.88	849.62	2,488.50	2,155.75	815.62	2,971.37
Total financial liabilities	6,312.33	13,071.93	19,384.26	6,007.37	17,443.02	23,450.38	6,361.77	20,578.41	26,940.18

Note 50 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(2) Non-Financial Liabilities									
Current tax liabilities (Net)	–	–	–	1.81	–	1.81	–	0.28	0.28
Provisions	**18.90**	**122.66**	**141.56**	14.75	283.31	298.07	23.98	270.67	294.65
Other non-financial liabilities	**14.98**	**33.88**	**48.86**	20.66	38.22	58.88	20.98	41.34	62.32
Total non-financial liabilities	**33.88**	**156.54**	**190.42**	37.23	321.53	358.76	44.96	312.29	357.25
Total Liabilities	**6,346.20**	**13,228.48**	**19,574.68**	6,044.60	17,764.55	23,809.14	6,406.73	20,890.70	27,297.43
Net	**1,002.58**	**5,464.88**	**6,467.46**	1,881.38	5,107.06	6,988.44	2,810.47	3,138.79	5,949.26

51 EMPLOYEE BENEFITS

The Group operates the following post-employment plans:

(i) Defined contribution plan

The Group makes monthly contribution towards pension which is a defined contribution plan. The Group has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as expense towards such contribution are as follows:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Contribution to Pension Fund	**0.01**	0.01
Contribution to Employees' Provident Fund	**6.21**	5.91
Contribution to Employees' Superannuation Fund	**3.55**	3.14

(ii) Defined Benefit plan

A. Gratuity

The Group has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. This plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months (Maximum Limit – ₹20,00,000/-), based on the rate of wages last drawn by the employee concerned. The scheme is fully funded with Life Insurance Corporation of India (LIC). This defined benefit plan expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Group’s financial statements as at balance sheet date:

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Net defined benefit liability	**4.73**	23.58	6.07

(a) Funding

The scheme is fully funded with Life Insurance Corporation of India (LIC). The funding requirements are based on the gratuity fund’s actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in Section E below. Employees do not contribute to the plan.

Expected contributions to gratuity plan for the year ending 31 March 2020 is ₹3.52 crore.

(b) Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	As at 31 March 2019			As at 31 March 2018		
	Defined benefit obligation	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance at the beginning of the year	**63.81**	**40.23**	**23.58**	46.07	40.01	6.07
Included in profit or loss						
Current service cost	**4.16**	**–**	**4.16**	3.98	–	3.98
Past service cost including curtailment Gains/Losses	**–**	**–**	**–**	17.38	–	17.38
Interest cost (income)	**4.97**	**(3.10)**	**1.87**	3.39	(2.96)	0.43
	9.14	**(3.10)**	**6.03**	24.75	(2.96)	21.79

Note 51 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Included in Other comprehensive income						
Remeasurements loss (gain)						
- Actuarial loss (gain) arising from:						
- demographic assumptions	**(0.01)**	**–**	**(0.01)**	(0.04)	–	(0.04)
- financial assumptions	**0.73**	**–**	**0.73**	(1.73)	–	(1.73)
- experience adjustment	**(0.33)**	**–**	**(0.33)**	1.56	–	1.56
- on plan assets	**–**	**(0.24)**	**(0.24)**	–	(0.00)	(0.00)
	0.39	**(0.24)**	**0.16**	(0.21)	(0.00)	(0.21)
Other						
Contributions paid by the employer	**–**	**24.99**	**(24.99)**	–	4.01	(4.01)
Benefits paid	**(3.73)**	**(3.68)**	**(0.05)**	(6.80)	(6.75)	(0.05)
	(3.73)	**21.32**	**(25.04)**	(6.80)	(2.74)	(4.07)
Balance at the end of the year	**69.61**	**64.88**	**4.73**	63.81	40.23	23.58

(c) Plan assets

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Investment with Life Insurance Corporation	**100%**	100%	100%

On an annual basis, an asset-liability matching study is done by the Group whereby the Group contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

(d) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Discount rate	**7.00-8.00%**	7.00-8.00%	7.00-8.00%
Future salary growth	**5.00-10.00%**	5.00-10.00%	5.00-10.00%
Withdrawal rate:			
Up to 30 years	**3.00%**	3.00%	3.00%
From 31 to 44 years	**2.00%**	2.00%	2.00%
Above 44 years	**1.00%**	1.00%	1.00%
Retirement Age (in year)	**60**	60	60
Expected rate of return on plan assets	**7.00-8.00%**	7.00-8.00%	7.00-8.00%
Mortality	**IALM (2006-08)**	IALM (2006-08)	IALM (2006-08)

(e) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	As at 31 March 2019		As at 31 March 2018	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% movement)	**0.48**	**(0.21)**	0.35	(0.10)
Future salary growth (0.50% movement)	**2.21**	**(2.14)**	2.16	(2.08)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated.

(f) Expected maturity analysis of the defined benefit plans in future years

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
0 to 1 Year	**2.05**	3.19	3.70
2 to 6 Years	**9.38**	12.32	13.20
6 Years onwards	**10.89**	14.10	11.72
Total	**31.44**	41.83	41.82

As at 31 March 2019, the weighted-average duration of the defined benefit obligation was 13.44 years (31 March 2018: 14.12 years and 01 April 2017: 13.73 Years).

Note 51 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(g) Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Group is exposed to various risks as follows:

Salary Increases : Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Investment Risk : If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability : Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals : Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

B. Post retirement medical benefit

IFCI is extending post-retirement medical benefits to the employees and eligible dependent family members after their retirement. As per the scheme, employees who are members of Voluntary Welfare Scheme (VWS) are eligible for reimbursement of medical expenses after retirement The benefits under the scheme are extended to the retired employees, his/her spouse and dependent children and entitlement for reimbursement, although within the ceilings and is based upon the Grade in which an employee retires, subject to the condition that spouse of the concerned employee is not availing of any medical benefits from his/her employer, if any. Reimbursement of the medical bills is made at the rates applicable to the employees at the center at which the employee resides after retirement as per the rates circulated by IFCI for its working employees time to time.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Group's financial statements as at balance sheet date:

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Net defined benefit liability	**9.73**	9.24	8.07

(a) Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	Defined benefit obligation	
	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	**9.24**	8.07
Included in profit or loss		
Current service cost	**0.16**	0.39
Past service cost including curtailment Gains/Losses	**0.71**	0.58
	0.87	0.97
Included in Other comprehensive income		
Remeasurements loss (gain)		
- Actuarial loss (gain) arising from:		
- demographic assumptions	**–**	–
- financial assumptions	**0.06**	0.41
- experience adjustment	**(0.09)**	0.17
	(0.03)	0.58
Other		
Contributions paid by the employer	**(0.36)**	(0.38)
Benefits paid		
Balance at the end of the year	**9.73**	9.24

Expected contributions to the plan for the year ending 31 March 2020 is INR 0.19 crore.

(b) Plan assets

There were no plan assets with the Group w.r.t. said post retirement medical benefit plan.

On an annual basis, an asset-liability matching study is done by the Group whereby the Group contributes the net increase in the actuarial liability to a restricted fund in order to manage the liability risk.

Note 51 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(c) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Discount rate	**7.61%**	7.73%	7.50%
Future medical cost increase	**3.00%**	3.00%	3.00%
Withdrawal rate:			
Up to 30 years	**1.00%**	1.00%	1.00%
From 31 to 44 years	**1.00%**	1.00%	1.00%
Above 44 years	**1.00%**	1.00%	1.00%
Retirement Age (in year)	**60**	60	60
Mortality	**IALM (2006–08)**	IALM (2006–08)	IALM (2006–08)

(d) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	As at 31 March 2019		As at 31 March 2018	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% movement)	**(0.32)**	**0.32**	(0.31)	0.31

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

(e) Expected maturity analysis of the defined benefit plans in future years

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
0 to 1 Year	**0.78**	0.75	0.67
1 to 2 Year	**0.82**	0.78	0.68
2 to 3 Year	**0.85**	0.81	0.71
3 to 4 Year	**0.90**	0.85	0.74
4 to 5 Year	**0.97**	0.92	0.80
5 to 6 Year	**1.02**	0.97	0.84
6 Year onwards	**4.39**	4.17	3.63
Total	**9.73**	9.25	8.07

As at 31 March 2019, the weighted-average duration of the defined benefit obligation was 8.21 years (31 March 2018: 8.56 years and 01 April 2017 : 8.21 Years).

(f) Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows:

Medical Cost Increase - increase in actual medical cost per retiree will increase the Plan's liability. Increase in medical Cost per Retiree rate assumption will also increase the liability.

Investment Risk : If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability : Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals : Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

Note 51 (contd..) (All amounts are in Rupees crores unless otherwise stated)

C. Provident Fund

The Group has a defined benefit provident fund, governed by the IFCI Employees' Provident Fund Regulations. Monthly contributions to the Provident Fund is being charged against revenue. IFCI has been paying interest on the provident fund balance at the rate notified by the Employees' Provident Fund Organization (EPFO) for the relevant year. The Provident Fund is administered through duly constituted and approved administrators. The Committee of Administrators of IFCI Employees' Provident Fund has approved earmarking of specific investments against the PF liability in the current Financial Year. For the purpose, investments have been earmarked towards PF liability in line with the notification issued by Ministry of Labour & Employment notifying the pattern of investment for EPFO and EPF exempted establishments.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Group's financial statements as at balance sheet date:

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Net defined benefit liability / (asset)	**1.83**	116.51	117.74

(a) Funding

During the current year 2018-19, the Group has earmarked some of its investments in government securities, mutual funds against Provident fund liability.

Expected contributions to provident fund plan for the year ending 31 March 2020 is INR 1.21 crore.

(b) Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	As at 31 March 2019			As at 31 March 2018		
	Defined benefit obligation	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance at the beginning of the year	**116.51**	**–**	**116.51**	117.74	–	117.74
Included in profit or loss						
Current service cost	**1.26**	**–**	**1.26**	1.33	–	1.33
Past service cost including curtailment Gains/Losses						
Interest cost (income)	**9.01**	**(6.04)**	**2.96**	8.68	–	8.68
	10.27	**(6.04)**	**4.22**	10.01	–	10.01
Included in Other comprehensive income						
Remeasurements loss (gain)						
- Actuarial loss (gain) arising from:						
- demographic assumptions	**–**	**–**	**–**	–	–	–
- financial assumptions	**0.01**	**–**	**0.01**	(0.05)	–	(0.05)
- experience adjustment	**(47.23)**	**2.72**	**(49.95)**	(4.20)	–	(4.20)
- on plan assets			**–**			–
	(47.22)	**2.72**	**(49.94)**	(4.25)	–	(4.25)
Other						
Contributions paid by the employee	**4.25**	**4.25**	**–**	5.21	–	5.21
Benefits paid	**(7.90)**	**(7.90)**	**–**	(12.20)	–	(12.20)
Employer contribution	**–**	**1.26**	**(1.26)**	–	–	–
Settlements/transfers	**0.05**	**71.41**	**(71.36)**	–	–	–
	(3.60)	**69.02**	**(72.62)**	(6.99)	–	(6.99)
Balance at the end of the year	**75.96**	**77.79**	**(1.83)**	116.51	–	116.51

(c) Plan assets

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Investment in government securities	**100%**	–	–

On an annual basis, an asset-liability matching study is done by the Group whereby the Group contributes the net increase in the actuarial liability to a trust which in turn make investments in order to manage the liability risk.

Note 51 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(d) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Discount rate	**7.61%**	7.73%	7.37%
Expected statutory interest rate on the ledger balance	**8.65%**	8.55%	8.65%
Expected year/Current short fall in interest earnings on the fund	**0.30%**	8.60%	8.70%
Mortality	**IALM (2006–08)**	IALM (2006–08)	IALM (2006–08)
Disability	**None**	None	None
Withdrawal Rate (Age related)			
Up to 30 Years	**1.00%**	1.00%	1.00%
Between 31 - 44 Years	**1.00%**	1.00%	1.00%
Above 44 Years	**1.00%**	1.00%	1.00%
Normal Retirement Age	**60**	60	60

(e) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	As at 31 March 2019		As at 31 March 2018	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% movement)	**(0.05)**	**0.05**	(0.08)	0.08

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

(f) Expected maturity analysis of the defined benefit plans in future years

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1 year	**10.68**	10.40	13.47
Between 2-5 years	**23.23**	26.78	18.49
Between 6-10 years	**16.35**	32.30	29.91
Over 10 years	**25.70**	47.03	55.87
Total	**75.96**	116.51	117.74

As at 31 March 2019, the weighted-average duration of the defined benefit obligation was 13.44 years (31 March 2018: 14.11 years and 01 April 2017: 14.13 Years).

(g) Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Group is exposed to various risks as follows:

Investment Risk : If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability : Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals : Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

(iii) Other long-term employment benefits

The Group provides leave encashment benefits and leave fare concession to the employees of the Group which can be carried forward to future years. Amount recognised in the Statement of Profit and Loss for compensated absences is as under.

	Year ended 31 March 2019	Year ended 31 March 2018
Amount recognised in Statement of Profit and Loss		
Leave encashment	**2.35**	1.01
Leave fare concession	**0.47**	6.47
Medical benefits	**2.31**	1.49

(All amounts are in Rupees crores unless otherwise stated)

52 RELATED PARTY DISCLOSURE

(i) Name of the related party and nature of relationship:-

Nature of Relationship	Name of the Related Party
Associates	Tourism Finance Corporation of India Ltd. (cease to be associate w.e.f. September 29th,2017)
	Himachal Consultancy Organisation Ltd. (cease to be associate w.e.f. April 21st,2017)
	North India Technical Consultancy Organisation Ltd.(cease to be associate w.e.f. April 25th, 2017)
	KITCO Ltd (classified as held for sale w.e.f. 24 Jan 2019)
	IFCI Social Foundation
	Management Development Institute
	Institute of leadership development
	Associates held for sale w.e.f. 1 April 2017 (Refer Note 17)
	- Athena Chattisgarh Power Pvt. Ltd.
	- Gati Infrastructure Bhasmey Power Pvt. Ltd.
	- Nagai Power Pvt. Ltd.
	- Rajahmundry Godavari Bridge Ltd.
	- Shiga Energy Private Ltd.
	- Vadraj Cements Ltd.
	- Vadraj Energy (Gujarat) Ltd.
Joint venture	IFCI Sycamore Capital Advisors Pvt. Ltd.
Key Managerial Personnel	Dr E S Rao - Managing Director and Chief Executive Officer(w.e.f. August 17, 2017)
	Mr B N Nayak - Chief Financial Officer (upto 23 May 2018)
	Ms Jhummi Mantri - Chief Financial Officer (w.e.f. 24 May 2018)
	Ms Rupa Sarkar - Company Secretary
	Shri RN Dubey (Upto 31 March 2018)
	Dr Bhushan Kumar Sinha (w.e.f. 21 May 2018)
	Shri Anshuman Sharma (w.e.f. 1 July 2016)
	Shri Sanjeev Kaushik (upto 11 December 2017)
	Ms Kiran Sahdev (w.e.f. 24 October 2013)
	Prof N Balakrishnan (w.e.f. 30 October 2017)
	Prof Arvind Sahay (w.e.f. 30 October 2017)
Entities under the control of same government	The Group is a Central Public Sector Undertaking (CPSU) controlled directly or indirectly by Central Government. Pursuant to paragraph 25 and 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. The Group has applied the exemption available for government related entities and have made limited disclosures in the standalone financial statements.

(ii) Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:-

	Name of related party		Nature of transaction	For the year ended 31 March 2019	For the year ended 31 March 2018
A.	**Associates**				
	Tourism Finance Corporation of India Ltd.	(i)	Interest paid/ payable by IFCI	–	2.89
		(ii)	Professional fee received	–	0.04
		(iii)	Rent & Maintenance received by IFCI	–	0.01
		(iv)	Dividend Received	–	4.21
	HIMCON	(i)	Salaries/ Other Estt. Exp. recovered/ recoverable for employees deputed by IFCI	–	0.02
	NITCON	(i)	Rent & Maintenance received by IFCI	–	0.01
		(ii)	Dividend Received	–	–
	KITCO	(i)	Dividend Received	**0.30**	0.30
	IFCI Social Foundation Trust	(i)	Contribution for CSR activities	**4.38**	6.06
		(ii)	Salaries/ Other Estt. Exp. recovered/ recoverable for employees deputed by IFCI	–	0.22

Note 52 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	Name of related party		Nature of transaction	**For the year ended 31 March 2019**	For the year ended 31 March 2018
B.	**Entities under the control of same government**				
	Andhra Bank	(i)	Annual Review & Inspection Charges	**0.12**	–
		(ii)	Bank Interest	**3.29**	5.10
	Bank of Baroda	(i)	Bank Interest	**11.73**	11.70
	Bank of India	(i)	Bank Interest	**30.07**	62.05
		(ii)	Interest on Public Issue of Bonds	**2.34**	2.34
	Bank of Maharashtra	(i)	Annual Review Charges	**0.01**	–
		(ii)	Bank Interest	**15.92**	19.77
	Canara Bank	(i)	Bank Interest	**32.54**	62.92
	CEGSSC, GOI	(i)	Agency Commission - Credit Guarantee Fund For SC/ST	**0.30**	0.30
	Central Bank of India	(i)	Bank Interest	**–**	0.85
	Dena Bank	(i)	Bank Interest	**16.10**	15.68
	Indian Bank	(i)	Bank Interest	**6.83**	9.40
		(ii)	Term Loan	**–**	112.50
	L.I.C. of India	(i)	Bank Interest	**6.00**	6.00
		(ii)	Interest on NCDs	**51.18**	51.18
	Ministry of Electronics & Information Technology, GOI	(i)	Commission - M Sips	**2.32**	0.67
	Oriental Bank of Commerce	(i)	Bank Interest	**46.92**	58.65
		(ii)	Term Loan	**–**	500.00
	Punjab & Sind Bank	(i)	Bank Interest	**36.64**	48.95
	Punjab National Bank	(i)	Bank Interest	**20.42**	31.73
		(ii)	Interest on Public Issue of Bonds	**–**	1.88
	SDF, Ministry of Consumer Affairs, Food & Public Distribution, GOI	(i)	Agency Commission - Sugar Development Fund	**10.00**	23.89
	State Bank of India	(i)	Annual Review Charges	**3.96**	–
		(ii)	Bank Interest	**195.13**	288.02
		(iii)	Interest on NCDs	**12.00**	12.00
		(iv)	Interest on Public Issue of Bonds	**12.82**	12.82
	Syndicate Bank	(i)	Annual Review Charges	**0.01**	–
		(ii)	Bank Interest	**53.35**	80.98
	UCO Bank	(i)	Bank Interest	**–**	0.01
	Union Bank of India	(i)	Bank Interest	**85.75**	126.81
	United Bank of India	(i)	Bank Interest	**52.47**	65.96
		(ii)	Term Loan	**–**	700.00
		(iii)	Upfront Fee	**–**	0.06
	United India Insurance Company Limited	(i)	Interest on Public Issue of Bonds	**0.98**	0.98
	Vijaya Bank	(i)	Bank Interest	**16.75**	19.68
		(ii)	Interest on Public Issue of Bonds	**0.94**	0.94
	Central Government	(i)	Interest Income on G Sec	**53.34**	39.86
C.	**Compensation of key managerial personnel**				
	Short-term employee benefits			**1.22**	0.96
	Post-employment defined benefit			**1.35**	–
	Sitting fees			**0.07**	0.04

Terms and conditions

All transactions with these related parties are priced on an arm's length basis.

(All amounts are in Rupees crores unless otherwise stated)

53 LEASES

A. Lease as lessee

The leases typically run for a period of 11 months, with an option to renew the lease after that period. Lease payments are renegotiated on regular intervals to reflect market rentals.

		Year ended 31 March 2019	Year ended 31 March 2018
(i)	**Future minimum lease payments**		
	At year end, the future minimum lease payments to be made under non-cancellable operating leases are as follows:		
	(a) Not later than one year	**16.28**	12.30
	(b) Later than one year but not later than five years	**22.76**	23.32
	(c) Later than five years	**2.03**	2.77
(ii)	**Amounts recognised in profit or loss**	**27.73**	20.84

B. Lease as lessor

The Group leases out its building (classified as investment property) on operating lease basis. The leases typically run for a period of 11 months - 7 years, with an option to renew the lease after that period. Lease payments are renegotiated on regular intervals to reflect market rentals.

		Year ended 31 March 2019	Year ended 31 March 2018
(i)	**Future minimum lease payments**		
	At year end, the future minimum lease payments to be made under non-cancellable operating leases are as follows:		
	(a) Not later than one year	**24.37**	23.43
	(b) Later than one year but not later than five years	**30.95**	33.04
	(c) Later than five years	**21.47**	24.39
(ii)	**Amounts recognised in profit or loss**	**32.08**	37.68

54 EARNINGS PER SHARE (EPS)

			Units	Year ended 31 March 2019	Year ended 31 March 2018
(i)	(a)	Profit Computation for Equity shareholders			
		Net profit as per Statement of Profit & Loss	₹ in crore	**(488.67)**	383.12
		Net profit for Equity Shareholders	₹ in crore	**(488.67)**	383.12
	(b)	Weighted Average Number of Equity Shares outstanding*	Nos	**1,695,993,092**	1,662,037,235
(ii)	(a)	Profit Computation for Equity shareholders (including potential shareholders)			
		Net profit as per Statement of Profit & Loss	₹ in crore	**(488.67)**	383.12
		Net profit for equity shareholders (including potential shareholders)	₹ in crore	**(488.67)**	383.12
	(b)	Weighted Average Number of Equity Shares outstanding*	Nos	**1,695,993,092**	1,662,037,235
		Earnings Per Share (Weighted Average)			
		Basic	₹	**(2.88)**	2.26
		Diluted	₹	**(2.88)**	2.26

* The Company has allotted 3,39,55,857 equity shares of Face Value of ₹10 each, at a premium of ₹19.45 per share, to the Government of India on Preferential Basis, on 31 March 2018. Therefore, these shares have not been considered for computing Earning Per Share for the year ended March 2018.

55 As on 31 March 2019 there were no events or changes in circumstances which indicate any impairment in the assets as defined by Ind AS 36 - “Impairment of Assets”.

56 OPERATING SEGMENTS

The Board has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, “Operating Segments.” The Group’s operating segments are established in the manner consistent with the components of the Group that are evaluated regularly by the Chief Operating Decision Maker as defined in ‘Ind AS 108 - Operating Segments.’ The Group is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108.

(a) Information about products and services:

The Group deals in only one product i.e. granted loans to corporate customers. Hence, no separate disclosure is required.

(b) Information about geographical areas:

The entire sales of the Group are made to customers which are domiciled in India. Also, all the assets of the Group are located in India.

(c) Information about major customers (from external customers):

The Group does not earn revenues from the customers which amount to 10 per cent or more of Group’s revenues.

(All amounts are in Rupees crores unless otherwise stated)

57 TRANSFERS OF FINANCIAL ASSETS

In the ordinary course of business, the Group enters into transactions that result in the transfer of loans and advances given to customers. In accordance with the accounting policy set out in Note 2, the transferred financial assets continue to be recognised in their entirety or to the extent of the Group's continuing involvement, or are derecognised in their entirety.

The Group transfers financial assets that are not derecognised in their entirety are primarily through the sale of NPA loans to asset reconstruction companies (ARCs).

A. Transferred financial assets that are not derecognised in their entirety

Sale of NPA loans to asset reconstruction companies (ARCs) - post transition to Ind AS

Sale of NPA loans to asset reconstruction companies (ARCs)' are transactions in which the Group sells loan and advances to an unconsolidated special vehicle and simultaneously purchases the majority portion of security receipts issued by said vehicle. The security receipts are collateralised by the loans purchased by the vehicle and hence the cash flow of the security receipts is dependent on the recovery of purchased loans.

The Group continues to recognise that part of the loans in their entirety against which security receipts have been subscribed by the Group because it retains substantially all of the risks and rewards of ownership w.r.t. that part of the transferred loan. The part of loan transferred against which cash consideration is received is derecognised.

The following table sets out the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

	Carrying amount		Fair value		
	Assets - Loans	Liabilities - Borrowings	Assets - Loans	Liabilities - Borrowings	Net position
Sale of NPA loans to asset reconstruction companies (ARCs)					
As at 31 March 2019	**70.47**	**–**	196.00	–	196.00
As at 31 March 2018	**64.38**	**–**	269.89	–	269.89
As at 1 April 2017	**436.16**	**–**	937.55	–	937.55

B. Transferred financial assets that are derecognised in their entirety

Sale of NPA loans to asset reconstruction companies (ARCs) - before transition to Ind AS

The Group has taken derecognition exemption and de-recognise the loans in their entirety against which security receipts have been subscribed by the Group. The Group has classified said investment in security receipts subsequently measured at fair value through profit and loss.

During the year the Group has recognised a fair value gain/(loss) of ₹191.16 crore (₹18.16 crore in 2017-18). The cumulative fair value gain/(loss) on the security receipts as on 31 March 2019 is ₹5.16 crore (31 March 2018 - ₹196.32 crore).

The following table sets out the details of the assets that represents the Group's continuing involvement with the transferred assets that are derecognised in their entirety.

	Carrying amount	Fair value	
	Assets - Investment in security receipts	Assets - Investment in security receipts	Liabilities
Sale of NPA loans to asset reconstruction companies (ARCs)			
As at 31 March 2019	**528.36**	528.36	–
As at 31 March 2018	**1,170.60**	1,170.60	–
As at 1 April 2017	**1,168.88**	1,168.88	–

The amount that best represents the Group's maximum exposure to loss from its continuing involvement in the form of security receipts issued by ARCs is their carrying amount.

58 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

A. Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

	As at 31 March 2019		
	FVTPL	FVTOCI	Amortised cost
Financial assets:			
Cash and cash equivalents	**–**	**–**	**729.25**
Bank balance other than above	**–**	**–**	**938.95**
Derivative financial instruments	**14.66**	**–**	**–**
Receivables	**–**	**–**	**175.14**
Loans	**–**	**–**	**13,713.52**
Investments	**2,367.61**	**3,212.48**	**–**
Other financial assets	**–**	**–**	**920.58**
	2,382.27	**3,212.48**	**16,477.45**

Note 58 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	As at 31 March 2019		
	FVTPL	**FVTOCI**	**Amortised cost**
Financial liabilities:			
Trade payables	–	–	**253.28**
Other payables	–	–	**126.40**
Debt securities	–	–	**9,331.96**
Borrowings (other than debt securities)	–	–	**5,748.99**
Subordinated liabilities	–	–	**1,313.30**
Other financial liabilities	–	–	**2,610.32**
	–	–	**19,384.26**

	As at 31 March 2018		
	FVTPL	FVTOCI	Amortised cost
Financial assets:			
Cash and cash equivalents	–	–	543.15
Bank balance other than above	–	–	1,078.72
Derivative financial instruments	20.93	–	–
Receivables	–	–	137.51
Loans	–	–	16,652.71
Investments	3,508.49	3,841.65	–
Other financial assets	–	–	785.61
	3,529.42	3,841.65	19,197.70
Financial liabilities:			
Trade payables	–	–	196.23
Other payables	–	–	100.81
Debt securities	–	–	9,730.73
Borrowings (other than debt securities)	–	–	9,419.55
Subordinated liabilities	–	–	1,514.56
Other financial liabilities	–	–	2,488.50
	–	–	23,450.38

	As at 1 April 2017		
	FVTPL	FVTOCI	Amortised cost
Financial assets:			
Cash and cash equivalents	–	–	1,277.20
Bank balance other than above	–	–	965.50
Derivative financial instruments	–	–	–
Receivables	–	–	167.69
Loans	–	–	19,164.40
Investments	3,834.13	2,403.02	–
Other financial assets	–	–	846.16
	3,834.13	2,403.02	22,420.96
Financial liabilities:			
Trade payables	–	–	140.95
Other payables	–	–	85.30
Debt securities	–	–	10,417.45
Borrowings (other than debt securities)	–	–	11,792.59
Subordinated liabilities	–	–	1,532.52
Other financial liabilities	–	–	2,971.37
	–	–	26,940.18

B. Valuation framework

The respective operational department performs the valuation of financial assets and liabilities required for financial reporting purposes, either externally or internally for every quarterly reporting period. Specific controls for valuation includes verification of observable pricing, review of significant unobservable inputs and valuation adjustments.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 : Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Note 58 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. It develops Level 3 inputs based on the best information available in the circumstances.

The objective of valuation techniques is ti arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

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 Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March 2019	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments		14.66		14.66
Investments	513.22	1,493.62	3,573.25	5,580.09
	513.22	1,508.28	3,573.25	5,594.75
Financial liabilities:				
Derivative financial instruments	–	–	–	–
	–	–	–	–

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March 2019	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Loans	13,713.52			13,713.52	13,713.52
	13,713.52	–	–	13,713.52	13,713.52
Financial liabilities:					
Debt securities	9,331.96	–	–	9,708.82	9,708.82
Borrowings (other than debt securities)	5,748.99	–	5,748.99		5,748.99
Subordinated liabilities	1,313.30	–	–	1,341.93	1,341.93
	16,394.25	–	5,748.99	11,050.75	16,799.74

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March 2018	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments	–	20.93	–	20.93
Investments	856.98	2,864.12	3,629.04	7,350.14
	856.98	2,885.05	3,629.04	7,371.07
Financial liabilities:				
Derivative financial instruments	–	–	–	–
	–	–	–	–

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March 2018	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Loans	16,652.71	–	–	16,652.71	16,652.71
	16,652.71	–	–	16,652.71	16,652.71
Financial liabilities:					
Debt securities	9,730.73	–	–	10,407.45	10,407.45
Borrowings (other than debt securities)	9,419.55	–	9,419.55	–	9,419.55
Subordinated liabilities	1,514.56	–	–	1,605.22	1,605.22
	20,664.83	–	9,419.55	12,012.67	21,432.21

Note 58 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 1 April 2017	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments	–	–	–	–
Investments	630.64	2,774.34	2,832.17	6,237.15
	630.64	2,774.34	2,832.17	6,237.15
Financial liabilities:				
Derivative financial instruments	–	–	–	–
	–	–	–	–

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 1 April 2017	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Loans	19,164.40	–	–	19,164.40	19,164.40
	19,164.40	–	–	19,164.40	19,164.40
Financial liabilities:					
Debt securities	10,417.45	–	–	11,356.03	11,356.03
Borrowings (other than debt securities)	11,792.59	–	11,792.59	–	11,792.59
Subordinated liabilities	1,532.52	–	–	1,636.93	1,636.93
	23,742.56	–	11,792.59	12,992.96	24,785.55

Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include cash in hand, balances with other banks, trade receivables, trade payables and certain other financial assets and liabilities. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

Financial instruments measured at fair value and fair value of financial instruments carried at amortised cost

Type	Valuation technique	Significant unobservable input
Unquoted equity securities	Net asset value/Company comparable method/Discounted cash flow	Weighted average cost of capital/ Discount rate
Preference shares	Net asset value/Company comparable method/Discounted cash flow	Weighted average cost of capital/ Discount rate
Loans	Discounted cash flow	Future cash flows, discount rates
Debt securities	Discounted cash flow	Future cash flows, discount rates
Borrowings (other than debt securities)	Discounted cash flow	Future cash flows, discount rates
Subordinated liabilities	Discounted cash flow	Future cash flows, discount rates

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	Investment in preference shares	Equity shares at fair value through other comprehensive income	Investment in unquoted equity instrument
Balance as at 1 April 2018	68.25	–	3,560.79
Total gain or losses:	–	–	–
- in profit or loss	36.31	–	(18.73)
- in OCI	–	(21.60)	–
Purchases	4.18	–	–
Settlement	(76.28)	–	(1.27)
Transfers into Level 3	–	21.60	–
Balance as at 31 March 2019	32.46	–	3,540.79

Note 58 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Total gain or losses for the year in the above table are presented in the statement of profit or loss and OCI as follows :

	Investment in preference shares	Equity shares at fair value through other comprehensive income	Investment in unquoted equity instrument
Total gain or losses recognised in profit or loss :			
- Net fair value change from financial instruments carried at fair value	1.41	–	(43.34)
Other revenue			
Total gain or losses recognised in OCI :			
- Fair value reserve (equity instruments) - net change in fair value	–	(21.60)	–
Profit or loss - attributable to the change in unrealised gain and losses relating to assets and liabilities held at the end of the year:			
- Net fair value change from financial instruments carried at fair value	77.69	(21.60)	(40.44)

	Investment in preference shares	Investment in unquoted equity instrument
Balance as at 1 April 2017	128.30	2,703.87
Total gain or losses:		
- in profit or loss	(49.96)	1,067.54
- in **OCI**		
Purchases	0.11	11.24
Settlement	(10.20)	(221.86)
Balance as at 31 March 2018	68.25	3,560.79

Total gain or losses for the year in the above table are presented in the statement of profit or loss and OCI as follows :

	Investment in preference shares	Investment in unquoted equity instrument
Total gain or losses recognised in profit or loss :		
- Net fair value change from financial instruments carried at fair value	(75.11)	181.41
Other revenue		
Total gain or losses recognised in OCI :		
- Net fair value change from financial instruments carried at fair value	(64.91)	187.49

59 FINANCIAL RISK MANAGEMENT

The Group's activities are primarily subjected to credit risk, market risk and operational risk for managing risk management committee exists. The function of the committee is to identify, monitor, manage and mitigate these risks. The Group also makes sure that it adheres to internal policies and procedures, complies with the regulatory guidelines and maintains sufficient loan documentation.

With regards to its lending activity, the Group has established various limits and restrictions to manage the risks. There are various reports which are prepared and presented to senior management by the risk management committee at regular intervals and on ad-hoc basis which helps in risk monitoring. The Group has also set-up procedures to mitigate the risks in case of any breach.

A. Risk management framework

The Group's Board of Directors have overall responsibility for the establishment and oversight of the risk management framework. The board of directors have established the Risk Management and Asset Liability Management Committee of the Directors (RALMCD) which is responsible for developing and monitoring the Group's integrated risk management policies. The RALMCD is assisted in its oversight role by the Risk and Asset Liability Management Committee of Executives (RALMCE). The Integrated Risk Management Department undertakes regular reviews of risk management controls and procedures, the results of which are reported to the RALMCE on monthly basis.

Efficient and timely management of risks involved in the Group's activities is critical for the financial soundness and profitability of the Group. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Group employs leading risk management practices and recruits skilled and experienced people.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Note 59 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

B. Credit risk

Credit risk arises from loans and advances, cash and cash equivalents, investment in debt Securities and deposits with banks and financial institutions and any other financial assets.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers, trade receivables from customers; loans and investments in debt securities.

(a) Credit risk management

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer/obligor. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry, business specific risk, management risk, transition specific risk and project related risks.

A financial asset is considered 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the issuer or the borrower.
- A breach of contract, such as default.
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower concession(s) that the lender(s) would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of the active market for that financial asset because of financial difficulties.
- Purchase or origination of a financial asset at a deep discount that reflects the incurred credit loss.

  The risk management committee has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes minimum finalised internal rating, external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc. Credit limits have been established for each customer and reviewed periodically and modifications are done, as and when required. Any loan exceeding prescribed limits require approval from the respective competent authority.

(b) Probability of default (PD)

The Probability of Default (PD) defines the probability that the borrower will default on its obligations in the future. Ind AS 109 requires the use of separate PD for a 12 month duration and lifetime duration based on the stage allocation of the borrower. A PD used for Ind AS 109 should reflect the institution's view of the future and should be unbiased (i.e. it should not include any conservatism or optimism).

To arrive at the institution's historical probability of default, transition matrix approach has been applied using IFCI internal obligor ratings. The point-in-time (PIT) probability of default is computed by analysing year-on-year rating transition. The through-the-cycle (TTC) PD is computed by taking simple average of historic PIT PDs. The derivation of PIT PDs is based upon the impact of relevant macro-economic factors that takes place through the Vasicek approach after incorporating the asset correlation.

The following borrowers have been considered to have been defaulted/credit-impaired, for the purpose of probability of default computation:

- Borrowers whose rating has downgraded to IFCI-10 (internal obligor rating).
- Borrowers whose accounts have been restructured with impairment in loan value.
- Borrowers being classified as NPAs.

(c) Definition of default

Default has not been defined under Ind AS. An entity shall apply a default definition that is consistent with the definition used for internal credit risk management purposes and consider qualitative indicators when appropriate. A loan is considered as defaulted and therefore Stage-3 (credit impaired) for ECL calculations in the following cases:

- On deterioration of the IFCI internal combined ratings of the borrower to CR-9 or CR-10 (Comparison to be done between origination rating and current rating).
- On asset being classified as NPA as per RBI prudential norms.
- On restructuring of assets with impairment in loan value.

(d) Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments which is subject to the impairment calculation.

(e) Loss given default (LGD)

LGD is an estimate of the loss from the transaction given that a default occurs. The LGD component of ECL is independent of deterioration of asset quality, and thus applied uniformly across various stages. With respect to loan portfolio, NPA accounts which have originated in past 7 years and have been closed, along with NPA accounts ageing more than 3 years (assumed as closed), have been considered for LGD computation.

(f) Significant increase in credit risk

At each reporting date, an entity shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, an entity shall use the change in the risk of the default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit loss. To make that assessment, an entity shall compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue

Note 59 (contd..) (All amounts are in Rupees crores unless otherwise stated)

cost or effort, that is indicative of significant increases in credit risk since initial recognition. An entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

For the assessment of the SICR for the loans and advances, the following conditions have been considered:

- Deterioration of the IFCI internal combined ratings of the borrowers by 3 rating grades. (Comparison to be done between origination rating and current rating).
- Deterioration of the ratings of the borrowers from the investment grade to the sub-investment grade.
- On restructuring of assets without impairment in loan value.

(g) Provision for expected credit losses

The following tables sets out information about the overdue status of loans and advances, loan commitments, financial guarantees, trades receivables and other financial assets to customers in Stages 1, 2 and 3.

	As at 31 March 2019				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances at amortised cost					
Grade 1-6 : Low-fair risk	**5,338.67**	**151.37**	**376.92**	**–**	**5,866.96**
Grade 7-8 : Higher risk	**–**	**1,098.20**	**707.95**	**–**	**1,806.15**
Grade 9-10 : Loss	**–**	**–**	**9,739.34**	**3.81**	**9,743.15**
Others	**310.72**	**72.73**	**629.99**	**–**	**1,013.45**
	5,649.39	**1,322.30**	**11,454.20**	**3.81**	**18,429.71**
Loss allowance	**(307.24)**	**(154.40)**	**(6,798.01)**	**(2.30)**	**(7,261.95)**
Carrying value	**5,342.15**	**1,167.90**	**4,656.19**	**1.51**	**11,167.76**

	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances at amortised cost-Greenfield					
Rating -1 to 6	**459.41**	**–**	**–**	**–**	**459.41**
Rating - 7 to 8	**1,015.06**	**352.80**	**309.32**	**–**	**1,677.18**
Rating - 9 to 10	**–**	**–**	**1,859.55**	**–**	**1,859.55**
	1,474.47	**352.80**	**2,168.87**	**–**	**3,996.14**
Loss allowance	**(56.01)**	**(83.21)**	**(1,311.16)**	**–**	**(1,450.38)**
Carrying value	**1,418.46**	**269.59**	**857.71**	**–**	**2,545.76**

Trade receivables at amortised cost	**Lifetime**	**Credit Impaired**	**Total**
	2.71	–	2.71
Less than 6 months	0.18	–	0.18
More than 6 months less than 1 year	0.01	0.01	0.02
More than 1 year less than 2 years	0.06	–	0.06
More Than 2 years less than 3 years	–	4.26	4.26
Above 3 years	77.47	111.76	189.23
Others	80.43	116.03	196.46
	(7.08)	(14.25)	(21.32)
Loss allowance	73.36	101.78	175.14
Carrying value			

Other financial assets at amortised cost	Lifetime	Credit Impaired	Total
Less than 6 months	166.15	–	166.15
More than 6 months less than 1 year	4.27	–	4.27
More than 1 year less than 2 years	1.92	0.03	1.95
More Than 2 years less than 3 years	0.52	–	0.52
Above 3 years	–	51.65	51.65
Others	585.96	175.19	761.15
	758.82	226.87	985.69
Loss allowance	(13.05)	(52.05)	(65.10)
Carrying value	745.77	174.81	920.58

Investment in debt securities at FVTOCI	**Stage-1**	**Stage-2**	**Stage-3**	**Total**
BBB - to AAA	1,125.48	–	–	1,125.48
BB- to BB+	–	–	–	–
B- to B+	–	–	–	–
C to CCC+	–	–	–	–
D	–	–		–
	1,125.48	–	–	1,125.48
Loss allowance	(0.08)	–	–	(0.08)
Amortised cost	1,125.40	–	–	1,125.40
Fair value	1,145.46	–	–	1,145.46

Note 59 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	As at 31 March 2019				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loan commitments-Greenfield					
Grade 1-6 : Low-fair risk	**162.92**	–	–	–	**162.92**
Grade 7-8 : Higher risk	**322.85**	–	–	–	**322.85**
Grade 9-10 : Loss	–	–	–	–	–
	485.77	–	–	–	**485.77**
Loss allowance	**(12.03)**	–	–	–	**(12.03)**
Carrying value	**473.74**	–	–	–	**473.74**
Loan commitments-Other					
Grade 1-6 : Low-fair risk	**868.04**	–	–	–	**868.04**
Grade 7-8 : Higher risk	**175.92**	–	–	–	**175.92**
Grade 9-10 : Loss	–	–	–	–	–
	1,043.96	–	–	–	**1,043.97**
Loss allowance	**(19.60)**				**(19.60)**
Carrying value	**1,024.36**	–	–	–	**1,024.37**
Financial guarantee contracts- Greenfield					
Grade 1-6 : Low-fair risk	–	–	–	–	–
Grade 7-8 : Higher risk	**5.71**	–	–	–	**5.71**
Grade 9-10 : Loss	–	–	–	–	–
	5.71	–	–	–	**5.71**
Loss allowance	**(0.59)**	–	–	–	**(0.59)**
Carrying value	**5.12**	–	–	–	**5.12**
Financial guarantee contracts- Other					
Grade 1-6 : Low-fair risk	**177.29**	–	–	–	**177.29**
Grade 7-8 : Higher risk	–	–	–	–	–
Grade 9-10 : Loss	**58.89**	–	–	–	**58.89**
	236.19	–	–	–	**236.19**
Loss allowance	**(20.77)**				**(20.77)**
Carrying value	**215.41**	–	–	–	**215.41**

	As at 31 March 2018				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and advances at amortised cost-Other					
Grade 1-6 : Low-fair risk	7,546.25	121.47	21.41	–	7,689.13
Grade 7-8 : Higher risk	–	1,679.32	178.07	–	1,857.39
Grade 9-10 : Loss	–	–	10,514.15	7.29	10,521.44
Others	472.39	112.73	670.67	–	1,255.79
	8,018.64	1,913.52	11,384.30	7.29	21,323.75
Loss allowance	(461.63)	(267.53)	(7,071.21)	(4.68)	(7,805.05)
Carrying value	7,557.01	1,645.99	4,313.09	2.61	13,518.70
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and advances at amortised cost-Greenfield					
Grade 1-6 : Low-fair risk	1,004.54	257.23	2.31	–	1,264.08
Grade 7-8 : Higher risk	1,182.65	115.26	–	–	1,297.91
Grade 9-10 : Loss	–	–	2,086.24	–	2,086.24
	2,187.19	372.49	2,088.55	–	4,648.23
Loss allowance	(115.17)	(57.87)	(1,341.18)	–	(1,514.22)
Carrying value	2,072.02	314.62	747.37	–	3,134.01

Note 59 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

Trade receivables at amortised cost	Lifetime	Credit Impaired	Total
Less than 6 months	13.67	–	13.67
More than 6 months less than 1 year	0.03	0.01	0.04
More than 1 year less than 2 years	1.79	–	1.79
More Than 2 years less than 3 years	–	–	–
Above 3 years	–	4.27	4.27
Others	115.40	31.89	147.29
	130.89	36.17	167.06
Loss allowance	(19.89)	(9.65)	(29.55)
Carrying value	111.00	26.51	137.51

Other financial assets at amortised cost	Lifetime	Credit Impaired	Total
Less than 6 months	198.85	–	198.85
More than 6 months less than 1 year	0.48	–	0.48
More than 1 year less than 2 years	0.74	–	0.74
More Than 2 years less than 3 years	0.22	–	0.22
Above 3 years	–	0.66	0.66
Others	596.57	1.96	598.54
	796.86	2.62	799.48
Loss allowance	(13.21)	(0.66)	(13.87)
Carrying value	783.65	1.96	785.61

Investment in debt securities at FVTOCI	Stage 1	Stage 2	Stage 3	Total
BBB - to AAA	1,681.76	–	–	1,681.76
BB- to BB+	–	–	–	–
B- to B+	–	–	–	–
C to CCC+	–	–	–	–
D	–	–	–	–
	1,681.76	–	–	1,681.76
Loss allowance	(0.16)			(0.16)
Amortised cost	1,681.60	–	–	1,681.60
Fair value	1,682.18	–	–	1,682.18

	As at 31 March 2018				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments-Greenfield					
Rating -1 to 6	688.12	–	–	–	688.12
Rating - 7 to 8	431.86	–	–	–	431.86
Rating - 9 to 10	–	–	–	–	–
	1,119.98	–	–	–	1,119.98
Loss allowance	(28.29)	–	–	–	(28.29)
Carrying value	1,091.69	–	–	–	1,091.69
Loan commitments-Other					
Rating -1 to 6	853.04	–	–	–	853.04
Rating - 7 to 8	337.71	84.88	–	–	422.59
Rating - 9 to 10	40.00	–	164.49	–	204.49
	1,230.75	84.88	164.49	–	1,480.12
Loss allowance	(35.43)	–	–		(35.43)
Carrying value	1,195.32	84.88	164.49	–	1,444.69
Financial guarantee contracts- Greenfield					
Rating -1 to 6	20.09	–	–	–	20.09
Rating - 7 to 8	–	–	–	–	–
Rating - 9 to 10	5.71	–	–	–	5.71
	25.80	–	–	–	25.80
Loss allowance	(4.21)				(4.21)
Carrying value	21.59	–	–	–	21.59
Financial guarantee contracts- Other					
Rating -1 to 6	396.64	–	–	–	396.64
Rating - 7 to 8	41.65	–	–	–	41.65
Rating - 9 to 10	–	–	–	–	–
	438.29	–	–	–	438.29
Loss allowance	(18.24)	–	–	–	(18.24)
Carrying value	420.05	–	–	–	420.05

Note 59 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	As at 31 March 2017				
Loans and advances at amortised cost-Other	Stage 1	Stage 2	Stage 3	POCI	Total
Rating -1 to 6	11,562.61	131.09	–	–	11,693.70
Rating - 7 to 8	–	1,700.00	605.77	–	2,305.77
Rating - 9 to 10	–	–	9,186.21	3.64	9,189.85
Others	395.68	62.66	335.09	–	793.42
	11,958.29	1,893.75	10,127.07	3.64	23,982.75
Loss allowance	(450.69)	(245.11)	(6,495.99)	(2.42)	(7,194.22)
Carrying value	11,507.59	1,648.64	3,631.07	1.22	16,788.53

Loans and advances at amortised cost-Greenfield	Stage 1	Stage 2	Stage 3	POCI	Total
Rating -1 to 6	863.36	–	–	–	863.36
Rating - 7 to 8	578.83	707.62	–	–	1,286.45
Rating - 9 to 10	–	–	1,316.05	–	1,316.05
	1,442.19	707.62	1,316.05	–	3,465.86
Loss allowance	(56.86)	(156.34)	(876.79)	–	(1,089.99)
Carrying value	1,385.33	551.28	439.26	–	2,375.87

Trade receivables at amortised cost	Lifetime	Credit Impaired	Total
Less than 6 months	29.92	–	29.92
More than 6 months less than 1 year	0.06	–	0.06
More than 1 year less than 2 years	0.01	–	0.01
More Than 2 years less than 3 years	0.29	–	0.29
Above 3 years	–	3.98	3.98
Others	146.21	19.22	165.43
	176.49	23.20	199.69
Loss allowance	(24.78)	(7.22)	(32.00)
Carrying value	151.71	15.98	167.69

Other financial assets at amortised cost	Lifetime	Credit Impaired	Total
Less than 6 months	112.35	–	112.35
More than 6 months less than 1 year	1.23	0.13	1.36
More than 1 year less than 2 years	20.65	–	20.65
More Than 2 years less than 3 years	0.77	0.06	0.83
Above 3 years	–	0.60	0.60
Others	725.28	4.24	729.52
	860.28	5.03	865.31
Loss allowance	(18.36)	(0.79)	(19.15)
Carrying value	841.92	4.24	846.16

Investment in debt securities at FVTOCI	Stage 1	Stage 2	Stage 3	Total
BBB - to AAA	1,338.78	–	–	1,338.78
BB- to BB+	–	–	–	–
B- to B+	–	–	–	–
C to CCC+	–	–	–	–
D	–	–	–	–
	1,338.78	–	–	1,338.78
Loss allowance	(0.14)	–	–	(0.14)
Amortised cost	1,338.64	–	–	1,338.64
Fair value	1,346.40	–	–	1,346.40

Note 59 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	As at 31 March 2017				
Loan commitments-Greenfield	Stage 1	Stage 2	Stage 3	POCI	Total
Rating -1 to 6	748.21	–	–	–	748.21
Rating - 7 to 8	92.96	–	–	–	92.96
Rating - 9 to 10	167.84	–	–	–	167.84
	1,009.01	–	–	–	1,009.01
Loss allowance	(61.15)				(61.15)
Carrying value	947.86	–	–	–	947.86
Loan commitments-Other					
Rating -1 to 6	1,133.99	–	–	–	1,133.99
Rating - 7 to 8	110.30	–	–	–	110.30
Rating - 9 to 10	1.27	–	–	–	1.27
	1,245.56	–	–	–	1,245.56
Loss allowance	(17.01)	–	–		(17.01)
Carrying value	1,228.55	–	–	–	1,228.55
Financial guarantee contracts- Greenfield					
Rating -1 to 6	–	–	–	–	–
Rating - 7 to 8	–	–	–	–	–
Rating - 9 to 10	–	–	–	–	–
	–	–	–	–	–
Loss allowance	–				–
Carrying value	–	–	–	–	–
Financial guarantee contracts- Other					
Rating -1 to 6	485.41	–	–	–	485.41
Rating - 7 to 8	68.49	–	–	–	68.49
Rating - 9 to 10	–	–	–	–	–
	553.90	–	–	–	553.90
Loss allowance	(15.49)	–	–	–	(15.49)
Carrying value	538.41	–	–	–	538.41

(h) Expected credit loss on Loans:

The Group has applied a portfolio approach to measure expected credit losses (ECL) on loans and advances.

(a) Stage 1: (12- months ECL) : For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(b) Stage 2: (Lifetime ECL) : For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

(c) Stage 3: (Lifetime ECL) : Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost.

The Group considers financial instruments to have low credit risk if they are rated internally or externally within the investment grade. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Group measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Group considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Group's internally developed statistical models and other historical data. In addition, the Group uses reasonable and supportable information on future economic conditions including macroeconomic factors such as interest rates, gross domestic product, inflation and expected direction of the economic cycle. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly. The following table presents the key macroeconomic indicator used for the purposes of measurement of ECL in the periods presented.

Note 59 (contd..) (All amounts are in Rupees crores unless otherwise stated)

As at 31 March 2019

Macro economic indicator	2019	2020	2021	2022	2023
GDP growth rate (%)	Base - 7.2	Base - 7.2	Base - 7.5	Base - 7.4	Base - 7.48
	Upside - 7.92	Upside - 7.92	Upside - 8.25	Upside - 8.14	Upside - 8.23
	Downside - 6.48	Downside - 6.48	Downside - 6.75	Downside - 6.66	Downside - 6.73

As at 31 March 2018

Macro economic indicator	2018	2019	2020	2021	2022
GDP growth rate (%)	Base - 6.90	Base - 7.20	Base - 7.20	Base - 7.50	Base - 7.40
	Upside - 7.59	Upside - 7.92	Upside - 7.92	Upside - 8.25	Upside - 8.14
	Downside - 6.21	Downside - 6.48	Downside - 6.48	Downside - 6.75	Downside - 6.66

As at 1 April 2017

Macro economic indicator	2017	2018	2019	2020	2021
GDP growth rate (%)	Base - 7.14	Base - 6.90	Base - 7.20	Base - 7.20	Base - 7.50
	Upside - 7.86	Upside - 7.59	Upside - 7.92	Upside - 7.92	Upside - 8.25
	Downside - 6.43	Downside - 6.21	Downside - 6.48	Downside - 6.48	Downside - 6.75

* The source for the GDP data is EIU (The Economist Intelligence Unit)

Expected credit loss on Trade receivables and other financial assets

ECL on other financial assets/trade receivables has been computed on individual basis. The simplified approach is used for computing ECL in respect of such assets. The simplified approach does not require the tracking of changes in credit risk, but instead requires the recognition of lifetime ECL at all times.

The Group considers defaulted assets as those which have a voucher ageing of more than 3 years, other than those assets where there is empirical evidence to the contrary. For assets having the voucher age less than 6-months, the PD is considered as 0%. For the remaining assets, the PDs are considered based on the ratings. LGD for all Trade Receivables and Other financial assets is taken as 100%. Apart from computing ECL, a direct provisioning on the assets is also done on the basis of their voucher age. The final provision value is the higher of the ECL value and the direct provision number.

Expected credit loss on Investments in Debt securities

ECL on investments in debt securities has been computed on individual basis. The Group limits its exposure to credit risk by investing only in government securities and only with counterparties that have a credit rating of at least AA- from S&P and/ or from CRISIL.

The Group monitors changes in credit risk by tracking published external credit ratings. In order to determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing information available about issuers. PD for Bonds / Debts issued by Central Government is considered as zero.

12-month and lifetime probabilities of default are based on historical data supplied by S&P/ Crisil for each credit rating and are recalibrated based on current government bond yields. Loss given default (LGD) parameters generally reflect an assumed recovery rate of 48.8% except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate. In cases where management foresees higher losses given a default, LGD upto 100% can be considered.

Note 59 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(i) Movements in the allowance for impairment in respect of loans, Investment in debt securities, trade receivables and other financial assets

Loans and advances at amortised cost

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses		Total
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired	
Loss allowance on 1 April 2017	444.58	239.22	6,542.91	7,226.72
Transfer to Stage 1	140.91	(33.76)	(107.15)	–
Transfer to Stage 2	(18.57)	19.31	–	0.74
Transfer to Stage 3	(27.46)	(32.11)	59.57	–
Net remeasurement of loss allowance	(60.44)	51.16	146.76	137.47
New financial assets originated or purchased	118.04	81.09	114.76	313.89
Financial assets that have been derecognised	(73.62)	(66.71)	(293.80)	(434.14)
Write offs	(0.83)	–	612.87	612.05
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	1.98	1.98
Loss allowance on 31 March 2018	522.62	258.20	7,077.89	7,858.71
Transfer to Stage 1	–	9.00	–	9.00
Transfer to Stage 2	(33.40)	34.14	3.00	3.74
Transfer to Stage 3	(58.30)	(141.19)	199.49	–
Net remeasurement of loss allowance	(118.95)	(1.78)	(2,391.59)	(2,512.33)
New financial assets originated or purchased	133.73	48.85	0.03	182.61
Financial assets that have been derecognised	(76.22)	(48.18)	(0.26)	(124.67)
Write offs	–	(0.05)	1,883.35	1,883.30
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	1.95	1.95
Loss allowance on 31 March 2019	369.49	158.99	6,773.84	7,302.31

The contractual amount outstanding on loans and advances measured at amortised cost that were written off during the year ended 31 March 2019 and are still subject to enforcement activity is ₹1,237. 97 crore (for the year ended 31 March 2018 - ₹401.05 crore)

Loans and advances at amortised cost- Greenfield

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses		Total
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired	
Loss allowance on 1 April 2017	118.01	156.34	876.79	1,151.14
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	(1.27)	1.27	–	–
Transfer to Stage 3	(124.04)	(102.53)	226.58	–
Net remeasurement of loss allowance	26.56	(10.02)	237.72	254.26
New financial assets originated or purchased	180.17	12.82	0.10	193.09
Financial assets that have been derecognised	(51.76)	–	–	(51.76)
Write offs	–	–	–	–
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	–	–
Loss allowance on 31 March 2018	147.67	57.88	1,341.18	1,546.73
Transfer to Stage 1	24.69	(24.69)	–	–
Transfer to Stage 2	(19.63)	19.63	–	–
Transfer to Stage 3	(34.31)	(74.05)	108.36	–
Net remeasurement of loss allowance	(45.56)	60.98	325.64	341.06
New financial assets originated or purchased	34.22	43.46	–	77.68
Financial assets that have been derecognised	(38.44)	–	(272.26)	(310.71)
Write offs	–	–	(191.76)	(191.76)
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	–	–
Loss allowance on 31 March 2019	68.63	83.21	1,311.16	1,463.00

Note 59 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Investment in Debt securities at FVTOCI

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 1 April 2017	0.14	–	–
Transfer to Stage 1	–	–	–
Transfer to Stage 2	–	–	–
Transfer to Stage 3	–	–	–
Net remeasurement of loss allowance	(0.01)	–	–
New financial assets originated or purchased	0.13	–	–
Financial assets that have been derecognised	(0.11)	–	–
Write offs	–	–	–
Unwind of discount	–	–	–
Changes in risk parameters	–	–	–
Loss allowance on 31 March 2018	0.15	–	–
Transfer to Stage 1	–	–	–
Transfer to Stage 2	–	–	–
Transfer to Stage 3	–	–	–
Net remeasurement of loss allowance	–	–	–
New financial assets originated or purchased	0.05	–	–
Financial assets that have been derecognised	(0.13)	–	–
Write offs	–	–	–
Unwind of discount	–	–	–
Changes in risk parameters	–	–	–
Loss allowance on 31 March 2019	0.07	–	–

(i) Collateral held and other credit enhancements

Collateral securing each individual loan may not be adequate in relation to the value of the loan. All borrowers must meet the Group's internal credit assessment procedures, regardless of whether the loan is secured. In addition to the collateral stated above, the Group holds other types of collateral such as second charges and floating charges for which specific values are generally not available.

The following table sets out the fair value of collateral held against all the different types of financial assets.

As at 31 March 2019	Maximum exposure to credit risk	Securities	Bank and government guarantees	Tangible assets	Others	Total Collateral	Net Exposure	Associated ECLs
Cash and cash equivalents	**729.25**	–	–	–	–	–	**729.25**	–
Other bank balances	**938.95**	–	–	–	–	–	**938.95**	–
Loans and advances	**24,197.48**	**5,911.98**	**5,600.08**	**38,699.21**	–	**50,211.27**	–	**(8,765.32)**
Trade receivables	**196.46**	–	–	–	–	–	**196.46**	**(21.32)**
Other financial assets	**985.69**	–	–	–	–	–	**985.69**	**(65.10)**
Total financial assets at amortised cost	**27,047.83**	**5,911.98**	**5,600.08**	**38,699.21**	–	**50,211.27**	**2,850.36**	**(8,851.75)**
Investments at FVTOCI	**3,212.48**	–	–	–	–	–	**3,212.48**	**(0.08)**
Total financial assets at FVTOCI	**3,212.48**	–	–	–	–	–	**3,212.48**	**(0.08)**
Investments at FVTPL	**2,367.61**	–	–	–	–	–	**2,367.61**	–
Total financial assets at FVTPL	**2,367.61**	–	–	–	–	–	**2,367.61**	–

Note 59 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

As at 31 March 2018	**Maximum exposure to credit risk**	**Securities**	**Bank and government guarantees**	**Tangible assets**	**Others**	**Total Collateral**	**Net Exposure**	**Associated ECLs**
Cash and cash equivalents	543.15	–	–	–	–	–	543.15	–
Other bank balances	1,078.72	–	–	–	–	–	1,078.72	–
Loans and advances	29,036.17	8,273.42	1,488.91	30,393.17	412.12	40,567.62	–	(9,405.44)
Trade receivables	167.06	–	–	–	–	–	167.06	(29.55)
Other financial assets	799.48	–	–	–	–	–	799.48	(13.87)
Total financial assets at amortised cost	31,624.58	8,273.42	1,488.91	30,393.17	412.12	40,567.62	2,588.41	(9,448.86)
Investments at FVTOCI	3,841.65	–	–	–	–	–	3,841.65	(0.16)
Total financial assets at FVTOCI	3,841.65	–	–	–	–	–	3,841.65	(0.16)
Investments at FVTPL	3,508.49	–	–	–	–	–	3,508.49	–
Total financial assets at FVTPL	3,508.49	–	–	–	–	–	3,508.49	–

As at 1 April 2017	**Maximum exposure to credit risk**	**Securities**	**Bank and government guarantees**	**Tangible assets**	**Others**	**Total Collateral**	**Net Exposure**	**Associated ECLs**
Cash and cash equivalents	549.98	–	–	–	–	–	549.98	–
Other bank balances	645.06	–	–	–	–	–	645.06	–
Loans and advances	28,725.64	14,345.43	3,360.12	36,283.62	–	53,989.17	–	(8,377.86)
Trade receivables	34.26	–	–	–	–	–	34.26	(32.00)
Other financial assets	135.79	–	–	–	–	–	135.79	(19.15)
Total financial assets at amortised cost	30,090.73	14,345.43	3,360.12	36,283.62	–	53,989.17	1,365.09	(8,429.01)
Investments at FVTOCI	2,403.02	–	–	–	–	–	2,403.02	(0.14)
Total financial assets at FVTOCI	2,403.02	–	–	–	–	–	2,403.02	(0.14)
Investments at FVTPL	3,834.13	–	–	–	–	–	3,834.13	–
Total financial assets at FVTPL	3,834.13	–	–	–	–	–	3,834.13	–

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECLs when the expected value of the collateral is greater than the LGD, even in if the future value of collateral is forecast using multiple economic scenarios. However, the Stage 3 ECL can be higher than net exposure show below when the future value of collateral, measured using multiple economic scenarios, is expected to decline.

As at 31 March 2019	**Maximum exposure to credit risk**	**Securities**	**Bank and government guarantees**	**Tangible assets**	**Others**	**Total Collateral**	**Net Exposure**	**Associated ECLs**
Cash and cash equivalents	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other bank balances	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Loans and advances	**13,626.89**	**1,169.55**	**33.11**	**15,404.21**	**15.00**	**16,606.87**	**–**	**(8,109.17)**
Trade receivables	**116.03**	**–**	**–**	**–**	**–**	**–**	**116.03**	**(14.25)**
Other financial assets	**226.87**	**–**	**–**	**–**	**–**	**–**	**226.87**	**(52.05)**
Total financial assets at amortised cost	**13,969.78**	**1,169.55**	**33.11**	**15,404.21**	**15.00**	**16,606.87**	**342.89**	**(8,175.47)**

As at 31 March 2018	**Maximum exposure to credit risk**	**Securities**	**Bank and government guarantees**	**Tangible assets**	**Others**	**Total Collateral**	**Net Exposure**	**Associated ECLs**
Cash and cash equivalents	–	–	–	–	–	–	–	–
Other bank balances	–	–	–	–	–	–	–	–
Loans and advances	13,644.63	2,929.84	–	6,744.69	–	9,674.53	3,970.10	(8,417.07)
Trade receivables	36.17	–	–	–	–	–	36.17	(9.65)
Other financial assets	2.62	–	–	–	–	–	2.62	(0.66)
Total financial assets at amortised cost	13,683.42	2,929.84	–	6,744.69	–	9,674.53	4,008.89	(8,427.39)

Note 59 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

As at 1 April 2017	Maximum exposure to credit risk	Securities	Bank and government guarantees	Tangible assets	Others	Total Collateral	Net Exposure	Associated ECLs
Cash and cash equivalents	–	–	–	–	–	–	–	–
Other bank balances	–	–	–	–	–	–	–	–
Loans and advances	11,446.76	4,110.67	213.91	9,452.18	–	13,776.76	–	(7,375.20)
Trade receivables	23.20	–	–	–	–	–	23.20	(7.22)
Other financial assets	5.03	–	–	–	–	–	5.03	(0.79)
Total financial assets at amortised cost	11,474.99	4,110.67	213.91	9,452.18	–	13,776.76	28.23	(7,383.21)

The following tables stratify credit exposures from advances to customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is based on the collateral value at origination updated based on changes in house price indices. For credit-impaired loans the value of collateral is based on the most recent appraisals.

LTV ratio (Total loans)	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017
Less than 50%	**16,937.90**	5,479.25	13,098.55
51-70%	**–**	4,605.43	3,738.20
71-90%	**0.25**	3,822.04	2,868.61
91-100%	**–**	576.04	1,316.22
More than 100%	**656.23**	6,687.71	2,680.73
Total	**17,594.38**	21,170.47	23,702.31

* Loan amount excludes interest accrued but not due and stage - 3 income.

LTV ratio (stage - 3 loans)	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017
Less than 50%	**8,386.84**	882.12	3,282.00
51-70%	**–**	600.70	962.03
More than 70%	**222.95**	7,189.54	3,308.95
Total	**8,609.79**	8,672.36	7,552.98

* Loan amount excludes interest accrued but not due and stage - 3 income.

(j) Concentration of risk

The Group monitors concentration of credit risk by sector and by geographic location. An analysis of concentration of credit risk from loans and advances is shown below.

Loans and advances to customers	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017
Carrying amount			
Concentration by sector			
Corporate:			
Power Generation	**3,504.64**	4,245.55	3,935.54
Diversified Infrastructure	**2,834.24**	3,054.53	3,311.27
Real Estate	**1,411.29**	2,468.13	3,015.41
Road Construction	**1,604.71**	1,207.12	1,036.37
Iron And Steel	**793.10**	1,026.08	1,144.89
Diversified	**778.33**	789.92	1,046.66
Steel Products	**364.46**	766.64	776.24
Construction Industry	**538.53**	677.22	1,151.93
Miscellaneous Services	**575.34**	656.94	902.56
NBFC	**485.18**	635.00	50.00
Motor Vehicles And Parts	**536.39**	574.41	598.51
Textile Products	**521.74**	533.98	543.08
Miscellaneous Food Products	**390.51**	411.25	515.05
Misc. Manufacturing And Other Industries	**505.18**	308.07	262.75
Ship Building And Repairs	**279.61**	279.60	330.02
Others	**7,302.60**	8,337.54	8,828.33
Total	**22,425.85**	25,971.98	27,448.61
Concentration by location			
India	**22,425.85**	25,971.98	27,448.61

Concentration by location for loans and advances is based on the customer's country of domicile.

Note 59 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(k) Modified / Restructured loans

When the Group grants concession, for economic or legal reasons related to a borrower's financial difficulties, for other than an insignificant period of time, the related loan is classified as a Restructured Loan. Concessions could include a reduction in the interest rate below current market rates, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection.

From a risk management point of view, once an asset is forborne or modified, the Group's special department for distressed assets continues to monitor the exposure until it is completely and ultimately derecognised.

A loan that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if the terms of the existing agreement are modified such that the renegotiated loan is a substantially different instrument.

Where the renegotiation of such loans are not derecognised, impairment continues to be assessed for significant increases in credit risk compared to the initial origination credit risk rating.

C. Liquidity risk

Liquidity risk is the potential inability to meet the institution's liabilities as they become due. From Group perspective, it basically originates from the mismatches in the maturity pattern of assets and liabilities. Analysis of liquidity risk involves the measurement of not only the liquidity position of the institution on an ongoing basis but also examining how funding requirements are likely to be affected under sever but plausible scenarios. Net funding requirements are determined by analysing the institution's future cash flows based on assumptions of the future behaviour of assets and liabilities that are classified into specified time buckets, utilizing the maturity ladder approach and then calculating the cumulative net flows over the time frame for liquidity assessment.

For the present, for measuring and managing net funding requirements, the use of maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates is being utilized as a standard tool.

The ALM format prescribed by RBI in this regard is being utilized for measuring cash flow mismatches in different time bands. The cash flows are placed in different time bands based on projected future behaviour of assets, liabilities and off-balance sheet items. Apart from the above cash flows, the institution would also track the impact of prepayments of loans, premature closure of liabilities and exercise of options built in certain instruments which offer put/call options after specified times. Thus, cash outflows can be ranked by the date on which liabilities fall due, the earliest date a liability holder could exercise an early repayment option or the earliest date contingencies could be crystallized.

In addition, the Group maintains the following lines of credit:

- ₹146 overdraft facility that is secured. Interest would be payable between 7.62 percent and 7.79 percent.
- ₹130 facility that is unsecured and can be drawn down to meet short-term financing needs. Interest would be payable at a rate of 9.51 percent (weighted average rate).

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amount are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

		Contractual cash flows					
As at 31 March 2019	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**6 month or less**	**6-12 months**	**1-3 years**	**3-5 years**	**More than 5 years**
Non - derivative financial liabilities							
Borrowings	**5,748.99**	**5,518.70**	**973.00**	**1,231.40**	**2,500.58**	**813.73**	**–**
Debt securities issued	**9,331.96**	**9,371.96**	**456.24**	**940.16**	**2,730.02**	**753.42**	**4,492.11**
Subordinated liabilities	**1,313.30**	**1,313.30**	**–**	**–**	**662.27**	**–**	**651.04**
Derivative financial assets							
Forwards and spots	**14.66**	**14.66**	**14.66**	**–**	**–**	**–**	**–**
Non - derivative financial assets							
Loans and advances	**13,713.52**	**13,404.28**	**2,610.47**	**1,980.12**	**2,560.40**	**1,010.91**	**5,242.38**
Investment securities	**5,580.09**	**4,443.28**	**309.90**	**88.23**	**561.60**	**42.84**	**3,440.71**

Note 59 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

As at 31 March 2018	Carrying amount	Contractual cash flows: Gross nominal inflow/ (outflow)	6 month or less	6-12 months	1-3 years	3-5 years	More than 5 years
Non - derivative financial liabilities							
Borrowings	9,419.55	9,161.20	1,998.55	1,702.17	3,937.50	1,356.88	166.10
Debt securities issued	9,730.73	10,042.66	177.34	193.37	2,096.95	2,722.49	4,852.51
Subordinated liabilities	1,514.56	1,514.56	–	–	201.26	662.27	651.04
Derivative financial assets							
Forwards and spots	20.93	20.93	20.93	–	–	–	–
Non - derivative financial assets							
Loans and advances	16,652.71	18,126.14	2,206.41	1,774.94	4,304.70	1,966.67	7,873.43
Investment securities	7,350.14	6,720.44	871.65	335.71	159.94	425.00	4,928.12

As at 1 April 2017	Carrying amount	Contractual cash flows: Gross nominal inflow/ (outflow)	6 month or less	6-12 months	1-3 years	3-5 years	More than 5 years
Non - derivative financial liabilities							
Borrowings	11,792.59	11,653.12	1,372.88	2,225.11	5,185.58	2,211.44	658.10
Debt securities issued	10,417.45	10,639.45	261.47	295.95	1,530.87	2,902.49	5,648.67
Subordinated liabilities	1,532.52	1,532.52	–	–	219.22	662.27	651.04
Non - derivative financial assets							
Loans and advances	19,164.40	22,899.98	2,110.29	2,459.58	6,507.96	2,759.29	9,062.87
Investment securities	6,237.15	6,485.79	817.79	146.85	249.22	516.04	4,755.90

Contractual cash flows	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017
Other financial assets			
- within 12 months	**548.15**	419.57	567.92
- after 12 months	**372.43**	366.05	278.24
Gross nominal inflow/(outflow)	**920.58**	785.61	846.16
Other financial liabilities			
- within 12 months	**2,331.84**	1,638.88	2,155.75
- after 12 months	**278.48**	849.62	815.62
Gross nominal inflow/(outflow)	**(2,610.32)**	(2,488.50)	(2,971.37)

The inflows/(outflows) disclosed in the above table represents contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contract maturity. The disclosure shows net cash flow amounts for derivatives that are net cash settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross settlement.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on contingent consideration and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

	On demand	**6 month or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
As at 31 March 2019							
Other undrawn commitments to lend	**1,580.87**	**–**	**–**	**–**	**–**	**–**	**1,580.87**
As at 31 March 2018							
Other undrawn commitments to lend	2,177.28	–	–	–	–	–	2,177.28
As at 1 April 2017							
Other undrawn commitments to lend	2,265.91	–	–	–	–	–	2,265.91

Note 59 (contd..) (All amounts are in Rupees crores unless otherwise stated)

D. Market risk

Market risk is 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 equity prices. The Group classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately. Such market risk for the trading portfolio is managed and monitored based on a VaR methodology that reflects the interdependency between risk variables. Non–trading positions are managed and monitored using other sensitivity analysis. All such transactions are carried out within the guidelines set by the Risk Management Committee.

The following table sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios :

		Market risk measure	
	Carrying amount	**Trading portfolios**	**Non-trading portfolios**
As at 31 March 2019			
Assets subject to market risk			
Cash and cash equivalents	**671.08**	**–**	**671.08**
Bank balance other than above	**579.07**	**–**	**579.07**
Derivative financial instruments	**14.66**	**–**	**14.66**
Receivables	**147.20**	**–**	**147.20**
Loans	**13,490.40**	**–**	**13,490.40**
Investments	**5,593.37**	**21.90**	**5,571.47**
Other financial assets	**1,208.29**	**–**	**1,208.29**
	21,704.07	**21.90**	**21,682.17**
Liabilities subject to market risk			
Derivative financial instruments	**–**	**–**	**–**
Trade payables	**333.11**	**–**	**333.11**
Debt securities	**9,384.27**	**–**	**9,384.27**
Borrowings (other than debt securities)	**5,697.09**	**–**	**5,697.09**
Subordinated liabilities	**1,313.30**	**–**	**1,313.30**
Other financial liabilities	**2,448.32**	**–**	**2,448.32**
	19,176.08	**–**	**19,176.08**
As at 31 March 2018			
Financial assets:			
Cash and cash equivalents	478.35	–	478.35
Bank balance other than above	675.28	–	675.28
Derivative financial instruments	20.93	–	20.93
Receivables	113.49	–	113.49
Loans	16,286.92	–	16,286.92
Investments	7,477.44	47.13	7,430.31
Other financial assets	1,072.17	–	1,072.17
	26,124.58	47.13	26,077.45
Financial liabilities:			
Derivative financial instruments	–	–	–
Trade payables	248.47	–	248.47
Debt securities	9,762.64	–	9,762.64
Borrowings (other than debt securities)	9,240.00	–	9,240.00
Subordinated liabilities	1,514.56	–	1,514.56
Other financial liabilities	2,323.08	–	2,323.08
	23,088.75	–	23,088.75
As at 1 April 2017			
Financial assets:			
Cash and cash equivalents	4,369.94		4,369.94
Bank balance other than above	646.08		646.08
Derivative financial instruments	–		–
Receivables	30.13		30.13
Loans	74,002.84		74,002.84
Investments	6,174.56	–	6,174.56
Other financial assets	122.62		122.62
	85,346.16	–	85,346.16
Financial liabilities:			
Derivative financial instruments			
Trade payables	45.52		45.52
Debt securities	10,390.87		10,390.87
Borrowings (other than debt securities)	11,486.23		11,486.23
Subordinated liabilities	1,532.52		1,532.52
Other financial liabilities	1,738.84		1,738.84
	25,193.97	–	25,193.97

Note 59 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(a) Market risk - trading portfolios

Objectives and limitations of the VaR methodology

The Group uses simulation models to assess possible changes in the market value of the trading portfolio based on historical data from the past five years. The VaR models are designed to measure market risk in a normal market environment. The models assume that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution. The distribution is calculated by using exponentially weighted historical data. Due to the fact that VaR relies heavily on historical data to provide information and does not clearly predict the future changes and modifications of the risk factors, the probability of large market moves may be underestimated if changes in risk factors fail to align with the normal distribution assumption.

VaR may also be under– or over–estimated due to the assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level.

In practice, the actual trading results will differ from the VaR calculation. In particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR models, actual outcomes are monitored regularly to test the validity of the assumptions and the parameters used in the VaR calculation.

VaR assumptions

The VaR that the Group measures is an estimate, using a confidence level of 99%, of the potential loss that is not expected to be exceeded if the current market risk positions were to be held unchanged for one day. The use of a 99% confidence level means that, within a one-day horizon, losses exceeding the VaR figure should occur, on average under normal market conditions, not more than once every hundred days.

Since VaR is an integral part of the Group's market risk management, VaR limits have been established for all trading operations and exposures are required to be reviewed daily against the limits by management.

(b) Market risk - Non-trading portfolios

(i) Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which borrowings are denominated and the respective functional currencies of Group. The functional currency for the Group is INR. The currency in which these transactions are primarily denominated is EURO.

Currency risks related to the principal amounts of the Group's EURO bank loans, have been fully hedged using forward contracts that mature on the same dates as the loans are due for repayment.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group – primarily INR. In addition, interest on borrowings is denominated in the currency of the borrowing. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management is as follows:

	31 March 2019		31 March 2018		01 April 2017	
	INR	**EURO**	INR	EURO	INR	EURO
Borrowings	**426.12**	**5.49**	471.88	5.84	429.13	6.19
Net exposure in respect of recognised assets and liabilities	**426.12**	**5.49**	471.88	5.84	429.13	6.19

Sensitivity analysis

A reasonably possible strengthening (weakening) of INR and Euro against all currencies at 31 March would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		**Equity, net of tax**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31 March 2019 EURO (10% movement)	42.61	(42.61)	27.72	(27.72)
31 March 2018 EURO (10% movement)	47.19	(47.19)	30.70	(30.70)
01 April 2017 EURO (10% movement)	42.91	(42.91)	27.92	(27.92)

Note 59 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(ii) Interest rate risk

The Group makes attempts to minimize the gap between floating rate liabilities and floating rate assets, in order to minimize interest rate risk. This is achieved by way of borrowings at a floating rate and lending at rates linked to Group benchmark rate, which in turn is linked to, among others, its cost of borrowings. Further, analysis of impact of change in market rates of interest is carried out on a periodic basis, to understand impact on Net Interest Income of Group and Market Value of Equity of Group. In line with extant regulatory guidelines, Interest rate Sensitivity statement is prepared on a monthly basis and anlysed to understand gaps in various time buckets.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management is as follows:

	31 March 2019	31 March 2018	01 April 2017
Fixed rate instruments			
Financial assets	**655.27**	855.43	1,215.24
Financial liabilities	**10,799.30**	11,399.33	12,104.03
Variable rate instruments			
Financial assets	**13,290.53**	16,237.09	18,563.65
Financial liabilities	**5,553.71**	9,018.12	11,259.38

Fair value sensitivity analysis for fixed rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have no impact in statement of profit and loss. This would have an impact on the fair value at the reporting dates This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		**Equity, net of tax**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 March 2019				
Variable rate instruments	40.47	(40.47)	26.33	(26.33)
Cash flow sensitivity (net)				
31 March 2018				
Variable rate instruments	(7.71)	7.71	(5.04)	5.04
Cash flow sensitivity (net)				

(iii) Equity price risk

Equity price risk is the risk that the fair value of equities declines as a result of changes in the level of equity indices and market price of individual stocks. The non-trading equity price risk exposure arises from equity securities classified at Fair Value. The equity price risk same is more applicable to securities held for the purpose of trading. As the Group focuses on long term investments and current investments are kept low (investments held for trading purposes), Group may not be exposed to significant equity price risk.

(c) Legal and operational risk

(i) Legal risk

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Group has developed preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced. The Group also has well established legal procedures to scrutinise product offerings and manage risks arising out of its transactions.

As at 31 March 2019, there were legal cases pending against the Group aggregating ₹75.00 crore. Based on the opinion of the Group's legal advisors, the management believes that the Liability if any shall be dependent on the decision of the Courts.

Refer Note 37 for pending litigation cases

(ii) Operational

Operational risk is the exposure to loss resulting from inadequate or failed internal processes, people and systems, or from external events.

The Group has well defined policies for each of its products and services. It also has advanced computer systems that enable it to run operations with speed and accuracy.

The Operational Risk Management function is a part of Integrated Risk Management department and reports directly to the Chief Risk officer. The Operational Risk Management Policy aims to ensure that the operations are in line with Board's

Note 59 (contd..) (All amounts are in Rupees crores unless otherwise stated)

directives and set out the broad outlines of the processes by which the operational risks shall be managed i.e. identified, measured, controlled, monitored and mitigated.

The Group has initiated an exercise for collection of loss event data (internal loss arising from actual events) on annual basis for the past 3 years from its regional offices and various departments at Head office. The operational loss event data is being obtained against 6 sub-categories viz. Internal fraud, External Fraud, Employment practices and workplace safety, Client, products and business practices, and Business disruption and system failures.

The expected outcome of the internal loss event process shall not only be a better informed response to current risks but also a better informed management of future risks. Such databases, fed during consecutive several years turn into a valuable source of information for management of operational risks. This shall help reduce the probability and potential impact of losses.

The Group also has a contingency plan to take care of any failure of its computer systems. Regular backups are made for all important datasets, and stored outside the Group's premises. This ensures that in case of any system failure, the Group will be able to continue its operations without losing critical data or business transactions. As part of its disaster recovery plan, the Group has established a back-up site which would and operate during an emergency.

The Group has a specific Business Continuity Plan ("BCP") unit. The main objective of the BCP is to ensure that in the event of full or partial disaster, the Group should be able to continue providing essential services to customers, minimizing any adverse effects on the Group's business, through business impact analysis, business restoration plans and procedures, for the identified critical functions.

60 CAPITAL MANAGEMENT

The basic approach of capital adequacy framework is that, a financial institution should have sufficient capital to absorb shocks on account of any unexpected losses arising from the risks in its business.

As per RBI guidelines, IFCI as a Government owned NBFC-ND-SI is required to maintain a minimum capital to risk weighted asset ratio. Capital management entails optimal utilization of scarce capital to meet extant regulatory capital requirements. IFCI has put in place an appropriate Risk Appetite framework and computes its capital requirements and adequacy as per extant regulatory guidelines.

(i) The Group maintains minimum capital to risk weighted asset ratio entity wise for all the entities forming part of the group and accordingly manage the capital requirements among all the entities in the group.

(ii) Capital allocation

The amount of capital allocated to each operation or activity is undertaken with the objective of minimisation of return on the risk adjusted capital. Allocation of capital is to various lines of business basis annual business plan drawn at the beginning of the year. Various consideration for allocating capital include synergies with existing operations and activities, availability of management and other resources, and benefit of the activity with the Company's long term strategic objectives.

61 INTEREST IN OTHER ENTITIES

(a) Interest in subsidiaries

(i) The group's subsidiaries at 31 March 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Ownership held by the group			Ownership interest held by non-controlling interests			Principle activities
		31 March 2019	31 March 2018	1 April 2017	**31 March 2019**	31 March 2018	1 April 2017	
Direct subsidiaries								
IFCI Venture Capital funds Ltd (IVCF)	India	**98.59%**	98.59%	98.59%	**1.41%**	1.41%	1.41%	Promoting entrepreneurship by providing institutional support
IFCI Infrastructure Development Ltd (IIDL)	India	**100.00%**	100.00%	100.00%	**0.00%**	0.00%	0.00%	Infrastructure and real estate sector
IFCI Factors Ltd (IFL)	India	**99.88%**	99.74%	99.74%	**0.12%**	0.26%	0.26%	Factoring services, allied products, general purpose loan
IFCI Financial Services Ltd (IFIN)	India	**94.78%**	94.78%	94.78%	**5.22%**	5.22%	5.22%	Merchant banking business
Stock Holding Corporation of India Ltd (SHCIL)	India	**52.86%**	52.86%	52.86%	**47.14%**	47.14%	47.14%	Custodian and depository participant
MPCON Ltd	India	**79.72%**	79.72%	79.72%	**20.28%**	20.28%	20.28%	Consultancy services

Note 61 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

Name of entity	Country of incorporation	Ownership held by the group			Ownership interest held by non-controlling interests			Principle activities
		31 March 2019	31 March 2018	1 April 2017	**31 March 2019**	31 March 2018	1 April 2017	
Step down subsidiaries								
Subsidiary of IFIN								
IFIN Commodities Limited - Wholly owned subsidiary of IFIN	India	**94.78%**	94.78%	94.78%	**5.22%**	5.22%	5.22%	Exchanged based Commodity Trading
IFIN Credit Limited - Wholly owned subsidiary of IFIN	India	**94.78%**	94.78%	94.78%	**5.22%**	5.22%	5.22%	No business activity
IFIN Securities Finance Limited - Wholly owned subsidiary of IFIN	India	**94.78%**	94.78%	94.78%	**5.22%**	5.22%	5.22%	Margin funding,loan against shares and property and promoter funding
Subsidiary of IIDL								
IIDL Realtors Pvt. Limited - Wholly owned subsidiary of IIDL.	India	**100.00%**	100.00%	100.00%	**0.00%**	0.00%	0.00%	Real Estate
Subsidiary of SHCIL								
SHCIL Services Limited - wholly owned subsidiary of SHCIL	India	**52.86%**	52.86%	52.86%	**47.14%**	47.14%	47.14%	Broking Advisory Services
Stockholding Document Management Services Ltd- Wholly owned subsidiary of SHCIL	India	**52.86%**	52.86%	52.86%	**47.14%**	47.14%	47.14%	Physical Custody Services,digitization and sale of software, product and services
Stockholding Securities IFSC Ltd- Wholly owned subsidiary of SHCIL	India	**52.86%**	52.86%	52.86%	**47.14%**	47.14%	47.14%	Services Solutions to investors at IFSC, Gift City, Gandhinagar

(ii) Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet

	Stock Holding Corporation of India Ltd (Consolidated)			MPCON Ltd		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017
Current Assets	**1,136.73**	864.35	1,507.72	**10.01**	17.99	16.92
Current liabilities	**1,042.11**	782.11	1,360.52	**12.65**	15.05	10.13
Net current assets	**94.61**	82.24	147.20	**(2.63)**	2.94	6.80
Non current assets	**2,749.86**	2,736.47	1,609.16	**9.05**	4.70	0.35
Non current liabilities	**503.01**	503.26	267.10	**–**	–	–
Net non current assets	**2,246.86**	2,233.21	1,342.06	**9.05**	4.69	0.34
Net Assets	**2,341.47**	2,315.45	1,489.25	**6.42**	7.64	7.14

Summarised statement of profit and loss

	Stock Holding Corporation of India Ltd (Consolidated)		MPCON Ltd	
	For the year ended 31 March 2019	For the year ended 31 March 2018	**For the year ended 31 March 2019**	For the year ended 31 March 2018
Revenue from operation	**360.43**	411.08	**46.09**	43.71
Profit for the year	**28.91**	73.62	**(1.16)**	0.53
Other Comprehensive income	**13.47**	784.44	**0.07**	0.09
Total Comprehensive income	**42.38**	858.06	**(1.10)**	0.62
Total Comprehensive income attributable to non controlling interest	**19.98**	404.47	**(0.22)**	0.12
Dividends paid to non controlling interest	**–**	12.16	**–**	0.02

Note 61 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(b) Interest in associates and joint venture

(i) Set out below are the associates and joint ventures of the group as at 31 March 2019 which, in the opinion of the directors, are material to the group.

Name of entity	Place of business	% of ownership	Relationship	Principle activities	Accounting	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
						Carrying value	**Fair value (if quoted)**	Carrying value	Fair value (if quoted)	Carrying value	Fair value (if quoted)
Management Development Institute	India	Nil	Associate	Training facilities for managerial development	Equity accounting	**Nil**	**Unquoted**	Nil	Unquoted	Nil	Unquoted
Institute of Leadership Development	India	Nil	Associate	Providing skill development	Equity accounting	**Nil**	**Unquoted**	Nil	Unquoted	Nil	Unquoted
IFCI Social Foundation	India	Nil	Associate	Trust under income tax act for CSR activities	Equity accounting	**Nil**	**Unquoted**	Nil	Unquoted	Nil	Unquoted
KITCO Limited (classified as asset held for sale w.e.f. 24 January 2019)	India	20.62%	Associate	Premier engineering, management and project consultancy	Equity accounting till 24 January 19	**–**	**Unquoted**	12.86	Unquoted	11.31	Unquoted
Tourism Finance Corporation of India Ltd. (TFCI) (cease to be associate w.e.f. 29 September 2017)	India	29.03%	Associate	Promoting/ financing hospitality and tourism industry and infrastructure sector	Equity accounting till 29 September 2017	**–**	**–**	–	–	166.52	192.62
Himachal Consultancy Organisation Ltd. (HIMCON) (cease to be associate w.e.f. 21 April 2017)	India	49.00%	Associate	Industrial and infrastructure development	Equity accounting till 21 April 2017	**–**	**Unquoted**	–	Unquoted	1.23	Unquoted
North India Technical Consultancy Organisation Ltd. (NITCON) (cease to be associate w.e.f. 25 April 2017)	India	48.75%	Associate	professional consultancy	Equity accounting till 25 April 2017	**–**	**Unquoted**	–	Unquoted	1.94	Unquoted

Pursuant to sale of our substantial/entire stake in Tourism Finance Corporation of India Ltd, Himachal Consultancy Organisation Ltd. and North India Technical Consultancy Organisation Ltd. has ceased to be an Associate Company of IFCI w.e.f. September 29th,2017, April 21st,2017 and April 25th, 2017 respectively. In view of this TFCI, HIMCON, NITCON has not been considered for consolidation.

Un-audited accounts of KITCO Ltd has been compiled to include all their components and the management takes complete responsibility for the correctness and appropriateness of these accounts.

(ii) The tables below provide summarized financial information of associate companies of the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associate companies and not the group's share of those amounts.

Summarised balance sheet

	KITCO		TFCI	HIMCON	NITCON
	As at 31 March 2018	As at 1 April 2017	As at 1 April 2017	As at 1 April 2017	As at 1 April 2017
Current Assets	131.53	116.78	257.62	3.66	6.64
Current liabilities	87.91	78.22	149.75	1.30	3.03
Net current assets	43.62	38.57	107.86	2.36	3.61
Non current assets	18.51	15.99	1,442.68	0.16	0.28
Non current liabilities	–	–	994.46	–	–
Net non current assets	18.51	15.99	448.22	0.16	0.28
Net Assets	62.13	54.56	556.08	2.52	3.89

Note 61 (contd..) (All amounts are in Rupees crores unless otherwise stated)

Summarised statement of profit and loss

	KITCO
	For the year ended 31 March 2018
Revenue from operation	56.70
Profit for the year	9.35
Other Comprehensive income	–
Total Comprehensive income	9.35
Dividends received	0.25

Reconciliation to carrying amount

	KITCO		TFCI	HIMCON	NITCON
	As at 31 March 2018	As at 1 April 2017	As at 1 April 2017	As at 1 April 2017	As at 1 April 2017
Net Assets	62.13	54.56	556.08	2.52	3.89
Group's share in %	20.62%	20.62%	29.03%	49.00%	48.75%
Group's share in INR	12.86	11.30	166.52	1.23	1.94
Goodwill	–	–	–	–	–
Carrying amount	12.86	11.30	166.52	1.23	1.94

The summarised financial information for the below associates were not available for FY 2018-19. However, information for FY 2017-18 and FY 2016-17 are available with the management and has been presented below.

	Management Development Institute		Institute of Leadership Development		IFCI Social Foundation	
	As at 31 March 2018	As at 31 March 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Liabilities						
Corpus Fund	16.34	16.14	1.25	1.35	0.11	0.11
Surplus Fund	131.89	116.21	(5.28)	(4.62)	–	–
Earmarked Funds	209.60	189.60	–	–	–	–
General fund	–	–	–	–	3.13	2.02
Special fund u/s 11(2) of Income Tax	–	–	–	–	2.76	1.88
Campus and fixed assets fund	2.09	2.26	11.86	9.36	–	–
Gratuity Reserve Fund	9.45	7.05	–	–	–	–
Cumulative leave fund	12.18	9.85	–	–	–	–
Other funds	3.83	3.55	–	–	–	–
Current liabilities and provisions	24.34	29.19	1.03	0.79	0.01	0.01
	409.73	373.85	8.86	6.88	6.01	4.01
Assets						
Assets funded by grants from IFCI and other agencies	3.40	3.57	–	–	–	–
Assets other than those funded from grants	67.83	61.96	–	–	–	–
Investments	165.77	128.77	3.84	1.38	3.73	5.95
Non- Current Assets	–	–	3.24	3.59	–	–
Current assets, loans and advances	49.07	63.95	1.78	1.91	0.28	0.06
MDI-Murshidabad	123.65	115.60	–	–	–	–
	409.73	373.85	8.86	6.88	4.01	6.01

Statement of profit and loss

	For the year ended 31 March 2018	For the year ended 31 March 2018	For the year ended 31 March 2018
Revenue	116.34	3.22	7.46
Profit after tax	35.68	(0.66)	1.12
Other Comprehensive income	–	–	–
Total Comprehensive income	35.68	(0.66)	1.12
Dividends received	–	–	–

(c) List of associates / joint venture not consolidated

Entity	**Reason for non-consolidation**
Associates	
Athena Chattisgarh Power Pvt. Ltd.	Investment classified as asset held for sale
Gati Infrastructure Bhasmey Power Pvt. Ltd.	Investment classified as asset held for sale
Nagai Power Pvt. Ltd.	Investment classified as asset held for sale
Rajahmundry Godavari Bridge Ltd.	Investment classified as asset held for sale
Shiga Energy Private Ltd.	Investment classified as asset held for sale
Vadraj Cements Ltd.	Investment classified as asset held for sale
Vadraj Energy (Gujarat) Ltd.	Investment classified as asset held for sale

Note 61 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

Joint ventures

IFCI Sycamore Capital Advisors Pvt. Ltd.

The Company has 50% interests in one joint venture viz. IFCI Sycamore Capital Advisors (P) Limited (ISCAPL) incorporated in India in November 2011 which is under voluntary liquidation and official liquidator has been appointed. The investment of IFCI Ltd. in IFCI Sycamore Capital Advisors (P) Limited as on March 31, 2018 was at ₹0.01 crore Class A Equity Shares against which adequate provision has been made considering the probability and quantum of share in distribution upon liquidation of the Company. In view of the this joint venture has not been considered for consolidation.

(d) Additional disclosure under Schedule III of Companies Act, 2013.

	Net Assets		Share in Profit or Loss		Share in other comprehensive income		Share in total comprehensive income	
	% of Consolidated Net Assets	Amount (in crore)	% of Consolidated profit or loss	Amount (in crore)	% of Consolidated other comprehensive income	Amount (in crore)	% of Consolidated total comprehensive income	Amount (in crore)
Parent Company								
IFCI Ltd								
31-Mar-19	65.33%	4,225.30	93.24%	(443.83)	151.56%	(39.35)	96.26%	(483.18)
31-Mar-18	67.52%	4,718.27	112.07%	468.37	(45.29%)	(244.37)	23.40%	224.00
1-Apr-17	73.86%	4,394.27	–	–	–	–	–	–
Subsidiary Company (Indian)								
IFCI Venture Capital Funds Ltd.								
31-Mar-19	2.51%	162.57	6.92%	(32.93)	0.04%	(0.01)	6.56%	(32.94)
31-Mar-18	2.82%	197.33	(0.03%)	(0.14)	(0.02%)	(0.11)	(0.03%)	(0.25)
1-Apr-17	3.32%	197.59	–	–	–	–	–	–
IFCI Factors Ltd								
31-Mar-19	2.04%	132.18	4.37%	(20.78)	0.14%	(0.04)	4.15%	(20.82)
31-Mar-18	2.18%	152.27	(8.60%)	(35.93)	(0.09%)	(0.49)	(3.80%)	(36.42)
1-Apr-17	3.17%	188.70	–	–	–	–	–	–
MPCON Ltd								
31-Mar-19	0.10%	6.42	0.24%	(1.16)	(0.26%)	0.07	0.22%	(1.10)
31-Mar-18	0.11%	7.64	0.13%	0.53	0.02%	0.09	0.06%	0.62
1-Apr-17	0.12%	7.14	–	–	–	–	–	–
IFCI Infrastructure Development Ltd. (including step down subsidiary)								
31-Mar-19	8.12%	525.43	(2.09%)	9.95	0.40%	(0.11)	(1.96%)	9.85
31-Mar-18	8.17%	571.05	2.01%	8.41	(0.01%)	(0.03)	0.88%	8.38
1-Apr-17	9.46%	562.67	–	–	–	–	–	–
Stock Holding Corporation of India Ltd. (including step down subsidiary)								
31-Mar-19	36.20%	2,341.47	(6.07%)	28.91	(51.88%)	13.47	(8.44%)	42.38
31-Mar-18	33.13%	2,315.45	17.62%	73.62	145.40%	784.44	89.62%	858.06
1-Apr-17	25.03%	1,489.26	–	–	–	–	–	–

Note 61 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	Net Assets		Share in Profit or Loss		Share in other comprehensive income		Share in total comprehensive income	
	% of Consolidated Net Assets	Amount (in crore)	% of Consolidated profit or loss	Amount (in crore)	% of Consolidated other comprehensive income	Amount (in crore)	% of Consolidated total comprehensive income	Amount (in crore)
IFCI Financial Services Ltd. (including step down-subsidiary)								
31-Mar-19	1.07%	69.24	0.78%	(3.70)	–	–	0.74%	(3.70)
31-Mar-18	1.04%	72.93	0.47%	1.95	–	–	0.20%	1.95
1-Apr-17	1.19%	70.87	–	–	–	–	–	–
Non-controlling interest								
31-Mar-19	17.18%	1,110.79	(2.66%)	12.68	(24.51%)	6.36	(3.79%)	19.04
31-Mar-18	15.73%	1,099.51	8.33%	34.82	68.54%	369.78	42.26%	404.60
1-Apr-17	11.93%	709.98	–	–	–	–	–	–
Investment in associate								
KITCO								
31-Mar-19	–	–	–		–		–	–
31-Mar-18	0.18%	12.86	0.36%	1.51	–		–	–
1-Apr-17	0.19%	11.31	–		–		–	–
Tourism Finance Corporation of India Ltd.								
31-Mar-19	–	–	–		–		–	–
31-Mar-18	–	–	–		–		–	–
1-Apr-17	2.80%	166.52	–		–		–	–
Himachal Consultancy Organisation Ltd.								
31-Mar-19	–	–	–		–		–	–
31-Mar-18	–	–	–		–		–	–
1-Apr-17	0.02%	1.23	–		–		–	–
North India Technical Consultancy Organisation Ltd.								
31-Mar-19	–	–	–		–		–	–
31-Mar-18	–	–	–		–		–	–
1-Apr-17	0.03%	1.94	–		–		–	–
Consolidation adjustment								
31-Mar-19	(32.56%)	(2,105.95)	5.28%	(25.13)	24.51%	(6.36)	6.27%	(31.49)
31-Mar-18	(30.89%)	(2,158.88)	(32.35%)	(135.21)	(68.54%)	(369.78)	(52.58%)	(503.48)
1-Apr-17	(31.13%)	(1,852.22)	–	–	–	–	–	–
Total								
31-Mar-19	100.00%	6,467.46	100.00%	(475.99)	100.00%	(25.96)	100.00%	(501.96)
31-Mar-18	100.00%	6,988.44	100.00%	417.94	100.00%	539.52	100.00%	957.46
1-Apr-17	100.00%	5,949.26	–	–	–	–	–	–

(All amounts are in Rupees crores unless otherwise stated)

62 FIRST TIME ADOPTION OF IND AS

Explanation of transition to Ind AS

These financial statements for the year ended 31 March 2019, are the first financial statements, the Group has prepared in accordance with Ind AS. For the periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

Accordingly, the Group has prepared its financial statements to comply with Ind AS for the year ended 31 March 2019, together with comparative data as at and for the year ended 31 March 2018, as described in the summary of significant accounting policies. All applicable Ind AS have been applied consistently and retrospectively subject to Ind AS 101 exemptions and exceptions availed by the Group. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2017, the Group's date of transition to Ind AS.

In preparing its Ind AS balance sheet as at 1 April 2017 and in presenting the comparative information for the year ended 31 March 2018, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing the financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions:

(i) Property plant and equipment, intangible assets and investment properties

As per Ind AS 101 an entity may elect to:

(a) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date; or

(b) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (a) and (b) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market); or

(c) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

The Group has elected to apply the exemption available under Ind AS 101 to use the carrying value (measured as per the previous GAAP) for all of its property, plant and equipment, intangible assets and investment properties as recognised in the financial statements as at the date of transition to Ind AS, as deemed cost as at the date of transition (i.e. 1 April 2017).

(ii) Compound financial instruments

Ind AS 101 permits a first-time adopter not to split the compound financial instrument into separate liability and equity components in accordance with Ind AS 32 Financial Instruments: Presentation, if the liability component is no longer outstanding at the date of transition to Ind AS.

Accordingly, as the liability component of compound financial instrument was no longer outstanding at the date of transition to Ind AS, the Group has elected not to apply Ind AS 32 retrospectively to split the liability and equity components of the instrument.

(iii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Group has elected to apply this exemption for such contracts/arrangements.

B. Mandatory exceptions:

(i) Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements

Note 62 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the derecognition principles of Ind AS 109 prospectively from 01 April 2017.

(ii) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS and at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Group's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair value of financial instruments carried at fair value through profit and loss and/ or fair value through other comprehensive income.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

(iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets bases on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively.

C. Reconciliation of total comprehensive income for the year ended 31 March 2018

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

(i) Reconciliation of total equity as at 31 March 2018 and 1 April 2017

	Notes to first-time adoption	As at 31st March 2018	As at date of transition 1st April 2017
Total equity (shareholder's funds) as per previous GAAP		**6,459.99**	**7,500.57**
Adjustments:			
Adjustment on account of expected credit loss	(d)	(9,879.79)	(12,921.11)
Adjustment on account of measurement of financial assets and financial liabilities at amortised cost by application of effective interest rate method / net interest on credit impaired loans		6,393.82	5,624.87
Fair valuation of financial assets at fair value through profit and loss	(e)	440.14	1,750.13
Preference share capital classified as financial liability	(e)	(225.00)	(225.00)
Adjustment on account of reversal of impairment loss on assets held for sale	(f)	(306.03)	(260.63)
Error under provident fund on account of treating the same as defined contribution plan	(l)	(45.15)	(46.75)
Impact on deemed equity on account of preferential rate borrowings	(a)	528.52	528.52
Fair valuation of financial assets at fair value through other comprehensive income	(e)	(487.58)	(88.45)
Other adjustments		35.64	27.95
Deferred tax impact on Ind AS adjustments	(h)	4,073.89	4,059.17
Total adjustments on transition to Ind AS		**528.44**	**(1,551.31)**
Total equity as per Ind AS		**6,988.44**	**5,949.26**

Note 62 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(ii) Reconciliation of total comprehensive income for the year ended 31 March 2018

	Notes to first-time adoption	For the year ended 31 March 2018
Profit after tax under India GAAP		**(971.52)**
Adjustments:		
Adjustment on account of expected credit loss	(d)	1,477.39
Adjustment on account of measurement of financial assets and financial liabilities at amortised cost by application of effective interest rate method / net interest on credit impaired loans	–	493.26
Fair valuation of financial assets at fair value through profit and loss	(e)	299.41
Adjustment on account of reversal of impairment loss on assets held for sale	(f)	(45.53)
Reclassification of actuarial gain to other comprehensive income	(j)	(3.51)
Others		(60.14)
Deferred tax impact on Ind AS adjustments	(h)	(771.42)
Profit after tax as per Ind AS		**417.94**
Remeasurements of post-employment benefit obligations	(j)	3.51
Unrealised gain/(loss) on FVTOCI debt securities	(e)	22.08
Debt securities measured at FVTOCI - reclassified to profit and loss	(e)	(48.57)
Unrealised gain/(loss) on FVTOCI equity securities	(e)	647.60
Gain/(loss) on sale of FVTOCI equity securities	(e)	(0.90)
Deferred tax impact on above items	(h)	(84.20)
Total Comprehensive income for the year		**957.46**

(iii) Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2018

The transition from previous GAAP to Ind AS did not have a material impact on the statement of cash flows.

Notes to the reconciliations

(a) Preference share capital

Under previous GAAP, 0.01% preference share capital is presented under equity share capital and dividend at 0.01% is declared on the same. However under Ind AS 32 the same is classified as a financial liability which has been recorded at fair value. Since, the said preference shares have been issued to the shareholders of the Group, the difference between transaction value and fair value is recognised as deemed equity contribution. Subsequently, Interest expense has been recognised at market rate of interest on such instruments. Also, there are preferential rate borrowings from shareholders which are recognised at transaction value and interest expense is recognised at preferential rate of interest. Under Ind AS 109, the same has been recorded at fair value and the difference between transaction value and fair value is recognised as deemed equity contribution. Subsequently, Interest expense on said borrowings are recognised at market rate of interest on such borrowings.

(b) Interest income on stage 3 assets

Under the previous GAAP, interest income on nonperforming assets (NPA) was recognised upon realisation as per RBI Guidelines. Under Ind AS, interest income from financial assets is recognised on an accrual basis using Effective Interest Rate (EIR) method on the gross carrying amount for assets falling under stages 1 and 2 and on the amortised cost for assets falling under stage 3. Accordingly, the Group has recognised income on stage 3 assets on the carrying value of the asset.

(c) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses on post employment defined benefit plan are recognised in other comprehensive income. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. The concept of other comprehensive income did not exist under previous GAAP. However, this has no impact on the total comprehensive income and total equity.

(d) Expected credit loss allowance

Under previous GAAP, provision on loans was recognised based on RBI Income recognition and asset classification norms. On transition to Ind AS, the Group has recognised impairment loss on loans, investments, trade receivables and other financial assets based on the expected credit loss model as required by Ind AS 109.

(e) Fair valuation of investments

Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on intention of management at the time of purchase. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investments.

Note 62 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

In accordance with Ind AS, investment in equity shares other than subsidiaries, associates and joint ventures and investment in security receipts, preference shares, venture capital fund, mutual funds have been fair valued with changes in fair value recognised in profit and loss account.

Investment in debt securities and certain identified equity securities has been classified as at fair value through other comprehensive income (FVTOCI) and accordingly fair valued with changes in fair value recognised in other comprehensive income.

(f) Investment in associates

Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on intention of management at the time of purchase. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investments.

Under Ind AS, the Group has classified said investments in Assistance under finance-associates as assets held for sale and subsequently it is measured at cost or fair value whichever is lower with any change in carrying value recognised in profit and loss account.

(g) Investment property

Under Ind AS, the Group has reclassified building given on operating lease as investment property. Under the previous GAAP, this was disclosed as a part of property, plant and equipment as there was no concept of investment property.

(h) Deferred tax

Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, Group has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

(i) FITL (Interest capitalisation reversal)

Under Indian GAAP, as per RBI guidelines, upon restructuring of unpaid interest into FITL, the Group was required to debit interest income on advances and recognise a liability for the same.

In case of repayment of FITL : The said FITL account is then subsequently released to the P&L account in the proportion of recovery of the principal amount of the unpaid interest term loan.

Under Ind AS, the derecognition of the previously recognised interest income and deferring the same as a liability does not meet the Ind AS recognition principles. Accordingly, under Ind AS, the Group has derecognised the FITL liability.

(j) Other comprehensive income

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

(k) Interest accrued

Under previous GAAP, interest accrued on fixed deposits was shown under other current assets. Under Ind AS, the said amount has been reclassified to cash and cash equivalents and other bank balances.

(l) Provident fund liability as a defined benefit plan

Under previous GAAP, provident fund was erroneously classified as a defined contribution scheme. Under Ind AS, the said scheme has been classified as a defined benefit scheme. Hence, the Group has recomputed its provident fund liability using projected unit credit method and has taken the impact in the opening balance sheet as on 31 March 2017.

(m) Retained earnings

Retained earnings as at 1 April 2017 has been adjusted consequent to the above Ind AS transition adjustments.

For **KPMR & ASSOCIATES** Chartered Accountants Firm registration No.: 02504N	**Dr E S RAO** Managing Director & Chief Executive Officer DIN 05184747	**Prof ARVIND SAHAY** Director DIN 03218334
DEEPAK JAIN Partner Membership No.: 090854	**JHUMMI MANTRI** General Manager & Chief Financial Officer	**RUPA SARKAR** Company Secretary

Place : New Delhi
Date : May 21,2019

ATTENDANCE SLIP

IFCI LIMITED
आई एफ सी आई लिमिटेड
(A Government of India Undertaking)
(भारत सरकार का उपक्रम)

Registered Office: IFCI Tower, 61 Nehru Place, New Delhi - 110019
CIN : L74899DL1993GOI053677
E-mail : complianceofficer@ifciltd.com
Website : www.ifciltd.com
Tel: +91-11-4173 2000 | Fax: +91-11-2623 0201

(Please complete this Attendance Slip and hand it over at the registration counter)

DP. Id. *	
Client Id.	

Folio No. *

I hereby record my presence at the 26th ANNUAL GENERAL MEETING of the Company being held on Wednesday, October 30, 2019 at 10:30 A.M. at Auditorium, 1st Floor, IFCI Tower, 61 Nehru Place, New Delhi-110019.

NAME OF THE SHAREHOLDER ....

NAME OF PROXY # ....

\# To be filled in case proxy attends instead of Shareholder

SIGNATURE OF THE SHAREHOLDER/PROXY*

* Strike out whichever is not applicable

NOTE: NO GIFTS OR COUPONS WOULD BE GIVEN TO THE SHAREHOLDERS FOR ATTENDING THE ANNUAL GENERAL MEETING

IFCI LIMITED
आई एफ सी आई लिमिटेड
(A Government of India Undertaking)
(भारत सरकार का उपक्रम)

PROXY FORM

Registered Office: IFCI Tower, 61 Nehru Place, New Delhi - 110019
CIN : L74899DL1993GOI053677
E-mail : complianceofficer@ifciltd.com
Website : www.ifciltd.com
Tel: +91-11-4173 2000 | Fax: +91-11-2623 0201

Name of the Member(s):
Registered Address:
E-mail Id:
Folio No.:
DP-Client ID:

I/We, being the member(s) of .... shares of the above named Company, hereby appoint:

(1) Name: .... Address: ....

E-mail Id: .... Signature: ...., or failing him/her

(2) Name: .... Address: ....

E-mail Id: .... Signature: ...., or failing him/her

(3) Name: .... Address: ....

E-mail Id: .... Signature: ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the Company, to be held on Wednesday, October 30, 2019 at 10:30 A.M. at Auditorium, 1st Floor, IFCI Tower, 61 Nehru Place, New Delhi-110 019 and at any adjournment thereof in respect of such resolution(s) as are indicated below:

Resolution No.	Resolutions Matter	For	Against
1.	To consider and adopt the Audited Financial Statements and Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 and the reports of the Auditors' and Boards' thereon.		
2.	To confirm the dividend already paid on Preference Shares as Final dividend.		
3.	To appoint a Director in place of Prof Narayanaswamy Balakrishnan (DIN: 00181842), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.		
4.	To fix remuneration of the Statutory Auditor(s) of the Company in terms of the provisions of Section 139(5) and 142 of the Companies Act, 2013.		
5.	To authorise Board of Directors for making offer(s) or invitation to subscribe to securities, including but not limited to bonds and non-convertible debentures, by way of private placement in one or more tranches, upto an amount aggregating upto ₹5,000 crore.		

Affix

Revenue Stamp

Signed this .... day of 2019

Signature

Signature of Shareholder(s)

Signature of proxy holder(s)

Note:

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before commencement of the Meeting.**
2. For the resolutions, Explanatory Statements and Notes, please refer to the notice of the Annual General Meeting.
3. For any other item of business, if any (permitted under the Companies Act, 2013), which may be taken up for consideration at the 26th Annual General Meeting, may please refer to our website i.e. www.ifciltd.com.
4. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. Please complete all details including details of member(s) in the box before submission.

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OFFICES OF IFCI

As on 31st March, 2019

Registered Office
IFCI Ltd

IFCI Tower, 61 Nehru Place, New Delhi-110019
Tel: +91-11-4179 2800, 4173 2000, 2648 7444, 2648 7622
Fax No.: +91-11-2648 8471, 2623 0201
Website : www.ifciltd.com
CIN: L74899DL1993GOI053677

REGIONAL OFFICES

AHMEDABAD
501, IFCI Bhawan
Near Lal Bunglow
C G Road, Navrangpura
PIN-380 006
Tel: +91-79-2640 5984, 2646 8433

BENGALURU
IFCI Bhawan (4th Floor)
No.2, Cubbonpet Main Road, N R Square
(Hudson Circle)
PIN-560 002
Tel: +91-80-2221 0882, 2221 1623
Fax: +91-80-2227 1802

CHENNAI
Continental Chambers
(2nd Floor), 142 M G Road
Nungambakkam
PIN-600 034
Tel: +91-44-2833 4110-11
Fax: +91-44-2833 4109

HYDERABAD
Taramandal Complex
(8th Floor), 5-9-13 Saifabad
PIN-500 004
Tel: +91-40-2324 3505 / 06 / 07
Fax: +91-40-2324 1138

KOLKATA
Chatterjee International Center
(3rd Floor) 33-A,
Jawaharlal Nehru Road
PIN-700 071
Tel: +91-33-2226 2672, 2265 3344
Fax: +91-33-2217 1618

MUMBAI
Earnest House
(9th Floor), NCPA Marg
Nariman Point
PIN-400 021
Tel: +91-22-6129 3400

REGISTRAR & TRANSFER AGENTS

For Equity Shares & Family Bonds:
MCS Share Transfer Agent Ltd
F-65, 1st Floor, Okhla Industrial Area,
Phase-I, New Delhi-110 020
website: www.mcsregistrars.com
E-mail: helpdeskdelhi@mcsregistrars.com
admin@mcsregistrars.com
Tel: +91-11-4140 6149/50/51/52
Fax: +91-11-4170 9881

For Infrastructure Bonds (Series I & II):
Beetal Financial & Computer Services (P) Ltd
Beetal House, 3rd Floor, 99 Madangir
Behind Local Shopping Centre
Near Dada Harsukhdas Mandir
New Delhi -110 062
Tel: +91-11-2996 1281-83
Fax: +91-11-2996 1284
E-mail: ifci@beetalfinancial.com

For Infrastructure Bonds (Series III, IV & V) & IFCI NCD (Tranche I & II)
Karvy Fintech Private Limited
Corporate Office :
"Karvy Selenium Tower B",
Plot number 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad -500 032
E-mail : einward.ris@karvy.com
Phone : 040-6716 2222 / 040-67161595 /
040-67161589 / 040- 6716 1678
Fax: +91-040- 2342-0814
Toll Free No. 1800-3454-001

CIN NO.U72400TG2017PTC117649
Registered Office : Karvy House, 46,
Avenue 4, Street No.1, Banjara Hills,
Hyderabad - 500 034
Tel : +91-40-233-2454/ 2332-0751/52/251
Fax : +91-40-2331-1968

For Subordinate Bonds (Series I & III) :
Link Intime India Pvt Ltd
C-101, 247 Park,
L.B.S Marg, Vikhroli West,
Mumbai - 400 083
Tel No.: +91 22 4918 6270
Fax No.: +91 22 4918 6060
Email: bonds.helpdesk@linkintime.co.in

DEBENTURE TRUSTEE FOR - INFRASTRUCTURE BONDS SERIES I, II, SUBORDINATE BONDS, TAX FREE BONDS, OTHER REGULAR RETURN BONDS

Registered Address:
Axis Trustee Services Limited
Axis House,
Bombay Dyeing Mills Compound,
Pandhurang Budhkar Marg,
Worli, Mumbai - 400025

Communication Address:
Kind Attention: Chief Operating Officer
Address:
Ground Floor Axis House
Wadia International Centre
Pandurang Budhkar Marg
Worli Mumbai-400 025
Phone no. 022 6226 0050/54
Fax:022-43253000
Email: debenturetrustee@axistrustee.com

Desk Office:
2nd Floor, Parsvnath Capital Tower,
Bhai Veer Singh Marg, Gole Market,
New Delhi-110001

DEBENTURE TRUSTEE FOR – INFRASTRUCTURE BONDS SERIES III, IV & V
IDBI Trusteeship Services Ltd
Regd. Office: Asian Building, Ground Floor.
17, R. Kamani Marg, Ballard Estate,
Mumbai-400 001
Tel: +91-22-4080 7000-01
Fax: +91-22-6631 1776
Website: www.idbitrustee.in
E-mail: itsl@idbitrustee.com

DEBENTURE TRUSTEE FOR – REGULAR BONDS SERIES NO. 47, 50 & 51
Centbank Financial Services Ltd
Regd. Office:
3rd Floor (East Wing)
Central Bank of India, MMO Building
55 M G Road, Mumbai - 400 001
Tel: +91-22-2261 6217
Fax: +91-22-2261 6208
Website: www.cfsl.in
E-mail: info@cfsl.in

If undelivered, please return to:

MCS Share Transfer Agent Ltd
F-65, Okhla Industrial Area
Phase-I
New Delhi - 110 020