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

No. IFCI/CS/2020- 402

November 26, 2020

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 2019-20

This is to inform that the 27th Annual General Meeting (AGM) of the Company is scheduled to be held on Tuesday, December 22, 2020 at 11:30 A.M. at Auditorium, First Floor, IFCI Tower, 61 Nehru Place, New Delhi – 110019 through Video Conference (VC) / Other Audio Visual Means (OAVM), in compliance with the applicable MCA Circulars issued in this regard.

The PDF version of the Annual Report of the Company for FY 2019-20 inter-alia including Notice calling 27th AGM and other related matters as required is enclosed herewith as **Annexure**. The Annual Report is also available on the website of the Company at www.ifciltd.com. The relevant details in connection with the 27th AGM are as under:

S.No.	Particulars	Details
1.	Cut-off date for the purpose of determining the voting rights of shareholders of the Company, through Remote E-voting and E-Voting at the AGM	Tuesday, December 15, 2020
2.	Period of Book Closure	Wednesday, December 16, 2020 to Tuesday, December 22, 2020 (Both days inclusive)
3.	Remote E-Voting period	The e-voting period will commence on Saturday, December 19, 2020 at 09:00 A.M. (IST) and will end on Monday, December 21, 2020 at 05:00 P.M. (IST). The e-voting will be disabled thereafter.

This is for your information and record.

For **IFCI Limited**

रूपा सरकार

(Rupa Sarkar)
Company Secretary

Encl.: As above

IFCI LIMITED

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(A Government of India Undertaking)

(भारत सरकार का उपक्रम)

ANNUAL REPORT 2019-20

TWENTY-SEVENTH ANNUAL GENERAL MEETING

DATE	:	December 22, 2020
DAY	:	Tuesday
TIME	:	11:30 A.M. (IST)
PLACE	:	Auditorium, First Floor, IFCI Tower 61 Nehru Place, New Delhi - 110 019

Through

Video Conference (VC)/

Other Audio Visual Means (OAVM)

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(As on 11.11.2020)

BOARD OF DIRECTORS

Shri Sunil Kumar Bansal	Deputy Managing Director
Shri Anand Madhukar	
Dr Bhushan Kumar Sinha	
Prof N Balakrishnan	
Prof Arvind Sahay	
Shri MML Verma	

CHIEF VIGILANCE OFFICER

Shri Dinesh Kumar Namdeo

(As on 22.09.2020)

PRINCIPAL OFFICERS

EXECUTIVE DIRECTORS

Shri Biswajit Banerjee

CHIEF GENERAL MANAGERS

Shri Prasoon

Shri Sachikanta Mishra

GENERAL MANAGERS

Shri Sanjeev Kumar Jain	Shri Shivendra Tomar (Additional Charge as MD-IVCF and ED-ILD)	Shri Suneet Shukla (Chief Risk Officer)
Smt Pooja S Mahajan (Additional Charge as Chief Executive Officer & Trustee of IFCI Social Foundation)	Shri Pawan Kumar	Shri Bikash Kanti Roy (On deputation to IFL as MD)
Shri Atul Saxena (On Deputation to IIDL as MD)	Shri Vijay Pal	Smt Rita Kaul
Shri Harjeet Singh (Chief Technical Officer)	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 (On deputation to Insolvency and Bankruptcy Board of India (IBBI))	Shri Alok Sabharwal
Smt C Santhi	Shri Shakti Kumar	Shri V K Deshraj
Shri Manoj Kumar Parida	Shri Debashish Gupta (On deputation to MPCON, Bhopal as MD)	Shri V Sreekumaran Nair
Shri Bibhuti Bhusan Sahu		

STATUTORY AUDITORS

M.K. AGGARWAL & CO.
Chartered Accountants

FINANCIAL HIGHLIGHTS

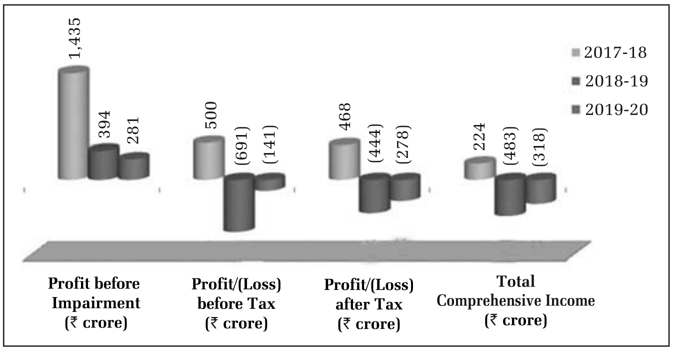
(₹ crore)

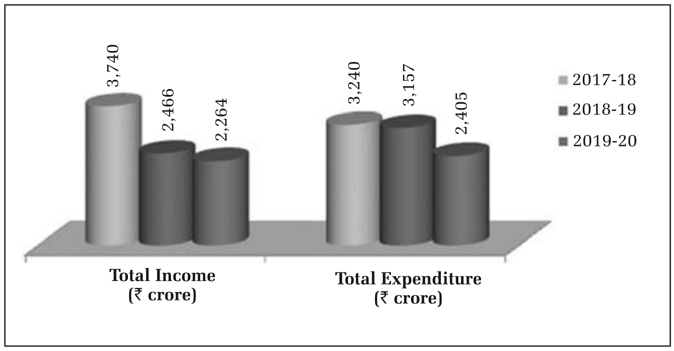
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
LIABILITIES AND EQUITY			
Financial Liabilities	**14,195.64**	17,945.78	22,044.20
Non-financial liabilities	**125.87**	84.47	242.06
Share Capital	**1,695.99**	1,695.99	1,695.99
Other equity	**2,411.78**	2,529.31	3,022.28
	18,429.28	22,255.55	27,004.53
ASSETS			
Non-financial Assets	**4,366.44**	4,522.63	4,173.38
Financial assets	**14,062.84**	17,687.46	22,259.16
Assets classified as held for sale	**–**	45.46	571.99
	18,429.28	22,255.55	27,004.53

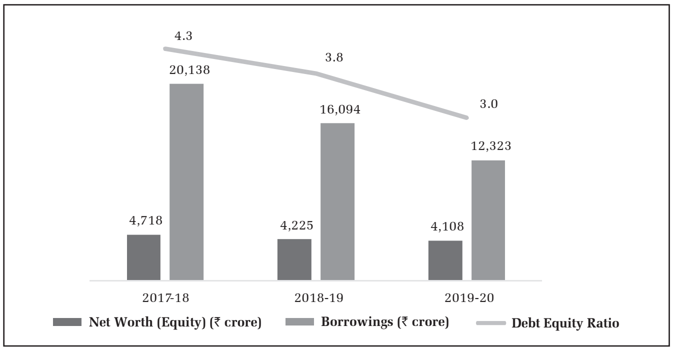
(₹ crore)

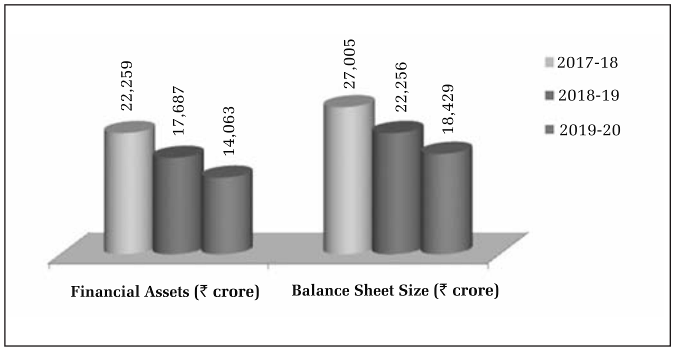
	2019-2020	2018-2019	2017-2018
EARNINGS			
Total Income	**2,264.06**	2,466.20	3,739.99
Profit before Impairment	**281.05**	393.54	1,434.62
Profit/(Loss) before Tax	**(140.91)**	(691.29)	500.25
Profit/(Loss) after tax	**(277.88)**	(443.83)	468.37
Total comprehensive income	**(317.53)**	(483.18)	224.00
RATIOS			
Capital to Risk Assets Ratio	**13.5%**	8.0%	12.0%
Debt-Equity Ratio	**3.0**	3.8	4.3

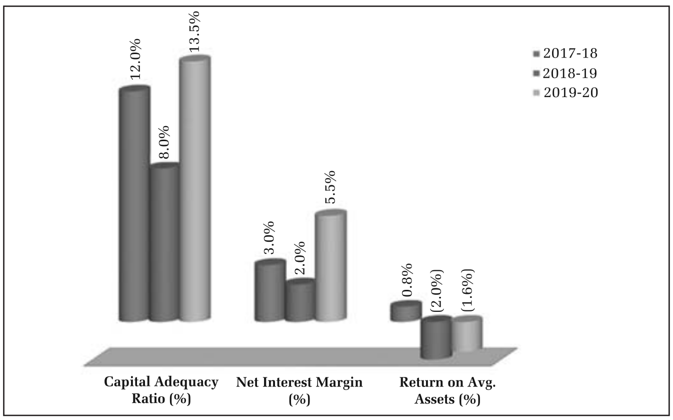
ANNUAL PERFORMANCE TRENDS

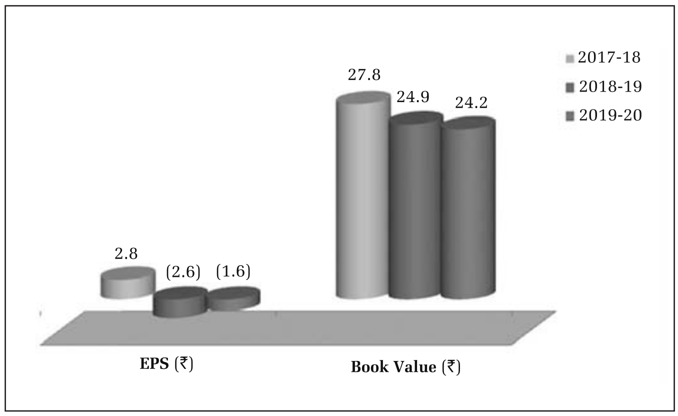


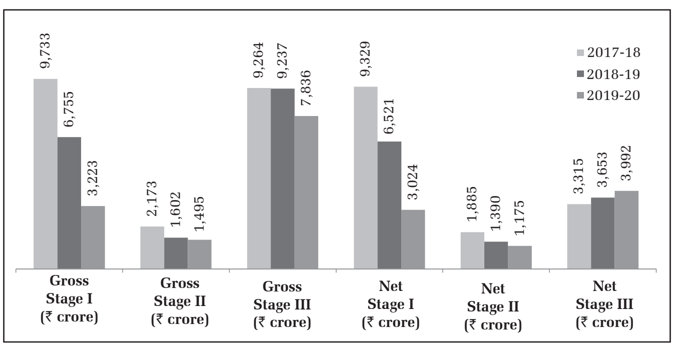


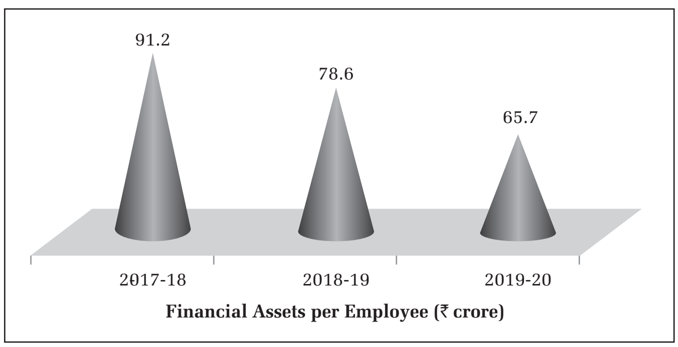












CHAIRMAN'S SPEECH FOR FINANCIAL YEAR 2019-20

Dear Shareholders,

I welcome you to the 27th Annual General Meeting of IFCI Ltd. I hope that you all are doing well and keeping safe and healthy. The Novel Coronavirus has impacted the World, every country, business and individuals. But I am hopeful that we would emerge out of this crisis stronger, more resilient and wiser. 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 world and Indian economy and the NBFC sector during the financial year 2019-20.

MACRO-ECONOMIC SCENARIO & DEVELOPMENTS

The world economy growth decelerated to 3.3% in 2019 as compared to 3.6% in 2018. The economic activity slowed down in 2019 on account of rising trade and geopolitical tensions increased uncertainty about the future of the global trading system and international cooperation more generally, taking a toll on business confidence, investment decisions, and global trade. A notable shift toward increased monetary policy accommodation—through both action and communication—has cushioned the impact of these tensions on financial market sentiment and activity, while a generally resilient service sector has supported employment growth. All these factors contributed to a significantly weakened global expansion, especially in the second half of 2019, after experiencing strong growth in early 2018, thereby reflecting financial consolidation and slow-down in manufacturing and trade and currency related issues in major economies.

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by –3% in 2020, much worse than during the 2018–19 financial crisis.

The Indian economy slowdown was primarily on account of relatively slower growth rate observed in Q4 of FY 2018-19 at 5.8%. However, 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 2019-20 as well, as it continued its climb on an upward growth path, though at a slower pace at 4.2% in 2019-20 vis-à-vis 6.8% growth registered in 2018-19.

GLOBAL DEVELOPMENTS & OUTLOOK

Global growth is projected at –4.9% in 2020, 1.9% points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6.5% points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperilling the significant progress made in reducing extreme poverty in the world since the 1990s.

As with the April 2020 WEO projections, there is a higher-than-usual degree of uncertainty around this forecast. The baseline projection rests on key assumptions about the fallout from the pandemic. In economies with declining infection rates, the slower recovery path in the updated forecast reflects persistent social distancing into the second half of 2020; greater scarring (damage to supply potential) from the larger-than-anticipated hit to activity during the lockdown in the first and second quarters of 2020; and a hit to productivity as surviving businesses ramp up necessary workplace safety and hygiene practices. For economies struggling to control infection rates, a lengthier lockdown will inflict an additional toll on activity. Moreover, the forecast assumes that financial conditions—which have eased following the release of the April 2020 WEO—will remain broadly at current levels. Alternative outcomes to those in the baseline are clearly possible, and not just because of how the pandemic is evolving. The extent of the recent rebound in financial market sentiment appears disconnected from shifts in underlying economic prospects—as the June 2020 Global Financial Stability Report (GFSR) Update discusses—raising the possibility that financial conditions may tighten more than assumed in the baseline.

All countries including those that have seemingly passed peaks in infections should ensure that their health care systems are adequately resourced. The international community must vastly step up its support of national initiatives, including through financial assistance to countries with limited health care capacity and channelling of funding for vaccine production as trials advance, so that adequate, affordable doses are quickly available to all countries. Where lockdowns are required, economic policy should continue to cushion household income losses with sizable, well-targeted measures as well as provide support to firms suffering the consequences of mandated restrictions on activity. Where economies are reopening, targeted support should be gradually unwound as the recovery gets underway, and policies should provide stimulus to lift demand and ease and incentivize the reallocation of resources away from sectors likely to emerge persistently smaller after the pandemic.

DOMESTIC DEVELOPMENTS & OUTLOOK

The International Monetary Fund (IMF) in its latest World Economic Outlook of April, 2019, issue had 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.

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 IMF on June 24, 2020 projected a sharp contraction of 4.5% for the Indian economy in 2020, a "historic low," citing the unprecedented coronavirus pandemic that has nearly stalled all economic activities, but said the country is expected to bounce back in 2021 with a robust 6% growth rate.

The International Monetary Fund (IMF) projected the global growth at –4.9% in 2020, 1.9% points below the April 2020 World Economic Outlook (WEO) forecast. It has projected a sharp contraction in 2020 of –4.5%. Given the unprecedented nature of this crisis, as is the case for almost all countries, this projected contraction is a historic low.

The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021, global growth is projected at 5.4%, the report said.

"India's economy is projected to contract by 4.5% following a longer period of lockdown and slower recovery than anticipated in April". The IMF's record reveals that this is the lowest ever for India since 1961. However, India's economy is expected to bounce back in 2021 with a robust 6% growth.

NBFC SECTOR

Non-Banking Finance 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 was witnessed in the past one year. As on September, 2019, there were 9,642 NBFCs registered with the Reserve Bank of India, of which 82 were deposit taking (NBFCs-D), and 274 were systemically important non-deposit taking 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).

Although the NBFC sector grew in size from ₹26.2 lakh crore in 2017-18 to ₹30.9 lakh crore in 2018-19, the pace of expansion was lower than in 2017-18 mainly due to rating downgrades and liquidity stress in a few large NBFCs in the aftermath of the IL&FS event. This slowdown was witnessed mainly in the NBFCs- ND-SI category, whereas, NBFCs-D broadly maintained their pace of growth. However, in 2019-20 (up to September) growth in balance-sheet size of NBFCs-ND-SI as well as NBFCs-D moderated due to a sharp deceleration in credit growth.

The risk aversion among NBFCs-ND-SI coupled with their inability to mobilise adequate resources was reflected in the decrease in credit growth in spite of a fall in stressed assets ratio. However, for the services sector, stressed assets rose, reflecting the built-up stress in the real estate segment, where NBFC exposures are significant.

OPERATIONAL AND FINANCIAL PERFORMANCE OF IFCI

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.

As the overall economic environment and especially, the credit off-take was subdued during FY 2019-20, 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 ₹281.05 crore before impairment on financial instruments, though suffered a total comprehensive loss of ₹317.53 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 49.05%, however, the capital adequacy ratio improve in current FY to 13.54% with Tier-I capital at 8.20%. 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 DISBURSEMENT AND RECOVERY

While keeping the macroeconomic scenario during FY 2019-20 in view, Your Company adopted a cautious approach in its business, also to conserve enough liquidity, fewer fresh sanctions were granted worth ₹158 crore. Further, disbursements were also curbed, where total disbursements in FY 2019-20 stood at ₹742 crore. During the year, 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 2019-20 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. constitution of Board and certain Board Level Committees could not be met, in absence 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.

Stay Safe

Thank you.

Dr. Emandi Sankara Rao
(MD & CEO)
DIN: 05184747

Dated: 31.7.2020

NOTICE

NOTICE is hereby given that the Twenty-Seventh (27th) Annual General Meeting (AGM) of the Members of IFCI Limited will be held on Tuesday, December 22, 2020 at 11:30 A.M. (IST) at Auditorium, First Floor, IFCI Tower, 61 Nehru Place, New Delhi-110019 through Video Conference (VC)/Other Audio Visual Means (OAVM), 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, 2020 and the reports of the Auditors' and Boards' thereon.
2. To appoint a Director in place of Prof Arvind Sahay (DIN: 03218334), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. 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 2020-21, as may be deemed fit."

Special Business

4. To consider and, if thought fit, to pass, the following resolution(s) as Special Resolutions:

   "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 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 of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority as may be approved by the Board, consent of the Members be and is hereby accorded to raise funds through private placement of unsecured/secured, listed/unlisted, perpetual/ redeemable, non-convertible, cumulative/non-cumulative, taxable/tax free, senior/subordinate bonds/Infrastructure bonds/ Zero Coupon Bonds/Deep Discount Bond/Inflation Indexed Bonds/debentures/notes/debt securities in India and/or outside India (through External Commercial Borrowing, Foreign Portfolio Investment, other debt securities etc.) upto an amount of ₹3,000 crore during a period of one year from the date of passing of this resolution in one or more tranches/series/combinations (including the exercise of Green Shoe Option) under one or more letter(s) of offer/disclosure document as may be issued by the company and in one or more series, to such persons as identified by the Board of Directors of the Company (or any duly constituted Committee of the Board or such other authority or such person as may be approved by the Board) who may or may not be the existing bond/debenture holder of the Company, as the Board (or any duly constituted Committee of the Board or such other authority or person as may be approved by 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, Insurance Companies, 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 ₹3,000 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 or any duly constituted Committee of the Board or such other authority as may be approved by the Board.

   RESOLVED FURTHER that for the purpose of giving effect to any Private Placement of unsecured/secured non-convertible bonds/ debentures in India or outside India, the Board of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority or such person as may be approved by 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, be and is hereby authorised to delegate all or any of the powers herein conferred, to a

Committee of the Board or any such persons as it may deem fit in its absolute discretion, with the power to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper for the purposes of the Issue, allotment and settle any questions or difficulties that may arise in regard to the Issue."

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

   "RESOLVED that pursuant to the provisions of Section(s) 149, 152, 160, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Shri Madan Mohan Lal Verma, (DIN: 07610648), who was appointed as an Additional Director of the Company on July 31, 2020 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

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

   "RESOLVED that pursuant to the provisions of Section(s) 13, 61, 64 read with applicable Rules and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), applicable SEBI Regulations and such other Acts, Rules or Regulations as may be applicable, approval of the Members be and is hereby accorded to increase the Authorized Equity Share Capital of the Company from the present ₹2000,00,00,000/- (Rupees Two Thousand Crore Only) consisting of 200,00,00,000 (Two Hundred Crore) Equity Shares of ₹10/- (Rupees Ten Only) each to ₹4000,00,00,000/- (Rupees Four Thousand Crore Only) consisting of 400,00,00,000 (Four Hundred Crore) Equity Shares of ₹10/- (Rupees Ten Only) each.

   RESOLVED FURTHER that approval be and is hereby accorded for substituting the existing Clause V of the Memorandum of Association by the following new Clause V as under:

   The Authorised Share Capital of the Company is ₹5000,00,00,000/- (Rupees Five Thousand Crores Only) divided into 400,00,00,000 (Four Hundred Crores) equity shares of ₹10/- (Rupees Ten Only) each and 100,00,00,000 (One Hundred Crores) preference shares of ₹10/- (Rupees Ten Only) each with rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the share in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 2013 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force) or provided by the Articles of Association of the Company for the time being.

   RESOLVED FURTHER that the Board (hereinafter referred to as the "Board" which shall be deemed to include any Committee(s) constituted/ to be constituted by the Board to exercise its powers conferred by this resolution), be and is hereby authorised to perform all acts, deeds and things, execute documents, and make all filings, as may be necessary to give effect to these resolution(s) and to take all such steps for giving any such directions as may be necessary or desirable and to settle any questions or difficulties whatsoever that may arise for the purpose of giving effect to these resolutions."

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

   "RESOLVED that pursuant to the provisions of section 14 read with applicable Rules and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), applicable SEBI Regulations and such other Acts, Rules or Regulations as may be applicable, approval be and is hereby accorded for substituting the existing Article 3 thereof by the following new Article 3 as under:

   The Authorised Share Capital of the Company is ₹5000,00,00,000 (Rupees Five Thousand Crores Only) divided into 400,00,00,000 (Four Hundred Crores) equity shares of ₹10/- (Rupees Ten Only) each and 100,00,00,000 (One Hundred Crores) Preference Shares of ₹10/- (Rupees Ten Only) each.

   RESOLVED FURTHER that the Board (hereinafter referred to as the "Board" which shall be deemed to include any Committee(s) constituted/ to be constituted by the Board to exercise its powers conferred by this resolution), be and is hereby authorised to perform all acts, deeds and things, execute documents, and make all filings, as may be necessary to give effect to this resolution and to take all such steps for giving any such directions as may be necessary or desirable and to settle any questions or difficulties whatsoever that may arise for the purpose of giving effect to this resolution."

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

Dated: November 11, 2020

NOTES:

1. Pursuant to the Circular No. 14/2020 dated April 08, 2020 read with Circular No. 20/2020 dated May 05, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, a duly authorised representative of a Body Corporate or the representative of President of India are entitled to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is to be a pre-requisite and physical attendance of the Members to the AGM venue is not required. Hence, Members are requested to attend and participate in the ensuing AGM though VC/OAVM.
3. Those Shareholders whose email IDs are not registered, are requested to register their email ID with Registrar & Share Transfer Agent (R&STA) at admin@mcsregistrars.com; helpdeskdelhi@mcsregistrars.com, by providing details viz. Name as registered with the R&STA, address, email ID, PAN, DPID/Client ID or Folio Number and Number of shares held by them.
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the

Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis.

This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholder's Relationship Committee, Auditors, who are allowed to attend the AGM without restriction on account of first come first served basis.

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
6. The Members will be allowed to pose questions during the course of the Meeting. The queries can also be given in advance, at least 7 days prior to the Meeting at complianceofficer@ifciltd.com, or at compliance.dept@ifciltd.com and will be suitably replied by the company during the Meeting, if time permits.
7. The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013, setting out material facts in respect of the item nos. 4 to 7 is annexed hereto.
8. All documents referred to in the accompanying Notice and the explanatory statement as well as other documents as required under the provisions of the Companies Act, 2013 are open for inspection through electronic mode on all working days except Saturdays, Sundays and Holidays between 11:00 AM to 01:00 PM 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 through electronic mode.
9. Register of Members and Share Transfer Books for equity shares will remain closed from Wednesday, December 16, 2020 to Tuesday, December 22, 2020 (both days inclusive).
10. Pursuant to the provisions of Section 108 of the Companies Act, 2013 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 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the 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 e-voting systems i.e., remote e-voting system as well as venue voting on the date of the AGM will be provided by CDSL.
11. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, read with Circular No. 20/ 2020 dated May 05, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.ifciltd.com. The Notice can also be accessed from the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of CDSL (agency for providing the E-Voting facility) i.e. www.evotingindia.com.
12. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with Circular No. 14/2020, Circular No. 17/2020 and Circular No. 20/2020 issued by MCA.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Saturday, December 19, 2020 at 9:00 A.M. (IST) and ends on Monday, December 21, 2020 at 5:00 P.M. (IST) The remote e-voting module shall be disabled by CDSL for voting thereafter.

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

(ii) Click on Shareholders tab to cast your vote

(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) Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

  OR

  Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at www.cdsindia.com from log-in—Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST services, click on e-voting option and proceed directly to cast your vote electronically.

(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)
	• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number in the PAN field (refer sequence number given in email).
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) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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 shareholders 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 LTD 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 a 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 changed 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' application. The m-Voting app can be downloaded from respective store. 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 in the "corporates" module.
- 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.
- Alternatively, non-individual shareholders are required to send the relevant Board Resolution/Authority Letter etc, together with attested specimen signature of the duly athorised signatory who are authorised to vote, to the scrutinizer and to the Company at the email address: complianceofficer@ifciltd.com, if they have voted from individual tab and not uploaded the same in the CDSL e-voting system for the scrutinizer to verify the same.

(xix) Any person, who acquires shares of the Company and becomes Member of the Company and holds shares as on the cut-off date i.e. Tuesday, December 15, 2020 may follow the same instructions as mentioned above for remote 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
Central Depository Services (India) Ltd
A Wing, 25th Floor, Marathon Futurex,
Mafatlal Mills Compound, N. M. Joshi Marg,
Lower Parel (E), Mumbai-400013
Email id: helpdesk.evoting@cdslindia.com
Contact number: 022-23058542/43

PROCESS FOR THOSE SHAREHOLDERS WHOSE E-MAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES/ R&TA FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For physical shareholders: Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front & back), PAN (self-attested scanned copy of PAN Card), AADHAR (self-attested scanned copy of Aadhar Card) by e-mail to company/RTA email id.
2. For Demat shareholders: Please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID+CLID), Name, Client Master or copy of Consolidated Account Statement, PAN (self-attested scanned copy of PAN Card), AADHAR (self-attested copy of Aadhar Card) to company/RTA email id.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM (VENUE VOTING) ARE AS UNDER:-

1. The procedure for Venue Voting is same as the instructions mentioned above for remote e-voting.
2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through Remote E-Voting and are otherwise not barred from doing so, shall be eligible to vote through E Voting system in the AGM.
3. Shareholders who have voted through Remote E-Voting will be eligible to attend the AGM and participate thereat. However, they will not be eligible to vote at the AGM. In case any Member who had voted through Remote E-voting, casts his vote again at the Venue Voting, then the Votes cast at the Venue Voting shall be considered as Invalid.
4. Shareholders are requested to follow the instructions, if any, provided during the currency of the AGM for Venue Voting.
5. The details of the person who may be contacted for any grievances connected with the facility for e-voting (Venue Voting) shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

(VENUE VOTING TO BE HELD ON DECEMBER 22, 2020)

1. Members whose email IDs are already registered with the Company and who are desirous to attend the AGM through VC/OAVM can apply at complianceofficer@ifciltd.com, requesting for participation in the AGM, by giving their name as registered in the records of the Company, DPID/Client ID or Folio Number and the Registered email ID.
2. Members who are desirous of attending the AGM through VC/OAVM and whose email IDs are not registered with the company, may get their email IDs registered with the Registrar & Transfer Agent by sending an email to admin@mcsregistrars.com, helpdeskdelhi@mcsregistrars.com with the following credentials:
   (i) Name registered as per the records of the company
   (ii) DPID-Client ID/ Folio Number
   (iii) Email ID to be registered for attending the Meeting

3. Members may send the above mentioned request at point no (2) latest by Wednesday, December 16, 2020. In case of joint holding, the credentials of the first named holder shall be accepted.
4. Members who are desirous of attending the AGM may send their request by Friday, December 18, 2020. On successful registration with the company, the invitation to join the AGM will be sent to the Members on their registered email ID latest by Monday, December 21, 2020. This will be done on first come first served basis, limited to 1000 members only.
5. Members may attend the AGM, by following the invitation link sent to their registered email ID. Members will be able to locate Meeting ID/Password/ and JOIN MEETING tab. By Clicking on JOIN MEETING they will be redirected to Meeting Room via browser or by running Temporary Application. In order to join the Meeting, follow the step and provide the required details (mentioned above—Meeting Id/Password/Email Address) and Join the Meeting. Members are encouraged to join the Meeting through Laptops for better experience.
6. In case of Android/Iphone connection, Participants will be required to download and Install the appropriate application as given in the mail to them. Application may be downloaded from Google Play Store/ App Store.
7. Further Members will be required to allow Camera and use Internet audio settings as and when asked while setting up the meeting on Mobile App.
8. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
9. The helpline number for joining the Meeting through Electronic Mode will be provided in the Meeting Invitation which will be sent to the eligible applicants.
10. Institutional Shareholders are requested to participate at the AGM through VC/OAVM and vote thereat.

OTHER INFORMATION:

(A) Only those shareholders of the Company who are holding shares either in physical form or in dematerialized form, as on the cut-off date (i.e. Tuesday, December 15, 2020), shall be entitled to cast their vote either through remote e-voting or through venue voting through VC/OAVM at the AGM, as the case may be. Any person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

(B) The remote e-voting period begins on Saturday, December 19, 2020 at 9:00 A.M. (IST) and ends on Monday, December 21, 2020 at 5:00 P.M. (IST). The remote e-voting module shall be disabled by CDSL for voting thereafter.

(C) The Members who have cast their vote by remote-evoting prior to the AGM may also attend and participate in the proceedings of the AGM through VC/OAVM 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 venue voting through VC/OAVM at the AGM. In case of voting by both the modes, vote cast through remote e-voting will be considered final and e-voting through VC/OAVM at AGM will not be considered.

(E) The Board of Directors has appointed Shri Devesh Vashisht (Membership No. F8488, COP-13700), Practising Company Secretary, New Delhi and failing him Ms. Priyanka (Membership No. A41459, COP No.16187), Practising Company Secretary, New Delhi of M/s Sanjay Grover & Associates, as Scrutinizer to scrutinize the remote e-voting and e-voting at the AGM 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.

(G) 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 Companies Act, 2013, the Annual Audited Accounts of these companies will be available at the website of the Company at www.ifciltd.com and can be inspected accordingly. 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.

13. The Members holding equity shares in physical form are requested to intimate to the Registrar and Share Transfer Agents (R&STA), 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.
14. Members holding shares in more than one folio in identical order of names are requested to write to Registrar & Share Transfer Agent enclosing their share certificates to enable them to consolidate the holdings in one folio to facilitate better service.
15. 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.
16. As per the MCA General Circular 17/2020 dated April 13, 2020 read with MCA Circular 20/2020 dated May 05, 2020, the Notice of the AGM and Annual Report for FY 2019-20 has been sent through electronic mode to only those Members whose email IDs are registered with the Company/ Depository participant. Further, updation if any, will be provided on the website of the Company at www.ifciltd.com.
17. 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 and 2011-12 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. The equity shares and dividend transferred to the IEPF may be claimed by the investor by following the requisite procedure. For further information, the shareholders are requested to refer the instruction available on the company's website www.ifciltd.com and/or the website of IEPF www.iepf.gov.in.
18. The dividend for the Financial Years 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 [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
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

19. 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 2012-13, members who have not yet encashed their dividend warrants or are not in receipt of the dividend warrants for the year 2012-13 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.

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

Item No. 4

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 Special Resolution(s). 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 26th Annual General Meeting held on October 30, 2019, 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 October 30, 2019 i.e. the date of approval by shareholders. However, the above approval of the shareholders was valid only upto a period of 1 year, ended on October 30, 2020.

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 the ensuing 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 26, 2020 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 in India or Outside India to the extent of ₹3000 crore, in one or more tranches.

Therefore, the approval of the Members is being sought by way of Special Resolution under Sections 42 and 71 of the Act read with the applicable Rules made there under, to enable the Company to offer or invite subscriptions for securities, including but not limited to bonds and NCDs upto ₹3,000 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.

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.

Item No. 5

Shri Madan Mohan Lal Verma, (DIN: 07610648) was appointed as an Additional Director by the Board of Directors of the Company on July 31, 2020. In terms of Section 161 (1) of the Companies Act, 2013, Shri MML Verma, shall hold office upto the date of ensuing AGM. The Company has received a valid notice under Section 160 of the Companies Act, 2013 proposing his candidature for office of Director. Brief profile of Shri MML Verma is set out in the "Information about Directors seeking appointment/reappointment as mandated under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015" is annexed with the notice.

Shri MML Verma is interested in the resolution as it relates to his appointment. None of the other Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise, in the resolution.

The Nomination and Remuneration Committee has recommended his appointment as Director on the Board of the Company, whose office shall be liable to retire by rotation. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services.

Accordingly, Your Directors recommends the Resolution for approval of the Members.

Item Nos. 6 & 7

The Authorised Share Capital of the Company is ₹3,000 crore divided into 300,00,00,000 number of equity shares of ₹10 each and 100,00,00,000 number of preference shares of ₹10 each. Pursuant to the allotment of 20,00,00,000 number of equity shares to the Promoters of the Company i.e. Government of India on May 21, 2020, the equity share capital structure of the Company is as under:

Sl. No.	Particulars	No. of Shares	Face Value	Equity Share Capital (in ₹)
1.	Authorised Capital	200,00,00,000	10	2000,00,00,000
2.	Issued Capital	1,963,240,546	10	1963,24,05,460
3.	Subscribed Capital	1,897,309,792	10	1897,30,97,920
4.	Paid-Up Capital	1,895,993,092	10	1895,99,30,920

As per the budgeted allocation for the FY 2020-21, Government of India may infuse ₹200 crore in the Company towards subscription to share capital of the Company during the FY 2020-21. Hence, at present the Authorised Equity Share Capital of the Company will be inadequate to accommodate further allotment of equity shares.

Accordingly, it is proposed to increase the Authorised Equity Share Capital from present ₹2,000 crore to ₹4,000 crore to provide adequate capital space for further issue of capital by the Company in one or more tranches during the FY 2020-21 and thereafter. Post increase in authorised equity share capital, the Company will be able to raise additional equity share capital. For the purpose of above mentioned alteration in the Authorised Equity Share Capital, suitable amendments in the Capital Clauses of the Memorandum and Articles of Association are required. Post alteration, the Share Capital structure of the Company would be as under:

Sl. No.	Particular	Equity Share Capital (in ₹)	Preference Share Capital (in ₹)
1.	Authorised Share Capital	4000,00,00,000	1000,00,00,000
2.	Issued Share Capital	1963,24,05,460	NIL
3.	Subscribed Share Capital	1897,30,97,920	NIL
4.	Paid-Up Share Capital	1895,99,30,920	NIL

In view of the above, approval of the Members is being sought by way of Special Resolutions at Item No (s). 6 & 7 for alteration of the capital clauses in the Memorandum and Articles of Association of the Company.

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 Resolutions 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
Dated: November 11, 2020

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

Prof Arvind Sahay

Prof Arvind Sahay (DIN: 03218334), aged around 55 years is Professor of Marketing and International Business, Dean (Alumni & External Relations) at IIM Ahmedabad. He is Ph.D. from University of Texas Austin and B.Tech. from IIT Kanpur. He did his Post Graduation Diploma in Business from IIM Ahmedabad. Prof Sahay has authored more than 50 cases and published in leading international journals like the Journal of Marketing, Journal of Product Innovation Management, Journal of International Business Studies, Sloan Management Review, Vikalpa, the Journal of Academy of Marketing Science and Journal of Indian Business Research. His article in the Journal of Academy of Marketing Science is one of the most widely cited papers in marketing.

He has been a regular columnist for Outlook Business magazine on marketing strategy and has also written for the leading Indian business newspaper, Financial Express, on economics and business. He is the author of a case book on marketing strategy called Cases in Pricing, Marketing Communications and Distribution.

Prof Sahay is the recipient of the University Wide Outstanding Dissertation Award from the University of Texas at Austin (for his Ph.D thesis), the Innovation in Teaching Award at London Business School and of the Dewang Mehta Best Teacher Award in Marketing Management and the UTV Bloomberg Best Marketing Professor in India. He was also nominated to the Thinkers50 India list by the Institute of Competitiveness, Harvard Business School.

Prof Sahay has been a visiting faculty at EADA (Spain), the Mason School at the College of William and Mary (USA), University of Texas at Austin (USA), IIM Lucknow, Asian Institute of Technology, (Vietnam), Gordon Institute of Business Science, University of Pretoria (South Africa), SP Jain Institute of Management Research (Singapore, Dubai), Retail Alliance (Dubai) and Indian School of Business, Hyderabad.

Besides IFCI Ltd., Prof Arvind Sahay is also on the Board of Brandscapes Consultancy Pvt. Ltd. and HIL Ltd. He is a Member of Audit Committee, Stakeholders Relationship Committee and Risk Management Committee of Directors of HIL Ltd. Prof Arvind Sahay is also on the following Board Level Committees of IFCI Ltd.:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Business Responsibility Reporting Committee
5. Risk and Asset Liability Management Committee
6. Review Committee on Non Cooperative Borrowers and Recovery & NPA Management Committee

Prof Arvind Sahay is on the Board of the Company since October 30, 2017. He has attended all the Board Meetings held during the FY 2019-20.

Prof Sahay is interested in the said resolution as it relates to his appointment. None of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the appointment of Prof Arvind Sahay on the Board of the Company. He does not hold any shares in IFCI Ltd.

Shri MML Verma

Shri MML Verma, (DIN: 07610648) aged around 61 years is M.A. in English and M.Phil. Shri Verma started his career as English Teacher and subsequently worked as Inspector of Customs and Central Excise in Uttar Pradesh during 1983-85. Thereafter, he joined LIC as Assistant Administrative Officer in 1985 and worked in various capacities at different locations across the country. In 2020, Shri Verma retired from LIC as Executive Director.

During his tenure in LIC, he had worked at various locations including Madhya Pradesh, Uttarakhand, Uttar Pradesh, Maharashtra, Rajasthan and Delhi etc. He had worked across positions inter-alia including Senior Branch Manager (in-charge) at Kashipur and Pilibhit, Branch Manager in Haldwani Division. He had handled the assignment of Marketing Manager while posted at Mumbai Office of LIC. During the latter part of his tenure with LIC, Shri Verma had also worked as Business Development Manager of Western Zonal Office; Senior Divisional Manager (in-charge) of Mumbai Division – II and Division – III; Secretary (CRM) in Northern Zonal Office, Chief in Investment (Monitoring & Accounts) and Chief in Investment (Operations) Departments. In his career, he has gained valuable experience in various fields like Business Development, Investment and Marketing etc. He had also worked as a Director of North Central Zonal Training Centre, Agra, imparting training to junior level personnel of North Central Zonal comprising of Uttar Pradesh and Uttarakhand.

He had also handled the post of Secretary General, Office of the Executive Council of Insurers, Mumbai.

During his tenure at LIC, he also authored various books titled "Abhikarta Primer" and "Jeevan Suraksha Primer" officially published by the Division for agents. Shri Verma had also authored 3 books titled "Key Man Insurance", "D-Return Primer" and "Underwriting Primer" which were also officially published by the Division for agents. Also wrote a book "AGENT's KIT" (a set of 5 books comprising around 1400 pages), and a book "ULIP PRIMER" [both published by Central Office of LIC], and a manual of office procedure for office of Executive Council of Insurers and Offices of Insurance Ombudsman. Wrote almost 20 books in total. Besides IFCI Ltd., Shri Verma is not on the Board of any other listed Entity. He is on the following Board level Committees of IFCI Ltd:

1. Nomination and Remuneration Committee
2. Stockholders Relationship Committee
3. Corporate Social Responsibility Committee
4. Review Committee on Wilful Defaulters
5. Review Committee on Non-Cooperative Borrowers and Recovery & NPA Management Committee
6. Executive Committee

Shri. Verma is interested in the said resolution as it relates to his appointment. None of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in his appointment on the Board of the Company. Shri MML Verma 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 2020-21.

Route Map of AGM Venue

In view of the extraordinary circumstances due to COVID-19 pandemic prevailing in the country, Ministry of Corporate Affairs (MCA) vide its Circular No. 14/2020 and Circular 20/2020 had clarified that social distancing is a pre-requisite in the current scenario and in reference to Clarifications/Guidance on applicability of Secretarial Standards on General Meetings (SS-2) dated April 15, 2020, the Company will hold the AGM through VC/OAVM, without the physical presence of the Shareholders at Auditorium, First Floor, IFCI Tower, 61 Nehru Place, New Delhi-19. In view of the directions from MCA, the Meeting is being convened through VC/OAVM and physical presence of the Shareholders are not required at the venue and that the proceedings of the AGM conducted shall be deemed to be made at this venue.

BOARD'S REPORT

To the Members

The Board of Directors of Your Company ("Your Company" or "IFCI") presents the Twenty Seventh Annual Report of IFCI Ltd., together with the audited financial statements for the year ended March 31, 2020.

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)

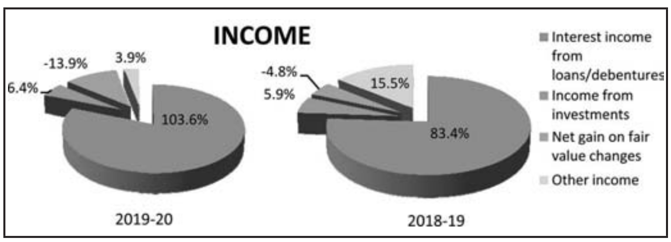
Particulars	Standalone		Consolidated	
	2019-20	2018-19	**2019-20**	2018-19
Total Income	**2,264**	2,466	**2,906**	3,134
Less:				
Total Expenses before Impairment Allowance, Depreciation & Amortisation	**1,952**	2,040	**2,442**	2,618
Impairment on financial instruments	**422**	1,085	**472**	1,146
Depreciation and amortisation	**31**	33	**81**	63
Total Expenses	**2,405**	3,158	**2,996**	3,828
Exceptional Items	**–**	–	**4**	2
Profit/(Loss) before tax	**(141)**	(691)	**(94)**	(696)
Tax expense	**137**	(247)	**129**	220
Profit/(Loss) before share in profit of associates	**(278)**	444	**(223)**	(476)
Total Expenditure Share in profit of associates	**-**	–	**–**	–
Profit/(Loss) for the year	**(278)**	(444)	**(223)**	(476)
Other comprehensive income (net of tax)	**(40)**	(39)	**(116)**	(26)
Total Comprehensive Income	**(318)**	(483)	**(339)**	(502)
Net profit/(Loss) attributable to -				
Owners of the Company	**N.A.**	N.A.	**(230)**	(489)
Non-controlling interest	**N.A.**	N.A.	**7.23**	12.68
Total Comprehensive Income attributable to -				
Owners of the Company	**N.A.**	N.A.	**(311)**	(521)
Non-controlling interest	**N.A.**	N.A.	**(28.56)**	19.04
Earnings per share				
Basic earnings per share	**(1.64)**	(2.62)	**(1.36)**	(2.88)
Diluted earnings per share	**(1.64)**	(2.62)	**(1.36)**	(2.88)

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.

Any application guidance/clarifications/directions issued by Government of India, RBI or by any other Regulator 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 income is depicted in the chart below:



DIVIDEND

In view of the loss incurred during the financial year 2019-20, 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

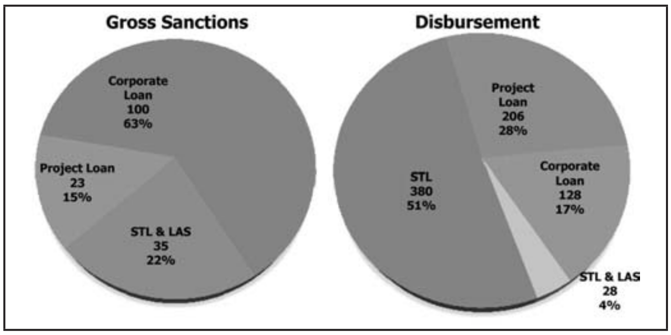
As the overall economic environment and especially, the credit off-take was subdued during FY 2019-20, IFCI's performance was also affected in line with the overall financial sector. Despite decline in operational income and fair value loss, Your Company could earn profit of ₹281.05 crore before impairment on financial instruments, though suffered a total comprehensive loss of ₹317.53 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 49.05%, however, the capital adequacy ratio improved in current FY to 13.54% with Tier-I capital at 8.20%. 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

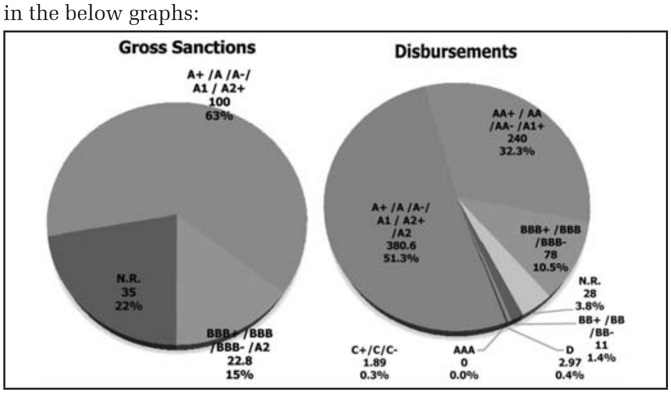
While keeping the macroeconomic scenario during FY 2019-20 in view, Your Company adopted a cautious approach in its business, also to conserve enough liquidity, fewer fresh sanctions were made to the tune of ₹158 crore vis-à-vis ₹3,760 crore FY 2018-19. Further, disbursements were also curbed and partially disbursed for project loans. Total disbursements in FY 2019-20 were ₹742 crore as compared to ₹3,238 crore in FY 2018-19.

The graphs below indicate loan-product-wise sanction and disbursements in FY 2019-20:

(₹in crore)



Rating-wise Sanction and Disbursements in FY 2019-20 are indicated in the below graphs:



RECOVERY

During the FY 2019-20, Your Company focused on recoveries from Non-Performing Accounts (NPA) by employing various proactive recovery measures including Restructuring, One-Time settlements, legal actions under various judicial forums, resolution under IBC in NCLT and regular follow up for recovery. Aggregate amount of ₹885 crore was recovered from NPAs. The same primarily comprised of cases resolved under IBC in NCLT – ₹217 crore, legal actions – ₹136 crore, OTS/Restructuring - ₹206 crore, equity buyout – ₹38 crore, recovery from security receipts – ₹46 crore & follow up for payment of dues & other modes – ₹242 crore. Timely follow up resulted in resolution of one of the oldest exposures of your company culminating in recovery of ₹138 crore. Another major recovery was by completion of resolution under NCLT of a major textile company, resulting in recovery of ₹110 crore. Your Company is committed to continue its aggressive approach for recovery from NPAs and other stressed assets through various recovery modes and strategies.

TREASURY, INVESTMENT AND FOREX OPERATIONS

The Financial Year 2019-20 has been a tough year for the world markets. The global economy remained subdued due to the overhang of global trade protectionism, threat of trade wars, volatility in crude prices and softening bond yields. Growth expectations tapered downward globally with threat of inversion in US treasury yield curve and weakening of domestic demand in emerging economies. The uncertainty heightened post January-2020 owing to the catastrophe caused by the vast spread of Covid-19 pandemic across the world leading to an unprecedented business and economic disruption. The world economic growth forecast, as also that of the major economies including India, has slipped in the negative for the Financial Year 2020-21. Crude oil prices remained volatile, reflecting evolving demand-supply conditions underpinned by the production stance of the OPEC plus, rising shale output, weakening global demand and geo-political concerns. In currency markets, the rupee was weak in line with other emerging market currencies. Rupee showed high volatility as it touched a high of ₹76.22 in March-2020 led by massive fund outflows followed by global risk-off trade, which caused weakness in all emerging market currencies against the dollar. The strength in USD was also supported by highly accommodative Fed policy and commitment to further easing based on further adverse developments due to Covid-19.

The global and domestic financial markets were driven mainly by monetary policy expectations and geo-political developments. On domestic front, core industries' growth remained sluggish and credit flow to MSME sector remained tepid. Services sector which started the year on a stable footing also witnessed moderation towards Q2 FY 2020. In terms of policy response, RBI continued with the downward rate trajectory on account of slowdown in economic activity in major Emerging Market Economies (EMEs), mounting trade tensions and tightening of financial conditions. Following the first 25 bps cut by RBI in February-2019, the policy repo rate was slashed by another 185 bps during the year from 6.25% in April-2019 to 4.40%; with change in stance from neutral to accommodative, as threats of global recession became apparent.

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), Fixed Deposits / Bonds and Mutual Fund Schemes. Average deployment during the year was ₹546.97 crore against ₹724.15 crore in FY 2018-19 and annualized return on fund deployed was 6.42%. The return during FY 2019-20 from Treasury operations was lower than previous year due to deployment of over

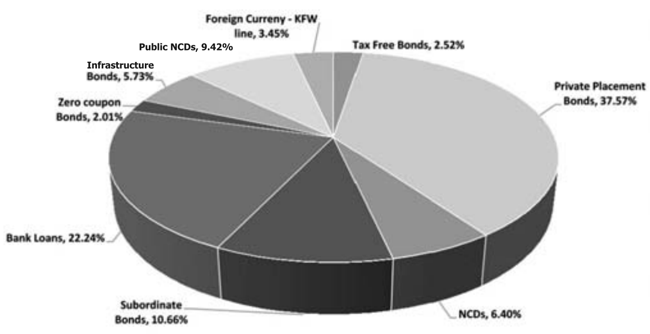
88% funds in relatively more safe liquid mutual funds for judicious asset liability management. The objective was to ensure safety and liquidity and thus there was a conscious call in going for market related safer yield. The return earned during the year was more than the return being offered by treasury bills. During the year under report, Your Company registered an interest income of ₹84.45 crore from investments as against ₹100.45 crore during the previous year.

In view of weak sentiments prevailing in market due to uncertainties on account of trade war, weakening global growth and impact of Covid-19 in later part of the year, Your Company continued with the prudent 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, 2020 stood at ₹3,235 crore as against ₹4,873 crore at the end of previous FY. 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 Mobilisation 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 channelling resources both for short term and long term requirements are 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 ₹12,323.41 crore as on March 31, 2020 comprising Rupee denominated borrowings of ₹11,898.56 crore and Foreign Currency borrowings (Rupee equivalent) of ₹424.84 crore. The broad instrument wise break-up of borrowing outstanding as at March 31, 2020 is indicated below:



Summary of Borrowing as on March 31, 2020

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

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

DEPARTMENTS AT IFCI

(A) CREDIT

During the year under report, appraisal of the credit proposals and monitoring of existing standard accounts was carried out by Credit Operations Department. The Department made efforts for retaining the accounts in standard category by minimizing slippages. The 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)

IFCI has been focusing on Resolution of stressed assets/NPAs by adopting multi-pronged strategies i.e. Resolution under Insolvency & Bankruptcy Code/NCLT, SARFAESI, DRT apart from Restructuring, One Time Settlement, Assignment, etc. under RBI guidelines. Many of the resolution mechanisms initiated during the year, are in advanced stages of resolution and are expected to fructify during the next financial year.

With the introduction of IBC, 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, appeals filed in NCLTs and Appellate Tribunal etc.

Moreover the recent impact of Covid-19 has slowed down the judicial process. Further fresh reference to NCLT has been put on hold, which will delay the resolution process and has burdened the judicial system with further backlog of pending cases. However, notifying the provisions of insolvency against personal guarantors under IBC is a positive step taken by the Government for proceeding against the guarantors of stressed loan accounts. IFCI is proactively taking steps to initiate personal insolvency to maximize the recovery from NPAs.

As on March 31, 2020, the Gross advances were ₹16,644 crore with provision coverage ratio of 49.05% and Net stage-3 asset ratio of 58.82% as per Ind AS, vis-à-vis Gross Advances, Provision Coverage Ratio and Net Stage-3 asset ratio of ₹21,412 crore, 60.45% and 38.93% respectively as on March 31, 2019. The provisions were made on portfolio level based on Ind AS guidelines.

Though the gross stage-3 asset ratio increased from 60.70% as on March 31, 2019 to 71.41% as on March 31, 2020 as per Ind AS, in absolute terms the Gross stage-3 assets decreased from ₹12,997 crore as on March 31, 2019 to ₹11,886 crore as on March 31, 2020. The increase in gross stage 3 asset ratio was due to further accretion in NPAs mainly due to slippages in IL&FS & ZEE group entities along with reduction in overall credit portfolio from ₹21,412 crore as on March 31, 2019 to ₹16,644 crore as on March 31, 2020. The reduction in credit portfolio was primarily on account of write-off, prepayments, regular repayments and pro-active exit of IFCI in certain stressed accounts.

Despite recoveries of ₹877 crore from resolution of NPAs, redemption of security receipts and sale of equity during FY 2019-20, the NPAs have remained at elevated level due to the 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. and slippages in ILFS & Zee group entities.

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 SARFAESI, assignment of loans and other legal remedies available in the system.

(C) 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, monitoring of implementation of project and recovery of SDF loans sanctioned for modernisation 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, 2020 stood at ₹6,956 crore and ₹5,794 crore respectively. The Agency Commission booked in FY 2019-20 is ₹11.00 crore (excluding applicable taxes).

(D) 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.

Since the Scheme has taken off from the FY 2015-16, upto the FY 2019-20 cumulatively, loans aggregating to ₹57.16 crore have been sanctioned by some of the Member Lending Institutions against which the cumulative total guarantee cover of ₹37.20 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 ₹274 crore as on March 31, 2020 including interest.

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.

(E) MSIP

IFCI has been appointed as a 'Verification Agency' by Ministry of Electronics & Information Technology (MeitY) during FY 2017-18, for a period of 3 years, extendable for a further period of 3 years (fee based on incentives disbursed). Government of India committed 20% to 25% capital subsidy on eligible capex of approved projects out of the fund amount Rs. 10,000/- crore allocated towards the scheme. During the year FY 2019-20, IFCI has recommended disbursements of approximately ₹602 crore for around 34 projects (Cumulative ₹1089 crore for 112 projects), out of which ₹428 crore (Cumulative ₹913 crore) was disbursed till March 31, 2020. This non-fund based activity not only fetches fee income, but also enhances the brand image of IFCI

(F) LEGAL

Your Company has a team of qualified and experienced legal professionals who carry out the legal functions for facilitation of sanctions and disbursement 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 2019-20. During the year under report, Your Company has recovered ₹220.36 crore through NCLT and other judicial fora.

(G) COMPANY SECRETARY AND COMPLIANCE

Company Secretary and Compliance Department is responsible for ensuring the corporate governance standards applicable on the Company. Besides ensuring required compliances under Companies Act, 2013 and applicable SEBI Regulations, the Department also monitors the compliances under other regulatory compliances applicable to Your Company being an NBFC. Further, the Debenture Trustee related activities are also handled and managed by the Department. The Company Secretary and Compliance Department is also responsible for timely redressal and disposal of the requests, and complaints of equity shareholders of Your Company.

(H) HUMAN RESOURCES AND NOMINEE DIRECTOR CELL

Development of its Human Resources pool is central to IFCI's HR Policies and practices. Employees are the most important factors for sustainable performance of the organization. Hence, your Company strives to create an organizational culture which can develop and harness the potential of its employees.

During the year, Your Company has brought in more structured approach to implement 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 organized by leading institutes/agencies. Employees were also nominated to participate in various conferences, webinars, discussion forums organized by industry so as to provide them platforms for keeping abreast with latest developments and also explore business opportunities. Your Company covered around 77% of its employees in various trainings/conferences. In all there were 654 nominations, in the in-house training/workshops and external trainings, covering topics of functional and behavioral nature. Further, Your Company has also exposed its employees to various challenging assignments for their development.

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 reorganization.

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. Your Company also settled various issues and court cases which were pending for a long time. Your company adheres to the reservation policy of the Government of India in the categories belonging to Scheduled Castes/Scheduled Tribes/Other Backward Classes/Economically Weaker Section/Person with Disabilities. Your company also gives due representation to the employees belonging to SC, ST and OBC groups in recruitment, training, appraisal and promotion of persons. Your company is following the reservation roster prescribed by the Government of India. Out of the total manpower strength, 26 belonged to other Backward Classes, 19 belonged to Scheduled Castes and 1 belonged to Scheduled Tribes.

Further, in line with long and well established practice of Institutions and Banks to monitor the performance of the assisted companies, Nominee Directors on the Boards of assisted concerns are appointed by your Company as per requirements. The fundamental objective of making such arrangement is to assist & establish proficient administration and to encourage successful working of the Board of assisted concern.

Your company appoints Nominee Directors on the Boards of assisted concerns to ensure that proper corporate policies, strategies & procedures are in place to improve productive efficiency and long-term growth. The feedback received from Nominee Directors acts as a useful tool for credit monitoring and further decision making. Such monitoring helps in safeguarding the interests of shareholders and financial institutions.

(I) 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 2019-20, 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 MSIPS, Credit, Finance and Treasury by Your Company for better and effective seamless control over the processes. The IT Infrastructure was upgraded and IT systems were audited by external agencies for effective control.

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. IT systems enabled employees during COVID-19 to work from home and regular meetings were also conducted using collaboration tools.

(J) 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. IFCI received a total number of 117 RTI Applications and 10 RTI Appeals in FY2019-20 which were dealt with as per the provisions of the RTI Act, 2005.

(K) 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.

PERFORMANCE OF SUBSIDIARIES AND ASSOCIATES PROMOTED BY IFCI

SUBSIDIARIES

Stock Holding Corporation of India Ltd. (SHCIL)

SHCIL is 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 22 States and Union Territories (UTs) on pan India basis, e-court fee in 12 State / UTs and e-registration in 5 States / UTs. SHCIL is one of the largest Professional Clearing Member of the country. It 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.

StockHolding has three wholly owned subsidiaries viz.

(*i*) SHCIL Services Ltd. (SSL), the broking arm of StockHolding, is providing stock broking services to retail and institutional clients across the country
  - SSL offers services in Cash & F & O segment of BSE & NSE.

(*ii*) StockHolding Document Management Services Limited (Stock Holding DMS)
  - 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.

(*iii*) StockHolding Securities IFSC Limited. Stockholding Securities IFSC was set up for operations in the International Financial Services Centre at Gujarat International Financial Tec City (GIFT) in Gujarat.

IFCI Infrastructure Development Ltd. (IIDL)

IIDL a wholly owned subsidiary of Your Company was set up to venture into the real estate and infrastructure sector as an institutional player. Since inception, it has developed projects all over India.

Serviced Apartments known as "Fraser Suites New Delhi" is being run by IIDL in collaboration with Frasers Hospitality Pte Ltd., Singapore. The project has Gold Standard, 9 stories and 92 luxurious Serviced Apartments comprising studios, one bedroom & two bedroom suites, with an ideal living environment, 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 the prestigious Financial City project spread over an area of 50 acres near Bengaluru International Airport, Karnataka for development. IIDL has created a high quality infrastructure at site and sub-leased the plots to Banks/Institutions mostly Public Sector Banks. Site development work was completed by IIDL within given time frame. However construction on individual plots allotted to sub-leases in yet to be completed.

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

IFCI Venture Capital Funds Ltd. (IVCF)

IVCF was set-up with the objective to broaden entrepreneurship base in India by providing risk capital mainly to first generation entrepreneurs under “Risk Capital Scheme”.

IFCI Venture is presently managing 2 Schemes viz. Venture Capital Fund for Scheduled Castes (VCF-SC) and Venture Capital Fund for Backward Classes (VCF-BC) for Ministry of Social Justice and Empowerment (MoSJE) under a Fund/Trust viz. Venture Capital Fund For Scheduled Castes and Backward Classes. The Fund is registered as Alternate Investment Fund (AIF) Category - II with SEBI. 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. Similarly, VCF-BC was setup by MoSJE for providing concessional finance to Backward Class entrepreneurs. During the year, Government has contributed an amount of ₹160 crore for VCF-SC Fund and ₹90 crore for VCF-BC Fund. IFCI Venture 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 IFCI Venture is also an investor in VCF-BC with investment amount of ₹5 crore.

IFCI Venture has successfully closed the 3 SEBI registered VCF Funds viz. India Automotive Component Manufacturers Private Equity Fund-1-Domestic (IACM-I-D), Green India Venture Fund (GIVF) and India Enterprise Development Fund (IEDF) in FY2019-20.

With a view to tap further opportunities in PE/ VC space, IFCI Venture 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.

IFCI Financial Services Ltd. (IFIN)

IFIN was set up 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.

IFCI Factors Ltd. (IFL)

IFL is a one of the key players in the country, providing factoring services/ receivable finance, catering largely to the MSME segment. IFL also offers Corporate Loan for a tenor of upto five years. The FY 2019-20 has been a difficult year for IFL, witnessing a reduction in income due to dip in FIU and the expected recoveries not materializing, especially in Q4. However, IFL is confident and hopeful of salvaging the situation through a prudent mix of new customer acquisitions, avoiding any further slippages and getting the pending recoveries culminated in the current FY.

MPCON Ltd. (MPCON)

MPCON is a professionally managed Technical Consultancy Organization promoted by your Company. It 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 11 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, Financial Inclusion activities for Banks and Manpower Outsourcing, Carbon Credit, Project Consultancy etc. for various Corporate and Government 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. At present KITCO is having following divisions viz. aviation, Infrastructure and Urban Planning, Tourism, processing engineering etc.

During the financial year 2019-20, 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 ₹7.1 crore through competitive bidding. These works will continue to contribute to the revenue in the coming year as well.

During the year, KITCO has been empaneled by various leading institutions like Karnataka Tourism, Uttrakhand Tourism Development Board, Maharashtra Rail Infrastructure Development Corporation, National Highway Infrastructure, all of which shall help KITCO to spread its wings across the country.

Further, Government of Kerala has entrusted with KITCO the Project Management Consultancy Services of two Taluk hospitals, up-gradation of facilities of Arts and Science Colleges, Engineering Colleges, Polytechnic Colleges and Universities in Kerala. Other milestone projects acquired by KITCO include the PMC for developing Shirdi Airport in Maharashtra and Star Hotel Project and International Cargo Complex project for Cochin International Airport Ltd. While continuing the PMC services for Mangalore Airport, preliminary activities of the Imphal Airport and Shirdi Airport projects are fast progressing.

JOINT VENTURE

IFCI Sycamore Capital Advisors Pvt. Ltd. (ISCAPL)

The Company has 50% interest in one joint venture viz. IFCI Sycamore Capital Advisors Pvt Ltd (ISCAPL) incorporated in India in November 2011 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 Rs. 0.01 crore Class A Equity Shares and ₹2.64 crore Fully Convertible Debentures. The liquidator of ISCAPL repaid the amount of ₹2.64 Crores 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 amongst the top B-schools across the country by reputed agencies and publications. The institute has been a trendsetter in the field of management education, consulting, high-quality research, and executive development. 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.

The entire academic community is research-active and carries out research work of consistently higher standards that can contribute to the national goal of innovation, socio-economic development and environmental sustainability. The research contributions of faculty members are published in national and international journals of repute.

Training & Development of managers is one of the major activities at MDI Gurgaon. Around 1,04,900 managers have been trained over 46 years of its existence. The Institute prides itself for the personalized training modules that it offers to organizations of different kinds at different levels. More than 100 specially designed Executive Development programmes are conducted for the top-, senior- and middle-level managers of different organizations every year.

MDI's offerings are continuously updated in keeping with the ever-changing global business environment, while setting high standards for all our stakeholders. The well-equipped infrastructure creates a conducive environment for the studies.

This year, the placement was marked by not only a 100% placement but a substantial increase in the average compensation as well. The highest salary offered was ₹40.50 lakh per annum, while the average salary recorded during this season was ₹22.05 lakh per annum.

Institute of Leadership Development (ILD)

IFCI sponsored ILD as a society registered under the Rajasthan Societies Registration Act 1958 to provide workers with opportunities and external facilities of training and development.

The ILD 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".

Rashtriya Gramin Vikas Nidhi (RGVN)

RGVN is an autonomous, non-profit organisation registered under the Society's Registration Act XXI of 1860. IFCI Ltd., 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.

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 Education, Skill development, Healthcare and Sanitation, Poverty alleviation, Women 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.

During the year, ISF had raised CSR funds from Indian Railway Finance Corporation (IRFC) amounting to ₹2.00 crore for installation of 200 sanitary napkin vending machines and incinerators in Schools/ Colleges in aspirational districts of Madhya Pradesh, Rajasthan, Gujarat and Maharashtra to be executed through MPCON Ltd.

Further, IFCI Social Foundation (ISF) has been awarded the Golden Peacock Award for Corporate Social Responsibility in Financial Services Sector for 2019 organized by the Institute of Directors (IOD). ISF had received a trophy along with a certificate in the International Conference for Corporate Social Responsibility held in Mumbai.

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

During the FY 2019-20, there was no Company which have become or ceased to be Subsidiaries, Joint Venture or Associate Company of IFCI Ltd. Details on performance and financial position of subsidiaries, associates and joint venture during the FY 2019-20 can be referred from Form AOC-1 forming part of this Annual Report.

MATERIAL SUBSIDIARIES

The Company as on March 31, 2020 has 1 'Material Subsidiaries' viz. Stock Holding Corporation of India Ltd. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments:

1.1. MACRO-ECONOMIC SCENARIO & DEVELOPMENTS:

The world economy growth decelerated to 3.3% in 2019 as compared to 3.6% in 2018[1]. The economic activity slowed down in

1. https://www.imf.org/en/Publications/WEO#:~:text=World%20Economic%20Outlook%20Update%2C%20January%202019%3A%20A%20Weakening%20Global%20Expansion&text=Description%3A%20The%20global%20expansion%20has%20weakened.&text=The%20global%20economy%20is%20projected%20to%20grow%20at%203.5%20percent,point%20below%20last%20October's%20projections.

2019 on account of rising trade and geopolitical tensions increased uncertainty about the future of the global trading system and international cooperation more generally, taking a toll on business confidence, investment decisions, and global trade. A notable shift toward increased monetary policy accommodation—through both action and communication—has cushioned the impact of these tensions on financial market sentiment and activity, while a generally resilient service sector has supported employment growth[2]. All these factors contributed to a significantly weakened global expansion, especially in the second half of 2019, after experiencing strong growth in early 2018, thereby reflecting financial consolidation and slow-down in manufacturing and trade and currency related issues in major economies.

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by –3 percent in 2020, much worse than during the 2008–09 financial crisis.

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 2019-20 as well, as it continued its climb on an upward growth path, though at a slower pace at 4.2 percent in 2019-20 vis-à-vis 6.8 percent growth registered in 2018-19[3].

The Indian economy slowdown was primarily on account of relatively slower growth rate observed in Q4 of FY 2018-19 at 5.8 percent.

India retained its position as the third largest start-up base in the world with over 8,900-9,300 start-ups as 1,300 new start-ups got incorporated in 2019 according to a report by NASSCOM. India also witnessed the addition of 7 unicorns in 2019 (till August 2019), taking the total tally to 24.[4]

With an improvement in the economic scenario, there have been investments across various sectors of the economy. The mergers and acquisition (M&A) activity in India stood at US$ 28 billion in 2019, while private equity (PE) deals reached US$ 48 billion. [5]

The International Monetary Fund (IMF) in its latest World Economic Outlook of April, 2019 said; "India's economy is set to grow at 6.1 percent in 2019, picking up to 7 percent in 2020,", adding that the downward revision reflected a weaker-than-expected outlook for domestic Forecast for next fiscal has been cut to 7 percent from 7.2 percent estimated earlier.

In India, growth has softened on the back of corporate and environmental regulatory uncertainty with concerns about the health of the nonbank financial sector further weighing in, the IMF said in World Economic Outlook: Global Manufacturing Downturn, Rising Trade Barriers[6].

The COVID-19 pandemic has spread with alarming speed, infecting millions and bringing economic activity to a near-standstill as countries imposed tight restrictions on movement to halt the spread of the virus. As the health and human toll grows, the economic damage is already evident and represents the largest economic shock the world has experienced in decades.

The June 2020 Global Economic Prospects describes both the immediate and near-term outlook for the impact of the pandemic and the long-term damage it has dealt to prospects for growth. The baseline forecast envisions a 5.2 percent contraction in global GDP in 2020, using market exchange rate weights—the deepest global recession in decades, despite the extraordinary efforts of governments to counter the downturn with fiscal and monetary policy support. Over the longer horizon, the deep recessions triggered by the pandemic are expected to leave lasting scars through lower investment, an erosion of human capital through lost work and schooling, and fragmentation of global trade and supply linkages.

The crisis highlights the need for urgent action to cushion the pandemic's health and economic consequences, protect vulnerable populations, and set the stage for a lasting recovery. For emerging markets and developing countries, many of which face daunting vulnerabilities, it is critical to strengthen public health systems, address the challenges posed by informality, and implement reforms that will support strong and sustainable growth once the health crisis abates.

Historic contraction of per capita income: The pandemic is expected to plunge most countries into recession in 2020, with per capita income contracting in the largest fraction of countries globally since 1870. Advanced economies are projected to shrink 7 percent. That weakness will spill over to the outlook for emerging market and developing economies, who are forecast to contract by 2.5 percent as they cope with their own domestic outbreaks of the virus. This would represent the weakest showing by this group of economies in at least sixty years.

Every region is subject to substantial growth downgrades. East Asia and the Pacific will grow by a scant 0.5 percent. South Asia will contract by 2.7 percent, Sub-Saharan Africa by 2.8 percent, Middle East and North Africa by 4.2 percent, Europe and Central Asia by 4.7 percent, and Latin America by 7.2 percent. These downturns are expected to reverse years of progress toward development goals and tip tens of millions of people back into extreme poverty.

Emerging market and developing economies will be buffeted by economic headwinds from multiple quarters: pressure on weak health care systems, loss of trade and tourism, dwindling remittances, subdued capital flows, and tight financial conditions amid mounting debt. Exporters of energy or industrial commodities will be particularly hard hit. The pandemic and efforts to contain it have triggered an unprecedented collapse in oil demand and a crash in oil prices. Demand for metals and transport-related commodities such as rubber and platinum used for vehicle parts has also tumbled. While agriculture markets are well supplied globally, trade restrictions and supply chain disruptions could yet raise food security issues in some places.[7]

1.2. BANKING SECTOR:

[8]The Indian banking system consists of 20 public sector banks (PuSBs), 22 private sector banks (PrSBs), 44 foreign banks, 44 regional rural banks (RRBs), 1,542 urban cooperative banks (UCBs) and 94,384 rural cooperative banks (RCBs) in addition to cooperative credit institutions. As on January 31, 2020, the total number of ATMs in India increased to 210,263 and is further expected to increase to 407,000 by 2021.

Asset of public sector banks stood at ₹72.59 lakh crore (US$ 1,038.76 billion) in FY19. According to Reserve Bank of India (RBI), India's foreign exchange reserve stood at approximately US$ 490.04 billion as on May 22, 2020.

During the period FY16 to FY20, credit off-take grew at a CAGR of 13.93 per cent. As of FY20, total credit extended surged to US$

2. World Economic Outlook, October 2019: Global Manufacturing Downturn, Rising Trade Barriers
3. https://en.wikipedia.org/wiki/Economy_of_India
4. IBEF.
5. IBEF
6. https://economictimes.indiatimes.com/news/economy/indicators/imf-revises-indias-growth-projection-to-6-1-per-cent-in-019/articleshow/71600157.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst.
7. https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world
8. https://www.ibef.org/industry/banking-presentation

1,936.29 billion. Deposits grew at a CAGR of 6.81 per cent and reached US$ 1.90 trillion by FY20. Credit to non-food industries increased 3.3 per cent y-o-y, reaching ₹8910 crore (US$ 1.26 trillion) on February 28, 2020 and ₹100.80 lakh crore (US$ 1.42 trillion) on March 13, 2020.

Indian banks are increasingly focusing on adopting integrated approach to risk management. The NPAs (Non-Performing Assets) of commercial banks has recorded a recovery of ₹400,000 crore (US$ 57.23 billion) in FY19, which is highest in the last four years.

As per Union Budget 2019-20, investment-driven growth required access to low cost capital, and this would require investment of ₹20 lakh crore (US$ 286.16 billion) every year.

RBI has decided to set up Public Credit Registry (PCR), an extensive database of credit information, accessible to all stakeholders. The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 Bill has been passed and is expected to strengthen the banking sector. Total equity funding of microfinance sector grew 42 per cent y-o-y to ₹14,206 crore (US$ 2.03 billion) in 2018-19.

Deposits under Pradhan Mantri Jan Dhan Yojana (PMJDY) increased to ₹1.28 lakh crore (US$ 18.16 billion) during the week ended April 8, 2020. As of November 2019, there were a total of 19 million subscribers under Atal Pension Yojna.

Rising income is expected to enhance the need for banking services in rural areas, and therefore, drive the growth of the sector.

The digital payments revolution will trigger massive changes in the way credit is disbursed in India. Debit cards have radically replaced credit cards as the preferred payment mode in India after demonetisation. Transactions through Unified Payments Interface (UPI) stood at ₹123 crore in May 2020, valued at ₹2.18 lakh crore (US$ 30.97 billion).

As per Union Budget 2019-20, the Government proposed a fully automated GST refund module and an electronic invoice system to eliminate the need for a separate e-way bill.

The financial performance of SCBs in the period under review was marked by PSBs reporting positive net profits after 3 years in H1:2019-20. As provisioning requirements slackened and credit growth revived modestly, interest income increased, even though interest expenses picked up on account of the increase in deposit growth. The net interest margin as well as the spread improved.

The GNPA ratio of all SCBs declined in 2018-19 after rising for seven consecutive years, as recognition of bad loans neared completion. Decline in the slippage ratio as well as a reduction in outstanding GNPAs helped in improving the GNPA ratio. While a part of the write-offs was due to ageing of the loans, recovery efforts received a boost from the IBC. The restructured standard advances to gross advances ratio began declining after the asset quality review (AQR) in 2015 and reached 0.55 per cent at end-March 2019.[9] The provision coverage ratio (PCR) of all SCBs improved to 61 per cent by end September 2019, as PSBs' gross NPAs declined faster than the decline in their provisions and PVBs' provisioning went up markedly.

A CAMELS (capital adequacy; asset quality; management; earnings; liquidity; and systems and control) rating model is used to classify UCBs for regulatory and supervisory purposes. UCBs in the top-ranking categories—with ratings A and B—accounted for 78 per cent of the sector. The share of UCBs in category A has, however declined in the last five years with a concomitant increase in category B banks. The share of UCBs in category D has remained in the range of 4 to 5 per cent in the last five years.

9. https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/0RTP241219FL760D9F69321B47988DE44D68D9217A7E.PDF

Under the Basel I norms, UCBs are required to maintain a minimum statutory capital to risk weighted assets ratio (CRAR) of 9 per cent, with no additional requirements like capital conservation buffer and high common equity tier 1 (CET 1) capital ratio. As of end-March 2019, more than 96 per cent of UCBs maintained CRAR of 9 per cent.

During 2018-19, UCBs registered moderate improvement in their asset quality, driven by the decline in the GNPA ratio of NSUCBs. Notwithstanding this improvement, the NSUCBs continue to have higher NPAs than SUCBs. SUCBs' GNPA ratio deteriorated to 10.5 per cent in H1: 2019-20 reflecting large delinquencies in one of the fraud hit banks.

1.3. NBFC SECTOR:[10]

Non-Banking Finance 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 was witnessed in the past one year. As on September, 2019, there were 9,642 NBFCs registered with the Reserve Bank of India, of which 82 were deposit taking (NBFCs-D), and 274 were systemically important non-deposit taking 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).

Although the NBFC sector grew in size from ₹26.2 lakh crore in 2017-18 to ₹30.9 lakh crore in 2018-19, the pace of expansion was lower than in 2017-18 mainly due to rating downgrades and liquidity stress in a few large NBFCs in the aftermath of the IL&FS event. This slowdown was witnessed mainly in the NBFCs- ND-SI category, whereas, NBFCs-D broadly maintained their pace of growth. However, in 2019-20 (up to September) growth in balance-sheet size of NBFCs-ND-SI as well as NBFCs-D moderated due to a sharp deceleration in credit growth.

The risk aversion among NBFCs-ND-SI coupled with their inability to mobilise adequate resources was reflected in the decrease in credit growth in spite of a fall in stressed assets ratio[3]. However, for the services sector, stressed assets rose, reflecting the built-up stress in the real estate segment, where NBFC exposures are significant.

1.4. INITIATIVES AND DEVELOPMENTS AT IFCI

The Ministry of Electronics and Information Technology (MeitY), Government of India, has issued Work Order to IFCI Ltd. to act as the Project Management Agency (PMA) for the Production Linked Incentive Scheme (PLI) and Scheme for Promotion of Manufacturing of Electronics Components and Semiconductors (SPECS).

The Scheme would be catalyst to boost the electronics manufacturing landscape and establish India at the global level in electronics sector. The scheme has a budgetary outlay of ~INR 40,951 crore and shall extend an incentive of 4 percent to 6 percent on incremental sales (over base year) of goods manufactured in India and covered under target segments, to eligible companies, for a period of five (5) years subsequent to the base year as defined. The Scheme is open for applications for a period of 4 months initially which may be extended. Support under the Scheme shall be provided for a period of five (5) years subsequent to the base year. Details of the two Schemes and relevant guidelines and other documents are available on the

10. https://m.rbi.org.in/scripts/publicationsview.aspx?id=19367

respective portals viz. https://pli.ifciltd.com/ for PLI and https://specs.ifciltd.com/ for SPECS.

Your Company could also convene and conduct Extra-Ordinary General Meeting through Video Conference pursuant to the latest Circulars issued in the wake of COVID-19 pandemic by the Ministry of Corporate Affairs (MCA) in connection with the preferential issue of ₹200 crore to the Promoters i.e. Government of India. The entire fund had since been utilised by Your Company.

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 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.

As Government of India is the Promoter and the largest equity shareholder, it offers sufficient comfort and confidence to the stakeholders of Your Company.

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 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.

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 focused 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 2019-20. 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 sanctioned Short Term Loan, Corporate Loans and Project Loans to the tune of ₹158 crore and disbursed loans worth ₹742 crore, during the year.

4. OUTLOOK

4.1. GLOBAL DEVELOPMENTS & OUTLOOK:

Global growth is projected at –4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperilling the significant progress made in reducing extreme poverty in the world since the 1990s.

As with the April 2020 WEO projections, there is a higher-than-usual degree of uncertainty around this forecast. The baseline projection rests on key assumptions about the fallout from the pandemic. In economies with declining infection rates, the slower recovery path in the updated forecast reflects persistent social distancing into the second half of 2020; greater scarring (damage to supply potential) from the larger-than-anticipated hit to activity during the lockdown in the first and second quarters of 2020; and a hit to productivity as surviving businesses ramp up necessary workplace safety and hygiene practices. For economies struggling to control infection rates, a lengthier lockdown will inflict an additional toll on activity. Moreover, the forecast assumes that financial conditions—which have eased following the release of the April 2020 WEO—will remain broadly at current levels. Alternative outcomes to those in the baseline are clearly possible, and not just because of how the pandemic is evolving. The extent of the recent rebound in financial market sentiment appears disconnected from shifts in underlying economic prospects—as the June 2020 Global Financial Stability Report (GFSR) Update discusses—raising the possibility that financial conditions may tighten more than assumed in the baseline.

All countries—including those that have seemingly passed peaks in infections—should ensure that their health care systems are adequately resourced. The international community must vastly step up its support of national initiatives, including through financial assistance to countries with limited health care capacity and channelling of funding for vaccine production as trials advance, so that adequate, affordable doses are quickly available to all countries. Where lockdowns are required, economic policy should continue to cushion household income losses with sizable, well-targeted measures as well as provide support to firms suffering the consequences of mandated restrictions on activity. Where economies are reopening, targeted support should be gradually unwound as the recovery gets underway, and policies should provide stimulus to lift demand and ease and incentivize the reallocation of resources away from sectors likely to emerge persistently smaller after the pandemic.

Strong multilateral cooperation remains essential on multiple fronts. Liquidity assistance is urgently needed for countries confronting health crisis and external funding shortfalls, including through debt relief and financing through the global financial safety net. Beyond the pandemic, policymakers must cooperate to resolve trade and technology tensions that endanger an eventual recovery from the COVID-19 crisis. Furthermore, building on the record drop in greenhouse gas emissions during the pandemic, policymakers should both implement their climate change mitigation commitments and work together to scale up equitably designed carbon taxation or equivalent schemes. The global community must act now to avoid a repeat of this catastrophe by building global stockpiles of essential supplies and protective equipment, funding research and supporting public health systems, and putting in place effective modalities for delivering relief to the neediest.[11]

4.2. DOMESTIC DEVELOPMENTS & OUTLOOK:

The International Monetary Fund (IMF) in its latest World Economic Outlook of April, 2019, issue had pegged growth for Indian Economy at 7.3 percent and 7.5 percent 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.

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 percent by end of 2019-20.

The IMF on June 24 projected a sharp contraction of 4.5 percent for the Indian economy in 2020, a “historic low,” citing the unprecedented coronavirus pandemic that has nearly stalled all economic activities, but said the country is expected to bounce back in 2021 with a robust 6 percent growth rate.

The International Monetary Fund (IMF) projected the global growth at –4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. It has projected a sharp contraction in 2020 of –4.5 percent. Given the unprecedented nature of this crisis, as is the case for almost all countries, this projected contraction is a historic low.

The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021, global growth is projected at 5.4 percent, the report said.

“India’s economy is projected to contract by 4.5 percent following a longer period of lockdown and slower recovery than anticipated in April”. The IMF’s record reveals that this is the lowest ever for India since 1961. However, India’s economy is expected to bounce back in 2021 with a robust 6 percent growth. In 2019, India’s growth rate was 4.2 percent. The latest 2020 projection for India is a massive –6.4 percent less than the April forecast of the IMF. The projected growth rate of 6 percent in 2021 is –1.4 percent less than April forecast.

The COVID-19 pandemic pushed economies into a Great Lockdown, which helped contain the virus and save lives, but also triggered the worst recession since the Great Depression.

Over 75 percent of countries are now reopening at the same time as the pandemic is intensifying in many emerging markets and developing economies. Several countries have started to recover. However, in the absence of a medical solution, the strength of the recovery is highly uncertain and the impact on sectors and countries uneven.

“First, the unprecedented global sweep of this crisis hampers recovery prospects for export-dependent economies and jeopardizes the prospects for income convergence between developing and advanced economies”. “IMF projected a synchronized deep downturn in 2020 for both advanced economies [–8 percent] and emerging market and developing economies [–3 percent; –5 percent if excluding China], and over 95 percent of countries are projected to have negative per capita income growth in 2020”.

The cumulative hit to GDP growth over 2020-21 for emerging market and developing economies, excluding China, is expected to exceed that in advanced economies.

On the upside, better news on vaccines and treatments, and additional policy support can lead to a quicker resumption of economic activity. On the downside, further waves of infections can reverse increased mobility and spending, and rapidly tighten financial conditions, triggering debt distress.

Geopolitical and trade tensions could damage fragile global relationships at a time when trade is projected to collapse by around 12 percent.

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, Liquidity Risk Management 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, stress testing under various scenarios, annual rating migration exercise, rating distribution, portfolio rating highlighting the quality of portfolio, mapping of internal and external ratings, analysis of NPA cases, regular validation of internal risk assessment model through Gini Coefficient and calculation of

11. https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020#:~:text=Global%20growth%20is%20projected%20at,Economic%20Outlook%20(WEO)%20forecast.&text=In%202021%20global%20growth%20is,19%20projections%20of%20January%202020.

Risk Adjusted Return on Capital (RAROC) estimation, etc. Your company regularly monitors and revises its benchmark rates based on current market, macro & micro economic factors and profitability.

Various analysis like, Industry wise NPAs, Sectoral studies, Analysis of loans in default grade, Predicting bankruptcy—Altman Z Score, Predicting Portfolio VaR, Analysis of Rating grade wise risk spreads, Trend analysis of Overdue/SMA accounts, Time series co-relation between Internal & External rating, Analysis of Short Term Loans/Loan against Shares, Predictive Capability of Internal Rating Models, Analysis of Stage 3 assets, Rating wise concentration-Herfindahl Hirschman Index (HHI), etc. are done in order to keep abreast of the latest developments in current economic scenario.

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 Risk and Asset Liability Management Committee of Executives (RALMCE), thoroughly analyse the dynamic liquidity position, structural liquidity gaps and interest rate sensitivity positions, on a periodic basis, based on extant regulatory prescriptions. The mid-office function of Integrated Treasury has started reporting to the Risk Management function and acts as an independent risk monitoring functionary. Scientific methodology for fixing IFCI Benchmark Rate for long and short term loans has been evolved. Methodology for risk based pricing and fixing risk premium over benchmark rate for each rating grade has also been put in place. To manage the operational risks, there are adequate internal controls and systems in place, aided and assisted by internal audit, internal financial controls, remote back-up of data, disaster management policy, IT security, physical security and suitable insurance of insurable assets of Your Company, as well as of the assets mortgaged to Your Company. Besides, mechanism for stress testing of loan portfolio and measurement of liquidity position has also been put in place, to assess likely impact on CRAR, profitability and liquidity. Impact of interest rate risk on net interest income and market value of equity of IFCI, under stress scenarios are also assessed on a periodic basis and remedial measures taken, as may be deemed necessary. In line with the industry best practices and to ensure proper credit evaluations and monitoring standards, Your Company carries out credit audit of all standard exposures. The main objectives of the credit audit exercise includes, detection of weaknesses in outstanding exposures, initiation of timely corrective action, compliance with internal sanction and disbursement norms and follow-up and monitoring of cases, which serves as a tool for senior management to assess portfolio quality with constant endeavour for asset quality improvement. To further strengthen the existing systems, Standard Operating Procedures for various risk management processes have been put in place.

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 CONTROL SYSTEMS AND 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 onwards, the internal audits are being carried in-house 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. Besides this, exercise to ensure adequacy of Internal Financial Controls (IFCs) with a periodicity in line with the Internal Audit is also done by the Internal Audit Department. 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.

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

Development of its Human Resources pool is central to IFCI's HR Policies and practices. Employees are the most important factors for sustainable performance of the organization. Hence, your Company strives to create an organizational culture which can develop and harness the potential of its employees.

During the year, Your Company has brought in more structured approach to implement 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 organized by leading institutes/agencies. Employees were also nominated to participate in various conferences, webinars, discussion forums organized by industry so as to provide them platforms for keeping abreast with latest developments and also explore business opportunities. Your Company covered around 77% of its employees in various trainings/conferences. In all there were 654 nominations, in the in-house training/workshops and external trainings, covering topics of functional and behavioral nature. Further, Your Company has also exposed its employees to various challenging assignments for their development.

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 reorganization.

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. Your Company also settled various issues and court cases which were pending for a long time.

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 ₹3.32 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 healthcare, education, sanitation and women empowerment.

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 Responsibility 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. The CSR activities undertaken by IFCI through ISF are listed below:

- Support to Manav Mandir Mission Trust for construction of a room in the orphanage Manav Mandir Gurukul at New Delhi.
- Support to Indian Association of Blood Cancer and Allied Diseases, Kolkata, Ganga Prem Hospice (a unit of Shradha Cancer Care Hospital, Rishikesh) and Yanam Old Age Home for purchase of new AC Maruti Eeco Mobile Medical Van.
- Provided infrastructure support to Navasrushti International Trust - Dharma Bharathi Mission for the DBM & TISS (Tata Institute of Social Science) Library cum Study Centre at Deonar, Mumbai.
- Infrastructure support to Institute of Leadership Development for Centre of Eminence for Skill Development at Jaipur.
- Partnered with Ramkrushna Temple Trust, Odisha for upliftment of socially and economically backward people of village Tunda, District Cuttack, Odisha by setting up Computer training and tailoring classes.
- Support to Rural India Development Foundation to run three of its “Vananchal Vidyalayas” in the aspirational District of Chandauli, Uttar Pradesh.
- Partnered with MPCON Ltd. for installation of Sanitary Napkin Vending Machines with Incinerator and organising awareness camps in the schools in the tribal areas in Andhra Pradesh.
- Distribution of ration kits/ grocery items / sanitizers and masks to underprivileged needy people severely affected by the Coronavirus pandemic.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

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

Particulars	FY 2020	FY 2019	Remarks	Significant changes
Debtors Turnover	Not applicable for NBFC business, since not a significant key ratio for NBFC business			NA
Inventory Turnover				NA
Interest Coverage Ratio	0.90	0.61	Earnings before interest and taxes / Total Interest expense (Profit before Tax + finance cost)/ finance cost	Yes (>25%)*
Current Ratio	1.23	1.14	Current asset / current liability	No (<25%)
Debt Equity Ratio	3.00	3.81	Total Borrowings/Net worth	No (<25%)
Operating Profit Margin (%)	12.41%	15.96%	Operating profit / total revenue (Profit before tax + impairment)/total revenue	No (<25%)
Net Profit Margin (%)	–14.02%	–19.59%	Total comprehensive income / total revenue	Yes (>25%)*
Return on Net Worth	–7.62%	–10.81%	Total comprehensive income / average net worth	Yes (>25%)*

***Explanation**: The change in the ratios were on due to decrease in operational income which was impacted on account of prepayment of loans, increase in stage 3 assets and increase in net loss on fair value changes and impairment.

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 2019-20, there was no change in the equity shareholding of the Company. Consequently, as on March 31, 2020, the Government of India (GOI), being the Promoter, holds 56.42% in the paid-up share capital of Your Company. However, during the FY 2019-20, Your Company received share application money of ₹200 crore from the GOI towards release of funds for subscription of share capital of the Company during the FY 2019-20. Subsequently, pursuant to the fund infusion, 20 crore number of equity shares @ ₹10 each aggregating to ₹200 crore were allotted to the GOI on May 21, 2020. Consequent to the allotment, the GOI holds 61.02% of the paid-up share capital of Your Company.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)

During the Financial Year 2019-20, Your Company had transferred 8,65,872 number of equity shares to IEPF. Further, an amount of ₹2,18,55,919 pertaining to the unclaimed dividend for Financial Year 2011-12 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
4214539491	0	11257073	4203282418

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 2019-20, 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. Your Company IT systems enabled employees during work from home and regular meetings were conducted using collaboration tools.

FOREIGN EXCHANGE EARNINGS

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

(₹ in crore)

Particulars	Year End 31.03.2020	Year End 31.03.2019
Expenditure in Foreign Currencies:		
Interest on borrowings	**3.32**	3.59
Other Matters	**0.00**	0.03
TOTAL	**3.32**	3.62
Earning in Foreign Currencies:		
Earning in Foreign Currency	**NIL**	NIL

INTERNAL FINANCIAL CONTROL

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 by a well experienced Internal Audit Team of your company with a frequency parallel with Internal Audit. There were a few Internal Financial Control related issues, though not material, were addressed and remedial actions were taken in the subsequent period of review. 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.

DECLARATION BY INDEPENDENT DIRECTOR

As on March 31, 2020, there was no Independent Director on the Board of the Company. Hence the Declarations are not applicable.

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

During the Financial Year 2019-20, Shri Anshuman Sharma (DIN: 07555065), Government Director, ceased to be on the Board of the Company w.e.f. September 09, 2019 upon withdrawal of nomination by the Government of India vide Order of even dated. Also, Government of India vide its Order dated September 09, 2019 had nominated Shri Anand Madhukar (DIN: 08563286) on the Board of the Company as Government Nominee Director who was subsequently inducted on the Board w.e.f. September 18, 2019.

Ms. Kiran Sahdev (DIN: 06718968) ceased to be a Director on the Board w.e.f. November 29, 2019 pursuant to her superannuation from the services of Life Insurance Corporation of India.

Also during the FY 2019-20, the Board of Directors had appointed Shri Ravi Chaudhary (DIN: 06728841) as Additional Director w.e.f. January 10, 2020 who subsequently resigned from the Board w.e.f. March 18, 2020.

Apart from above, Shri Sunil Kumar Bansal (DIN: 06922373) was appointed as Whole-Time Director designated as Deputy Managing Director of Your Company w.e.f. June 04, 2020. Also Shri MML Verma (DIN: 07610648) was inducted on the Board of Your Company as Additional Director w.e.f. July 31, 2020.

DIRECTOR LIABLE TO RETIRE BY ROTATION

Prof. Arvind Sahay (DIN: 03218334) will retire by rotation at the conclusion of the forthcoming 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 Financial Year 2019-20 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 forms part of the Corporate Governance Report appearing separately in the Annual Report. No such instance was reported where the Board has not accepted recommendations of the Committee.

COMPLIANCE

During the Financial Year 2019-20, all returns / data / statements submitted by concerned departments as advised by RBI, SEBI and other Regulatory Authorities have been submitted.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118 (10) of the Companies Act, 2013, except w.r.t. the provision involving independent directors attendance in the meetings and other such related provisions.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

BUSINESS RESPONSIBILITY REPORT

As stipulated under the Listing Regulations, the Business Responsibility Report ('BRR') has been prepared and forms part of the Annual Report for the FY 2019-20. The Report provides a detailed overview of initiatives taken by your Company from environmental, social and governance perspectives.

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 Listing Regulations, wherever applicable, the Company has put in place a Nomination as well as a Remuneration Policy. 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 shall 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 https://www.ifciltd.com/?q=content/financial-reports-0.

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 https://www.ifciltd.com/?q=content/our-csr-policy.

PARTICULARS OF EMPLOYEES AND REMUNERATION

The requisite details, envisaged under the provisions of Rule V 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 2019-20 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 2019-20 was unqualified by the Statutory Auditors of the Company. However, the Statutory Auditors provided for the following 'Emphasis of Matter' as under:

"Emphasis of Matter:

1. We draw attention to Note No. 42 of the financial statements regarding, the provision of impairment allowance in respect of its loan assets. The basis of determination of impairment allowance, which we have relied upon, is arrived at a model in accordance with the accounting policy recognising probable credit loss based on internally developed statistical models & other historical data which takes into account the economic activity and financial conditions including macroeconomic factors.

   Due to ongoing COVID-19, higher probability risk factor was noticed and accordingly 15% shock on GDP is taken in the said model for calculating ECL as against weighted average of base/ best/worst case scenario +(–) 10% resulting in higher provision in ECL Model over the base case ECL Model. The Financial Statements of the Company has not been impacted due to this change as the provisions as per RBI Prudential Norms (IRACP) are higher which has been accounted for determining the provisions for this year.
2. In accordance with the RBI Circular no. **"DOR (NBFC).CC.PD. No.109/22.10.106/2019-20"** dated 13th March, 2020, the Company has created a provision as per RBI Prudential Norms (IRACP) which is higher than the ECL Model and accordingly a sum of ₹22.98 crore has been taken to "Impairment Reserve".
3. We draw attention to Note No. 44 of the financial statements regarding the entity's impact of COVID-19 pandemic on its financial statements. Management is of the view that there are no reasons to believe that the pandemic will have any significant impact on the ability of the entity to continue as a going concern. Nevertheless, the impact of pandemic in future period is uncertain and could impact the impairment allowance in future years.
4. We draw attention to Note No. 44.1, where the Company is recognizing interest income in respect of Stage 3 Loan Assets as per Ind AS accounting policy of the Company till it is diminished due to repayment/write off/settled. However in case of seventeen borrowal accounts covered under NCLT, the net impact of recognition of interest in these cases amounts to ₹331.58 Crores which is credited to statement of profit & loss A/c in various years. In the opinion of the management, complete write-off will be done on final settlement of all these cases and there are sufficient security cover available with the Company as determined by the resolution professional and hence no reversal of interest is required.

Our opinion is not modified in respect of these matters."

For Consolidated Financial Statements:

The Consolidated Financial Results of the Company for the Financial Year 2019-20 was unqualified by the Statutory Auditors of the

Company. However, the Statutory Auditors provided for the following 'Emphasis of Matter' as under:

Emphasis of Matter

A. Emphasis of Matter reported in the main report

1. We draw attention to Note No. 40.1(v) of the financial statements regarding, the provision of impairment allowance in respect of its loan assets. The basis of determination of impairment allowance, which we have relied upon, is arrived at a model in accordance with the accounting policy recognizing probable credit loss based on internally developed statistical models & other historical data which takes into account the economic activity and financial conditions including macroeconomic factors.

   Due to COVID-19, higher probability risk factor was noticed and accordingly 15% shock on GDP is taken in the said model for calculating ECL as against weighted average of base/best/worst case scenario +(–) 10% resulting in higher provision in ECL Model over the base case ECL Model. The Financial Statements of the Company has not been impacted due to this change as the provisions as per RBI Prudential Norms (IRACP) are higher, which has been accounted for determining the provisions for this year.

2. In accordance with the RBI circular no. **"DOR (NBFC).CC.PD. No.109/22.10.106/2019-20"**, dated 13th march 2020 the company has created a provision as per RBI prudential Norms (IRACP) which is higher than the ECL Model and accordingly a sum of ₹22.98 crores has been taken to "Impairment Reserve".

3. We draw attention to Note No. 40.1(vii) of the financial statements regarding the entity's impact of COVID-19 pandemic on its financial statements. Management is of the view that there are no reasons to believe that the pandemic will have any significant impact on the ability of the entity to continue as a going concern. Nevertheless, the impact of pandemic in future period is uncertain and could impact the impairment allowance in future years.

4. We draw attention to Note No. 40.1(viii), where the company is recognizing interest income in respect of Stage 3 Loan Assets as per Ind As accounting policy of the Company till it is diminished due to repayment/ write off/settled. However, in case of seventeen borrowal accounts covered under NCLT, the net impact of recognition of interest in these cases amounts to ₹331.58 Crores which is credited to statement of profit & loss A/c in various years. In the opinion of the management, complete write off will be done on final settlement of all these cases and there are sufficient security cover available with the company as determined by the resolution professional and hence no reversal of interest is required.

Our Opinion is not modified in respect of these matters.

B. Emphasis of Matter reported in case of M/s IFCI Infrastructure Development Limited

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. During the year, the Company has forfeited an amount of ₹75,00,000/- as per agreement to sell dated 24.01.2013 and the balance amount of ₹6,75,00,000/- to be refunded to the party after sale of all plots by IIDL.

C. Emphasis of Matter in case of M/s Stock Holding Corporation of India Limited

We draw attention to:

(*a*) Note No. 41.1 of the Consolidated Financial Statements related to the 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.

(*b*) With reference to the Consolidated Financial Statements of M/s Stock Holding Corporation of India Limited related to non-receipt of Direct confirmation in certain cases of receivables and payables:

In respect of Subsidiary "Stock holding Document Management Subsidiary" the statutory auditors has given below matter of emphasis:

1. We draw attention to Note 42.1 of the Consolidated Financial Statements regarding Company's liability to the third parties due to the fire occurred at Company's Premises.
2. We draw attention to the Consolidated Financial Statements of M/s Stock Holding Corporation of India Limited, regarding impact of COVID-19 pandemic. The situation continues to be uncertain and the Company is evaluating the situation on an ongoing basis with respect to the challenges faced.

D. Emphasis of Matter in case of M/s IFCI Venture Capital Funds Limited

We draw attention to the Financial Statements of M/s IFCI Venture Capital Funds Limited which fully describes that the company has estimated the provision for impairment on Loan to customers along with specific provision mandated by RBI in this regard to reflect the adverse business impact and the uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts & circumstances and may not necessarily reflect the impact of future uncertainties and events arising from COVID-19 pandemic.

AUDITORS

M/s M. K. Aggarwal & Co. (DE0500) (Firm Reg. No. 01411N) was appointed by the Comptroller & Auditor General of India (C&AG) as Statutory Auditors of your Company for Financial Year 2019-20. The Statutory Auditor for the Financial Year 2020-21 will also be appointed by C&AG.

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

M/s Agarwal S. & Associates, Company Secretaries was appointed as Secretarial Auditor of the Company for the Financial Year 2019-20. The observations of the Secretarial Auditor along with Management Reply is as under:

Observations of Secretarial Auditor	Management Reply
Non-Compliance of Section 149 (4) of Companies Act, 2013 and Regulation 17(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall have requisite no. of Independent Directors and shall also have at least one independent woman director on the Board of Company.	In the absence of requisite number of Independent Directors on the Board of the Company, the Company is not in compliance of the provisions of Section 149 (4) of Companies Act, 2013 and Regulation 17(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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). IFCI

	being a Government Company, the power to appoint the Independent Directors vest with the Administrative Ministry i.e. Ministry of Finance (MOF), Department of Financial Services (DFS). MOF, DFS is seized of the matter as request for appointment of Independent Directors, has already been sent to MOF, DFS. The appointment of Independent Directors is awaited.
Non-compliance of Regulation 17(10) & 25(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, In the absence of Independent Directors, no separate meeting was held during the financial year and not carried out the performance evaluation of the directors.	In the absence of Independent Directors on the Board of the Company, the performance evaluation of and by Independent Directors as envisaged under Regulation 17(10) & 25(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, could not be carried out.
Non-Compliance of Regulation 18(1), 19(1)(2) & 20(2A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company should have proper composition of Audit Committee, Nomination and Remuneration Committee & Stakeholders Relationship Committee.	Due to the absence of Independent Directors on the Board of the Company, the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee were constituted without the Independent Directors and the Company was not in compliance of Regulation 18(1), 19(1)(2) & 20(2A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 135 (1) of Companies Act, 2013.
Non-Compliance Section 135 (1) of Companies Act, 2013, the Corporate Social Responsibility Committee shall have at least one independent director.	

The Secretarial Audit Report for the Financial Year ended March 31, 2020 is annexed at **Annexure – V**.

FRAUD REPORTING

During the Financial Year 2019-20, 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 2019-20 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. Veenu Kakkar – External Member
2. Ms. Jhummi Mantri, General Manager
3. General Manager (HR) - Presiding Officer
4. Ms. Anamika Ranawat, DGM (Law)
5. Mr. Ravish Jain, DGM

In the absence of any of the aforesaid internal members, Ms. Sapna Jain, DGM (Law) would be the alternate member.

A brief of the complaints received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is as under:

No. of complaints pending at the start of the Financial Year 2019-20	Nil
No. of complaints received during the Financial Year 2019-20	1
No. of complaints resolved during the Financial Year 2019-20	Nil
No. of Complaints pending at the end of the Financial Year 2019-20	1
Number of workshops or awareness programs against sexual harassment carried out during the Financial Year 2019-20	3
Nature of action taken by the employer	Internal Complaints Committee (ICC) is examining the complaint as per the provisions mentioned under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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 subsection (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 2019-20 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, 2020

COST AUDIT & APPOINTMENT OF COST AUDITOR

As per the provisions 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 2019-20, there were no significant or material orders passed by Regulators or Court impacting the going concern status of the Company.

VIGILANCE

During 2019-20, Vigilance Department organized following training / workshop programmes for vigilance awareness in the Company:

1. A lecture by Ex. Central Vigilance Commission Sh. KV Choudhary was organized for IFCI group employees.
2. Workshop/Training session was organized on disciplinary Proceedings for IFCI employees.
3. During Vigilance Awareness Week, A Debate Competition on the topic – "Culture promotes Corruption" "संस्कृति भ्रष्टाचार को बढ़ावा देती है" was organized for IFCI group to enhance vigilance awareness (regarding corruption practices) for IFCI Group Employees.

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

1. Online Whistle blower System has been implemented for IFCI group companies.
2. Rotation of staff in general and in sensitive post has been ensured;
3. E-procurement has been made mandatory. Notices for inviting tender is being published and tender documents in downloadable format available on website at CVO's suggestion;
4. Online System for Vigilance clearance has been implemented.
5. Systemic improvement suggested by the Vigilance Department have been implemented by the Management

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	The Ruby, 2nd Floor, SW 29 Senapati Bapat Marg, Dadar West Mumbai – 400028 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

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.

Shri Sunil Kumar Bansal
Deputy Managing Director
DIN: 06922373
Address: IFCI Tower
61 Nehru Place
New Delhi-110 019

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

Dated: July 31, 2020

ANNEXURE - I

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

(As on the financial year ended on March 31, 2020)

[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/~~No~~

(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	99.18*

* Net Income from Operations has been considered.

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 –462002	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) Continental Chambers (3rd Floor) 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) Continental Chambers (3rd Floor) 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 – 382355	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 01.04.2019)				No. of Shares held at the end of the year (As on 31.03.2020)				% 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	956955857	–	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	35829662	8300	35837962	2.11	275047	8100	283147	0.02	(2.09)
(b) Banks/FI	89430569	2731000	92161569	5.43	89990248	2681500	92671748	5.46	0.03
(c) Central Govt.	–	–	–	–	–	–	–	–	–
(d) State Govt.(s)	–	–	–	–	–	–	–	–	–
(e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
(f) Insurance Companies	103385458	13300	103398758	6.10	103385458	13300	103398758	6.10	–
(g) FIIs	91032969	20700	91053669	5.37	59321687	20700	59342387	3.50	(1.87)
(h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
(i) Other (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (1):	**319678658**	**2773300**	**322451958**	**19.01**	**252972440**	**2723600**	**255696040**	**15.08**	**(3.93)**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2019)				No. of Shares held at the end of the year (As on 31.03.2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. **Non Institutions**									
(a) Bodies Corporate									
(i) Indian	60399490	184601	60584091	3.57	57159161	179901	57339062	3.38	(0.19)
(ii) Overseas	–	–	–	–	–	–	–	–	–
(b) Individuals									
(i) Individual shareholders holding Nominal share capital upto ₹1 Lakh	214539338	12006109	226545447	13.36	228534609	11134465	239669074	14.13	0.77
(ii) Individual shareholders holding Nominal share capital in excess of ₹1 Lakh	112052122	168000	112220122	6.62	165344134	105400	165449534	9.76	3.14
(c) Other (Equity shares transferred to IEPF)	7425555	–	7425555	0.44	8286427	–	8286427	0.49	0.05
(i) Trust & Foundations	215994	600	216594	0.01	435946	600	436546	0.03	0.02
(ii) Non-Resident Individuals	9212868	380600	9593468	0.57	11779952	380600	12160552	0.72	0.15
Sub-total (B) (2)	**403845367**	**12739910**	**416585277**	**24.57**	**471540229**	**11800966**	**483341195**	**28.50**	**3.93**
Total Public Shareholding (B)= (B)(1) + (B) (2)	**723524025**	**15513210**	**739037235**	**43.58**	**724512669**	**14524566**	**739037235**	**43.58**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
GRAND TOTAL (A+B+C)	**1680479882**	**15513210**	**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 01.04.2019)			Shareholding at the end of the year (as on 31.03.2020)			% 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	Nil	–

(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, 2020:
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.	**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.)	–	–	14757146	0.87
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**14757146**	**0.87**
3.	**General Insurance Corporation of India**				
	At the Beginning of the Year	**13202700**	**0.78**		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	–	–	13202700	0.78
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**13202700**	**0.78**
4.	**Bank of Baroda**				
	At the Beginning of the Year	**5026393**	**0.30**		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	12.04.2019 – 7169755 (P)	0.42	12196148	0.72
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**12196148**	**0.72**
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.)	–	–	11149326	0.66
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**11149326**	**0.66**

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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
6.	**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.)	–	–	10892947	0.64
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**10892947**	**0.64**
7.	**Vanguard Total International Stock Index Fund**				
	At the Beginning of the Year	**10898424**	**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.)	26.04.2019 – 266361 (S) 05.07.2019 – 163896 (P)	(0.02) 0.01	10632063 10795959	0.63 0.64
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**10795959**	**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.)	–	–	10245438	0.60
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**10245438**	**0.60**
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.)	–	–	9152100	0.54
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**9152100**	**0.54**
10.	**The New India Assurance Company Limited**				
	At the Beginning of the Year	**8536268**	**0.50**		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	–	–	8536268	0.50
	At the End of the Year (or on the date of separation, if separated during the year)	–	–	**8536268**	**0.50**

(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.		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.	**Smt. Jhummi Mantri, CFO**				
	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/sweatequityetc.)	–	–	–	–
	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/sweatequityetc.)	–	–	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	13236.55	0.00	16093.81
(ii)Interest due but not paid	0.00	0.00	0.00	0.00
(iii)Interest Accrued but not due	127.32	1000.23	0.00	1127.55
Total (i+ii+iii)	**2984.58**	**14236.78**	**0.00**	**17221.36**
Change in indebtedness during the financial year*				
Addition	0.00	0.00	0.00	0.00
Reduction	810.89	2959.51	0.00	3770.40
Net Change	**(810.89)**	**(2959.51)**	**0.00**	**(3770.40)**
Indebtedness at the end of the financial year				
(i) Principal Amount	2046.37	10277.04	0.00	12323.41
(ii) Interest due but not paid	0.00	0.00	0.00	0.00
(iii) Interest Accrued but not due	97.92	1062.09	0.00	1160.01
Total (i+ii+iii)	**2144.29**	**11339.13**	**0.00**	**13483.42**

Note 1: Indebtedness includes Foreign Currency Loans.

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

VI. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sl. No.	Particulars of Remuneration	Shri Emandi Sankara Rao (Managing Director & Chief Executive Officer)	Total Amount
		Amount (₹)	Amount (₹)
1.	**Gross Salary**		
	(a) Salary as per provisions contained in Section 17(1) of Income Tax Act, 1961	31,43,848	31,43,848
	(b) Value of Perquisites u/s 17(2) of Income Tax Act, 1961	3,21,809	3,21,809
	(c) Profits in lieu of Salary u/s 17(3) of Income Tax Act, 1961	4,31,310	4,31,310
2.	Stock Options	–	–
3.	Sweat Equity	–	–
4.	Commission	–	–
	- As % of profit	–	–
	- Others, specify	–	–
5.	- Others, please specify	–	–
	- Tax Borne by IFCI	1,11,019	1,11,019
	- PF Contribution	2,58,960	2,58,960
	Total (A)	**42,66,946**	**42,66,946**
	Ceiling as per Act – Not Applicable, as Section 197 of the Companies Act, 2013 is not applicable on IFCI Limited being a Government Company.		

B. RemunerationtoOtherDirectors: (Amount in ₹)

Non-Executive Directors	Prof. N. Balakrishnan	Prof. Arvind Sahay	Ms. Kiran Sahdev	Total Amount
Fees for attending Board / Committee Meetings	5,60,000	7,05,000	–	12,65000
Commission	–	–	–	–
Others, please specify	–	–	–	–
Non-Executive Directors	**Dr. Bhushan Kumar Sinha**	**Shri Anand Madhukar**		
Fees for attending Board / Committee Meetings	–	–	–	–
Commission	–	–	–	–
Others, please specify	–	–	–	–
Total				**12,65000**
Ceiling as per the Act	Not Applicable, as Section 197 of the Companies Act, 2013 is not applicable on IFCI Limited being a Government Company			

Note: *Sitting fee of only those Directors have been considered who were on the Board of Directors as on March 31, 2020. The sitting fee is paid at ₹40,000/- for attending the Meetings of the Board of Directors and ₹20,000 for attending Committee Meetings. Also, 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. This is in addition to the sitting fees being paid to directors for attending the meeting.*

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

Sl. No.	Particulars of Remuneration	Details of Chief Financial Officer Smt. Jhummi Mantri (01.04.2019 – 31.03.2020)	Details of Company Secretary Smt. Rupa Sarkar (01.04.2019 – 31.03.2020)	Total Amount
1.	**Gross Salary**			
	(a) Salary as per provisions contained in Section 17(1) of Income Tax Act, 1961	32,73,089	34,56,098	67,29,187
	(b) Value of Perquisites u/s 17(2) of Income Tax Act, 1961	9,48,671	9,42,696	18,91,367
	(c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961	38,519	9,041	47,560
2.	Stock Options	–	–	–
3.	Sweat equity	–	–	–
4.	Commission	–	–	–
	- As % of profit	–	–	–
	- Others, specify	–	–	–
5.	Others, please specify			
	- Tax Borne by IFCI	10,181	2,323	12,504
	- PF Contribution	84,120	82,800	1,66,920
	Total	**43,54,580**	**44,92,958**	**88,47,538**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

During the Financial Year 2019-20, no penalty/ punishment/ compounding of offences was imposed on the Company under the provisions of Companies Act, 2013.

Shri Sunil Kumar Bansal
Deputy Managing Director
DIN: 06922373
Address: IFCI Tower
61 Nehru Place
New Delhi-110 019

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

Dated: July 31, 2020

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) 2019-20, IFCI has undertaken Corporate Social Responsibility (CSR) activities, through IFCI Social Foundation (ISF).

(*ii*) 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. During FY 2019-20, as the Average Net Profit of IFCI for immediate three preceding years happened to be negative, IFCI was not required (under Companies Act, 2013) to allocate any amount for CSR activities. However, after taking into account the recognition of IFCI brand in social development through ISF, ₹0.05 crore was earmarked by IFCI and entrusted to ISF for carrying out CSR activities during FY 2019-20. Accordingly, CSR Policy for FY 2018-19 was continued to be followed in FY 2019-20 also. No separate Policy was drafted in 2019-20. The CSR Policy is available on the website at:https://www.ifciltd.com/?q=content/our-csr-policy)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*) Apart from ₹0.05 crore earmarked as CSR Fund for FY 2019-20, ₹0.73 crore un-availed amount carried forward from previous years' sanction (including ₹0.14 crore of the capacity building and administrative expenses) has been carried forward to the CSR budget of FY 2019-20. Therefore, the total Fund available for FY 2019-20 aggregated to ₹0.78 crore. After accounting for capacity building and administrative expenses ₹0.14 crore (i.e. 5% of ₹0.05 crore = ₹25,000/- plus ₹14,01,138/- unspent capacity building expenses carried forward from last year), the net fund available for allocating CSR projects aggregates to ₹0.64 crore.

(*iv*) The projects sanctioned by the Board of Trustees of ISF during FY 2019-20 were targeted towards achieving the objectives laid down in the CSR Policy of IFCI Ltd. During the period under review i.e. FY 2019-20, ISF had allocated an amount of ₹0.64 crore towards CSR projects and ₹0.14crore was set aside for capacity building and administrative expenses.

(*v*) During the year, ISF had spent the entire CSR contribution of ₹0.05 crore earmarked in FY 2019-20 and entrusted to it by IFCI. Apart from this, ₹0.04 crore was spent from previous years' carried forward fund. The balance carried forward fund 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. Besides, ₹0.12 crore was spent on capacity building and administrative expenses out of ₹0.14 crore set aside for the same.

(*vi*) Further, ₹1.86 crore was spent by ISF on account of previous years' sanctions, out of which ₹0.01 crore was spent directly by IFCI for a project sanctioned in FY 2016-17, whereas, ₹1.85 crore was spent by ISF on behalf of IFCI for projects sanctioned in FY 2016-17 (₹0.12 crore), 2017-18 (₹0.23 crore) and 2018-19 (₹1.50 crore).

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

A. CSR projects undertaken directly by IFCI: (₹0.01 crore)

Out of Sanctions of FY 2019-20 , FY 2018-19 and FY 2017-18

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

Out of Sanctions of FY 2016-17

- ₹0.01 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.

B. CSR Projects undertaken through IFCI Social Foundation: (₹1.94 crore)

The whole amount of the CSR budget for the FY 2019-20 has been transferred to ISF. Hence, there is no corpus left with IFCI Ltd. to be spent for undertaking CSR activities for FY 2019-20. 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 2019-20 has been set aside for meeting capacity building expenses incurred by ISF.

Out of Sanctions of FY 2019-20: (₹0.09 crore)

- ₹4,75,000/- to Manav Mandir Mission Trust for construction of a room in the orphanage Manav Mandir Gurukul at New Delhi.
- ₹0.04 crore to Indian Association of Blood Cancer and Allied Diseases, Kolkata for purchase of Maruti Eeco 5-Seater - AC - Mobile Medical Van.

Out of Sanctions of FY 2018-19: (₹1.50 crore)

- ₹0.05 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.

- ₹0.46 crore to The Leprosy Mission Trust India (TLMTI), AP, Bihar & Chattisgarh towards installation of rooftop Solar Power Plant at Salur Hospital, Vizianagram, AP (50 KWp), Muzaffarpur Hospital, Bihar (30 KWp) and TLM Hospital at Chandkhuri, Chhatisgarh (50 KWp).
- ₹0.04 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.
- ₹0.07 crore to Mandal Education Officer for construction / renovation of incomplete school classrooms in ZPH School, Andra, MPP School Andra and Kuneru of Vizianagaram Distt., AP.
- ₹0.53 crore to Yanam Old Age Home for construction of orphanage for girls and procurement of mobile vehicle for supply of food to poor people.
- ₹0.11 crore to Social Upliftment and Development for Health Action (SUADHA) for procurement of benches in a school at Maharashtra.
- ₹31,114/- 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
- ₹0.09 crore to Lotus Petal Foundation towards infrastructure facilities in Primary School, Gurgaon.

Out of Sanctions of FY 2017-18: (₹0.23 crore)

- ₹0.15 crore to Hope Ek Asha for setting up of "Day Care Centre" for Stage I and II Alzheimer Disease patients.
- ₹0.08 crore to Sulabh Sanitation Mission Foundation for construction of 100 Individual Household Tiled Toilets in village Hasanpur, Distt Nuh, Haryana.

Out of Sanctions of FY 2016-17: (₹0.12 crore)

- ₹0.04 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.
- ₹0.06 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.
- ₹0.02 crore to 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.

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 Anand Madhukar

   (iii) 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)
2016-17	(95.91)	**(602.14)**
2017-18	(69.86)	
2018-19	(1640.65)	

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)** : Nil
5. **Details of CSR spend during the financial year:**

   As the Average Net Profit of IFCI Limited for preceding 3 years was negative, IFCI was not required to allocate any amount for CSR activities for FY 2019-20, however, considering the recognition of IFCI brand in social development of the Nation, a token amount of ₹0.05 crore was allocated and transferred to ISF for carrying out CSR activities on behalf of IFCI.

   (*a*) **Total amount to be spent for the year:** ₹0.78 crore (being the amount actually transferred to ISF i.e. ₹0.05 crore for FY 2019-20 plus ₹0.73 crore - carried forward from previous years)

   Total amount spent during the year: ₹0.05 crore entrusted to ISF during FY 2019-20 has been spent. With regard to the carried forward fund of ₹0.73 crore, IFCI had already entrusted the same to ISF during previous years and had been treated as spent by IFCI. ISF, in turn, will disburse the amount based on progress of the project. During FY 2019-20, out of the fund set aside for meeting capacity building and other administrative expenses an amount of ₹0.02 crore remained unspent the same has been carried forward to the CSR budget of IFCI for FY 2020-21.

   (*b*) **Amount unspent, if any:** Nil (As IFCI has entrusted entire CSR budget for FY 2019-20 to ISF for carrying out CSR activities on behalf of IFCI).

Manner in which the amount has been spent by ISF during the financial year is detailed below:

Sl. 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 the reporting period (₹ in crore)	Amount spent: Direct/ through implementing agency
					Direct	Over- head		
1.	Through IFCI Social Foundation	Healthcare/Education/ Sanitation/Women Empowerment	Local - Delhi	0.78	0.64	0.12	0.76	Through implementing agency
	Total			**0.78****	**0.64**	**0.12**	**0.76**	**–**

* Office of IFCI Social Foundation.

** ₹0.64 crore had been allocated for CSR project in line with CSR Policy and ₹0.14 crore had been set aside for Capacity building and administrative expenses.

- For the FY 2019-20, entire amount of ₹0.05 crore earmarked for CSR activities was entrusted and transferred by IFCI Limited to the IFCI Social Foundation (ISF) which was established as a "Charitable Trust". 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 FY2016-17, FY 2017-18 & FY 2018-19, ₹0.73 crore remained un-availed as the requisite milestone was attained without the requirement of further fund transfer or because of inordinate delay in completion of the project, the same has been added in the CSR Budget of FY 2019-20. Thus, the total CSR budget for FY 2019-20 works out to ₹0.78 crore.
- Out of ₹0.14 crore set aside for meeting capacity building and other administrative expenses, ₹0.12 crore had been spent balance unspent amount of ₹0.02 crore will be carried forward to the CSR budget of IFCI for FY 2020-21.

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 2019-20, as the Average Net Profit of IFCI Limited for preceding 3 years was negative, IFCI was not required to allocate any amount for CSR activities for FY 2019-20, however, considering the recognition of IFCI brand in social development of the Nation, a token amount of ₹0.05 crore was allocated and transferred to ISF for carrying out CSR activities on behalf of IFCI.

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 2019-20, 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 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: July 31, 2020

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 2019-20:

The ratio of the remuneration of MD&CEO to the median remuneration of the employees of the company for the FY 2019-20 is 1.39.

No other Director was paid remuneration during the year 2019-20.

(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 2019-20

The percentage increase in the remuneration of the MD&CEO in the Financial Year 2019-20 was 18.46%.

The percentage increase in the remuneration of CFO in the Financial Year 2019-20 was 16.16%

The percentage increase in the remuneration of Company Secretary in the Financial Year 2019-20 was 11.34%.

(iii) The percentage increase in the median remuneration of employees in the financial year 2019-20.

The percentage increase in the median remuneration of employees in the financial year is 15.07%.

(iv) Number of permanent employees on the rolls of the Company as on March 31, 2020 (excluding contract employees).

The Number of permanent employees on the rolls of the Company as on March 31, 2020 (excluding contract employees) is 215.

(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 7.48%.

The percentage increase in the remuneration of the employees other than the managerial personnel is 15.07%.

(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 and 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 and 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
   (e) Justification for entering into such contracts or arrangements or transactions
   (f) Date(s) of approval by the Board
   (g) Amount paid as advances
   (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
   (e) Date(s) of approval by the Board
   (f) Amount paid as advances

Shri Sunil Kumar Bansal
Deputy Managing Director
DIN: 06922373
Address: IFCI Tower
61 Nehru Place
New Delhi-110 019

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

Dated: July 31, 2020

ANNEXURE - V

SECRETARIAL AUDIT REPORT

[For the Financial Year ended on 31st March 2020]

[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** (hereinafter called IFCI/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 thereon.

Based on our verification of the IFCI's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 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 IFCI for the financial year ended on 31st March, 2020 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 thereunder;

(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 Borrowings;

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

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   (d) 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;
   (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   (f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   (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, 1998;

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

(a) Secretarial Standards, as amended from time to time, issued by the Institute of Company Secretaries of India. *Generally complied with*.

(b) The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 with National Stock Exchange of India Limited & BSE Limited.

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 observation:

Non Appointment of Independent Directors

(a) *Non-Compliance of Section 149 (4) of Companies Act, 2013 and Regulation 17(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall have requisite no. of Independent Directors and shall also have at least one independent woman director on the Board of Company.*

(b) *Non-compliance of Regulation 17(10) & 25(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, In the absence of Independent Directors, no separate meeting was held during the financial year and not carried out the performance evaluation of the directors.*

(c) *Non-Compliance of Regulation 18(1), 19(1)(2) & 20(2A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company should have proper composition of Audit Committee, Nomination and Remuneration Committee & Stakeholders Relationship Committee.*

(d) *Non-Compliance Section 135 (1) of Companies Act, 2013, the Corporate Social Responsibility Committee shall have at least one independent director.*

We further report that the Board of Directors of the Company is required to be constituted as per provisions of the Companies Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. At present, there is no Independent Director on the Board of the Company. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

As per the representation received, DPE guidelines are not applicable on the Company as IFCI's name is not appearing in the list of CPSE available at dipam.gov.in.

Generally, adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were generally sent at least seven days in advance, 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 from Directors.

All the decisions made in the Board/Committee meeting(s) were carried out with unanimous consent of all the Directors/Members present during the meeting and dissent, if any, have been duly incorporated in the Minutes.

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

We further report that the National Stock Exchange of India Limited and BSE Limited have levied monetary fines for non-compliance with Regulations 17(1), 18(1), 19(1), 19(2), 20(2), 21(2) & 27(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 against which the Company has submitted waiver requests.

We further report that during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws.

For **Agarwal S. & Associates,**
Company Secretaries,
ICSI Unique Code: P2003DE049100

CS Anuradha Jain
Partner
ACS No. : 36639
C.P No. : 14180

Place: New Delhi
Date: July 27, 2020
UDIN: A036639B000509496

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.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records, based on our inspection of records produced before us for 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 and our report is not covering observations/comments/ weaknesses already pointed out by the other Auditors.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations, happening of events, etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis and to give our opinion whether Company has proper Board-processes and Compliance-mechanism in place or not.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. The prevailing circumstances in the Country on account of Lockdown/ restrictions on movements and Covid 19 have impacted physical verification of the records/ documents of the Company.

For **Agarwal S. & Associates,**
Company Secretaries,
ICSI Unique Code: P2003DE049100

CS Anuradha Jain
Partner
ACS No. : 36639
C.P No. : 14180

Place: New Delhi
Date: July 27, 2020

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 2020

The preparation of financial statements of IFCI Limited for the year ended 31 March 2020 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 26 June 2020.

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 2020 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 Assets: Financial Assets: Loans (Note No. 7): ₹10,295.36 crore

Loans have been overstated and Loss for the year has been understated by ₹543.00 crore as detailed below:

(i) On approaching the National Company Law Tribunal (NCLT) for recovery of outstanding dues against five companies[1], NCLT restricted the claim of IFCI to ₹393.67 crore. Against this, ₹19.34 crore has been received from VIZ Infra Consultants Private Limited.

Accordingly, net receivable from these companies was ₹374.33 crore However, IFCI has recognized ₹384.66 crore as principal and ₹302.41 crore as accrued interest thereon considering the settled amount as principal amount instead of final settlement which has resulted in overstatement of loans (including interest) by ₹159.34 crore after adjustment of impairment loss of ₹153.40 crore. Consequently, loss for the year has been understated by ₹159.34 crore.

(ii) Considering the repeated default in payments of dues towards term loan of ₹274.87 crore (Principal ₹159.49 crore and interest of ₹115.38 crore) by Madhucon Infrastructure Limited (MIL),one-time settlement (OTS) was entered into with MIL and it was agreed to settle the dues for ₹70 crore. However, the entire dues of ₹274.87 crore were considered as Stage III loan and Impairment loss allowance has been created for ₹134.82 crore instead of writing off the remaining dues of ₹204.87 crore (₹274.87 crore - ₹70 crore). As per OTS, the loan amount should have been shown at ₹35.67 crore after adjustment of Impairment loss allowance of ₹34.33 crore.

Non-adjustment of dues as per OTS has resulted in overstatement of loans by ₹104.38 crore (₹140.05 crore[2] – ₹35.67 crore) and overstatement of Impairment loss allowance by ₹100.49 crore. Consequently, loss for the year has been understated by ₹104.38 crore.

(iii) IFCI subscribed (December 2010) Optional Convertible Debentures (OCDs) of ₹300 crore of Jindal India Powertech Limited (JIPL). On exercise of put option by IFCI, JIPL redeemed OCDs of ₹75 crore and the remaining OCDs were due for redemption in September 2016. JIPL defaulted in redemption and servicing the coupon since July 2016. Accordingly, OTS was entered into with JIPL and it was agreed to settle the dues for ₹101.25 crore. However, the entire dues of ₹375.19 crore (Principal ₹225 crore and interest ₹150.19 crore) were considered as Stage III loan and Impairment loss allowance was created for ₹184.03 crore instead of writing off the remaining dues of ₹273.94 crore (₹375.19 crore – ₹101.25 crore). As per OTS, the loan amount should have been shown at ₹51.59 crore after adjustment of Impairment loss allowance of ₹49.66 crore required to be provided.

Non-adjustment of dues as per OTS has resulted in overstatement of loan by ₹139.57 crore (₹191.16 crore[3] – ₹51.59 crore) and overstatement of Impairment loss allowance by ₹134.37 crore. Consequently, loss for the year has been understated by ₹139.57 crore.

(iv) Against the dues of ₹231.49 crore (Principal ₹85.22 crore and Stage III income ₹146.27 crore) receivable from M/s Surana Industries, IFCI's share of average liquidation value has been assessed at ₹92.61 crore. Accordingly, the balance dues of ₹138.88 crore should have been written off by the Company. However, the Company has shown ₹117.94 crore (₹231.49 crore minus ₹113.55 crore being impairment allowance).

This has resulted in overstatement of loan by ₹70.76 crore(₹117.94 crore – ₹47.18[4] crore) and understatement of loss for the year by same amount. Consequently, impairment allowance has also been overstated by ₹68.12 crore(₹113.55 crore – ₹45.43 crore).

1 Amtek Auto Limited, VIZ Infra Consultants Private Limited, Castex Technologies Limited, Asian Colour coated Ispat Limited and Jaypee Infratech Limited.
2 ₹274.87 crore minus ₹134.82 crore being impairment allowance @49.05 per cent
3 ₹375.19 crore minus ₹184.03 crore being impairment allowance @49.05 per cent.
4 ₹92.61 crore minus ₹45.43 crore being impairment allowance @49.05 per cent.

(v) Despite being pointed out during previous year i.e. 2018-19 vide comment no. A.1 (i), (ii) and (iii), regarding excess booking of loan instead of writing off the difference amount as per Resolution Plan/OTS, the Company has not taken any corrective action. The updated position has been detailed below:

(a) As per NCLT decision and Resolution Plan, IFCI's claim has been restricted to ₹64 crore against the outstanding dues of ₹100.25 crore receivable from M/s Rainbow Papers Limited. Though the Company has written off the balance dues of ₹36.25 crore, it recognized accrued interest income of ₹39.62 crore on ₹64 crore considering the settled amount as principal amount instead of final settlement which has resulted in overstatement of interest income by ₹20.19 crore (₹39.62 crore minus ₹19.43 crore being Impairment allowance). Consequently, loss for the year has been understated to the same extent.

(b) Against the OTS of ₹31 crore entered into with SEW Green Energy (₹8.14 crore) and SEW Infrastructure (₹22.86 crore), the Company has shown the dues of ₹51.74 crore after considering Impairment allowance for ₹49.81 crore instead of writing off the remaining dues of ₹70.55 crore (₹101.55 crore – ₹31.00 crore).

Non-adjustment of dues as per OTS has resulted in overstatement of loan by ₹35.95 crore (₹51.74 crore minus ₹15.79[5] crore) and overstatement of Impairment loss allowance by ₹34.60 crore (₹49.81 crore minus ₹15.21 crore). Consequently, loss for the year has been understated by 35.95 crore.

(c) Loan assets of the Company include 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 ₹8.95 crore. The Company has classified this loan as Stage III loan and recognized interest thereon and has shown ₹21.76 crore as outstanding loan (after impairment allowance of ₹20.95 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 proceedings before the National Company Law Appellate Tribunal as 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 the senior secured financial creditors. In view of above circumstances, outstanding loan of ₹12.81 crore not covered by any security should have been written off and loan of ₹8.95 crore only should have been shown as outstanding.

Non writing-off the same has resulted in overstatement of loan by ₹12.81 crore and understatement of loss to the same extent.

A.2 Liabilities and Equity

A.2.1 Equity: Other Equity (Note No. 26): Capital Redemption Reserve: ₹231.92 crore

The Company redeemed preference shares of ₹225 crore out of its profits along with the dividend of ₹0.90 crore in second quarter of 2018-19. However, the Company did not transfer the sum equal to the nominal amount of the shares redeemed to Capital Redemption Reserve as required under Section 55(2)(c) of Companies Act, 2013. This has resulted in understatement of Capital Redemption Reserve and overstatement of Retained Earnings/General Reserve by ₹225.00 crore. Further, this fact has also not been disclosed in the Notes to Financial statements.

B. Other Comments

B.1 Note No. 41 and 42 are deficient as detailed below:

- The Company has not disclosed the financial impact on account of change in basis of determination of impairment allowance due to COVID-19, though worst case scenario has been considered by giving shock on GDP at the rate of 15 *per cent* and the financial impact worked out to ₹228 crore.
- The Company has changed the estimate of recovery period for the purpose of computation of Loss Given Default (LGD). While disclosing this fact, the Company has neither quantified the financial impact of 2070 crore nor stated that estimating the impact is impracticable in future years which resulted in non-compliance to para 39 and 40 of Ind AS 8.

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

(**C. Nedunchezhian**)
Principal Director of Audit
(Industry & Corporate Affairs)
New Delhi

Place: New Delhi
Date: 15/10/2020

5 ₹31 crore minus ₹15.21 crore being impairment allowance @49.05 per cent.

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 2020

The preparation of consolidated financial statements of IFCI Limited for the year ended 31 March 2020 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) 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 26 June 2020.

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 2020 under Section 143(6)(a) read with Section 129(4) of the Act. We conducted a supplementary audit of the financial statements of IFCI Limited (the Company) and IFCI Infrastructure Development Limited (the subsidiary), but did not conduct supplementary audit of the companies mentioned in Annexure-A. 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) 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 financial statements and the related audit report:

A. Comments on Consolidated Profitability

A.1 Assets: Financial Assets: Loans (Note No. 7): ₹10,767.31 crore

Loans have been overstated and Loss for the year has been understated by ₹543.00 crore as detailed below:

(i) On approaching the National Company Law Tribunal (NCLT) for recovery of outstanding dues against five companies'[1], NCLT restricted the claim of IFCI to ₹393.67 crore. Against this, ₹19.34 crore has been received from VIZ Infra Consultants Private Limited. Accordingly, net receivable from these companies was ₹374.33 crore. However, IFCI has recognized ₹384.66 crore as principal and ₹302.41 crore as accrued interest thereon considering the settled amount as principal amount instead of final settlement which has resulted in overstatement of loans (including interest) by ₹159.34 crore after adjustment of impairment loss of ₹153.40 crore. Consequently, loss for the year has been understated by ₹159.34 crore.

(ii) Considering the repeated default in payments of dues towards term loan of ₹274.87 crore (Principal ₹159.49 crore and interest of ₹115.38 crore) by Madhucon Infrastructure Limited (MIL), one-time settlement (OTS) was entered into with MIL and it was agreed to settle the dues for ₹70 crore. However, the entire dues of ₹274.87 crore were considered as Stage III loan and Impairment loss allowance has been created for ₹134.82 crore instead of writing off the remaining dues of ₹204.87 crore (₹274.87 crore - ₹70 crore). As per OTS, the loan amount should have been shown at ₹35.67 crore after adjustment of Impairment loss allowance of ₹34.33 crore.

Non-adjustment of dues as per OTS has resulted in overstatement of loans by ₹104.38 crore (₹140.05 crore[2] - ₹35.67 crore) and overstatement of Impairment loss allowance by ₹100.49 crore. Consequently, loss for the year has been understated by ₹104.38 crore.

(iii) IFCI subscribed (December 2010) Optional Convertible Debentures (OCDs) of ₹300 crore of Jindal India Powertech Limited (JIPL). On exercise of put option by IFCI. JIPL redeemed OCDs of ₹75 crore and the remaining OCDs were due for redemption in September 2016. JIPL defaulted in redemption and servicing the coupon since July 2016. Accordingly, OTS was entered into with JIPL and it was agreed to settle the dues for ₹101.25 crore. However, the entire dues of ₹375.19 crore (Principal ₹225 crore and interest ₹150.19 crore) were considered as Stage III loan and Impairment loss allowance was created for ₹184.03 crore instead of writing off the remaining dues of ₹273.94 crore (₹375.19 crore ₹101.25 crore). As per OTS, the loan amount should have been shown at ₹51.59 crore after adjustment of Impairment loss allowance of ₹49.66 crore required to he provided.

Non-adjustment of dues as per OTS has resulted in overstatement of loan by ₹139.57 crore (₹191.16 crore[3] - ₹51.59 crore) and overstatement of Impairment loss allowance by ₹134.37 crore. Consequently, loss for the year has been understated by ₹139.57 crore.

(iv) Against the dues of ₹231.49 crore (Principal ₹85.22 crore and Stage III income ₹146.27 crore) receivable from M/s Surana Industries, IFCI's share of average liquidation value has been assessed at ₹92.61 crore. Accordingly, the balance dues of ₹138.88 crore should have been written off by the Company. However, the Company has shown ₹117.94 crore (₹231.49 crore minus ₹113.55 crore being impairment allowance).

This has resulted in overstatement of loan by ₹70.76 crore (₹117.94 crore - ₹47.18[4] crore) and understatement of loss for the year by same amount. Consequently, impairment allowance has also been overstated by ₹68.12 crore(₹113.55 crore - ₹45.43 crore).

(v) Despite being pointed out during previous year i.e. 2018-19 vide comment no. A.1 (i). (ii) and (iii), regarding excess booking of loan instead of writing off the difference amount as per Resolution Plan/OTS, the Company has not taken any corrective action. The updated position has been detailed below:

(a) As per NCLT decision and Resolution Plan, IFCI's claim has been restricted to ₹64 crore against the outstanding dues of ₹100.25 crore receivable from M/s Rainbow Papers Limited. Though the Company has written off the balance dues of ₹36.25 crore, it recognized accrued interest income of ₹39.62 crore on ₹64 crore considering the settled amount as principal amount

1 Amtek Auto Limited. VIZ Infra Consultants Private Limited, Castex Technologies Limited. Asian Colour coated Ispat Limited and .laypee Infratech Limited.

2 ₹274.87 crore minus ₹134.82 crore being impairment allowance @49.05 per cent.

3 ₹375.19 crore minus ₹184.03 crore being impairment allowance @49.05 per cent.

4 ₹92.61 crore minus ₹45.43 crore being impairment allowance @49.05 per cent.

instead of final settlement which has resulted in overstatement of interest income by ₹20.19 crore (₹39.62 crore minus ₹19.43 crore being Impairment allowance). Consequently, loss for the year has been understated to the same extent.

(b) Against the OTS of ₹31 crore entered into with SEW Green Energy (₹8.14 crore) and SEW Infrastructure (₹22.86 crore), the Company has shown the dues of ₹51.74 crore after considering Impairment allowance for ₹49.81 crore instead of writing off the remaining dues of ₹70.55 crore (₹101.55 crore - ₹31.00 crore).

Non-adjustment of dues as per OTS has resulted in overstatement of loan by ₹35.95 crore (₹51.74 crore minus ₹15.79[5] crore) and overstatement of Impairment loss allowance by ₹34.60 crore (₹49.81 crore minus ₹15.21 crore). Consequently, loss for the year has been understated by ₹35.95 crore.

(c) Loan assets of the Company include 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 ₹8.95 crore. The Company has classified this loan as Stage III loan and recognized interest thereon and has shown ₹21.76 crore as outstanding loan (after impairment allowance of ₹20.95 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 proceedings before the National Company Law Appellate Tribunal as 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 the senior secured financial creditors. In view of above circumstances, outstanding loan of ₹12.81 crore not covered by any security should have been written off and loan of ₹8.95 crore only should have been shown as outstanding.

Non-writing-off the same has resulted in overstatement of loan by ₹12.81 crore and understatement of loss to the same extent.

A.2 Liabilities and Equity

A.2.1 Equity: Other Equity (Note No. 26): Capital Redemption Reserve: ₹300.05 crore

The Company redeemed preference shares of ₹225 crore out of its profits along with the dividend of ₹0.90 crore in second quarter of 2018-19. However, the Company did not transfer the sum equal to the nominal amount of the shares redeemed to Capital Redemption Reserve as required under Section 55(2)(c) of Companies Act, 2013. This has resulted in understatement of' Capital Redemption Reserve and overstatement of Retained Earnings/ General Reserve by ₹225.00 crore. Further, this fact has also not been disclosed in the Notes to Financial statements.

B. Other Comments

B.1 Note No. 40.1 *(v)* and 40.1(iv) are deficient as detailed below:

- The Company has not disclosed the financial impact on account of change in basis of determination of impairment allowance due to COVID-19, though worst case scenario has been considered by giving shock on GDP at the rate of 15 *per cent* and the financial impact worked out to ₹228 crore.
- The Company has changed the estimate of recovery period for the purpose of computation of Loss Given Default (LGD). While disclosing this fact, the Company has neither quantified the financial impact of ₹2070 crore nor stated that estimating the impact is impracticable in future years which resulted in non-compliance to para 39 and 40 of Ind AS 8.

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

(**C. Nedunchezhian**)
Principal Director of Audit
(Industry & Corporate Affairs)
New Delhi

Place: New Delhi
Date: 20/10/2020

ANNEXURE A

Name of the company/subsidiary companies of which supplementary audit was not conducted

Sl. No.	Name of the Joint Venture / Subsidiary	Type of the Company
1.	IFCI Venture Capital Funds Limited	Subsidiary
2.	IFCI Factors Limited	Subsidiary
3.	MPCON Limited	Subsidiary
4.	IFCI Financial Services Limited	Subsidiary
5.	Stock Holding Corporation of India Limited	Subsidiary

5 ₹31 crore minus ₹15.21 crore being impairment allowance @49.05 per cent.

CONSOLIDATED IFCI's COMMENTS ON CAG SUPPLEMENTARY AUDIT OBSERVATIONS OF STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS CONDUCTED FOR FINANCIAL YEAR 2019-20

C&AG Observations

A. Comments on Consolidated Profitability

A.1 Assets

Financial Assets

Loan (Note No. 7) Rs. 10,767.31 core

Loans have been overstated and Loss for the year has been understated by ₹543.00 crore as detailed below:

(i) On approaching the National Company Law Tribunal (NCLT) for recovery of outstanding dues against five companies[1], NCLT restricted the claim of IFCI to ₹393.67 crore. Against this, ₹19.34 crore has been received from VIZ Infra Consultants Private Limited. Accordingly, net receivable from these companies was ₹374.33 crore However, IFCI has recognized ₹384.66 crore as principal and ₹302.41 crore as accrued interest thereon considering the settled amount as principal amount instead of final settlement which has resulted in overstatement of loans (including interest) by ₹159.34 crore after adjustment of impairment loss of ₹153.40 crore. Consequently, loss for the year has been understated by ₹159.34 crore.

IFCI Management Comments

(i) Under Ind AS 109 (Financial Instruments), 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 (see Appendix A and paragraphs B5.4.1–B5.4.7). This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) Purchased or originated credit impaired financial Assets, for those financial assets, the entity shall apply the credit adjusted effective interest rate to the amortised cost of the financial assets from initial recognition.

(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

Under Ind AS 109, as per Appendix-A, amortised cost of a financial asset or financial liability is defined as, 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 effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

It may be observed that, the net amount is lower than the claims approved as per resolution plan (RP).

It is further mentioned that the concept of stage-3 income under Ind AS means unwinding of discount considered for computing present value of cash flows for determining ECL. This is lower than total contractual interest income which is computed on the Gross amount.

The provision is arrived at as per Ind AS principles and policy adopted by company. As Per Ind AS the accounting policy is uniform across all cases falling under Stage 3 assets. Non-recognition of Net Stage-3 income would be in non-conformity of Ind AS 109.

Based on the aforesaid provision, interest has been recognised in the books and loss allowance has been made on gross outstanding, case wise detailed calculation as on 31st March 2020 is given below:

Particulars (₹ in crore)	Amtek Auto	VIZ Infra	Castex Tech.	Asian Colour	Jaypee Infra
Gross Principal	110.00	15.62	32.00	77.16	150.12
Gross Stage-3 Interest	71.57	48.22	46.32	42.39	93.91
Total	181.57	63.84	78.32	119.55	244.03
ECL (@49.05% portfolio avg. provision)	(89.06)	(31.31)	(38.42)	(58.64)	(119.69)
Net Amount in Books	92.51	32.53	39.90	60.91	124.34
Claim as per RP	110.14	5.24	31.05	77.00	150.90
Stage 3 Income written-off in June 2020		29.15	10.77		
Stage 3 Income written-off in September 2020	81.57	22.71	39.29	28.32	109.34
Contractual interest income as on 31.03.2020 (Lying in Memo Books)	425.12	220.56	127.08	167.99	190.11

Entire Stage 3 income, as suggested by CAG, has been written-off during quarter ended June/September 2020, except ₹28.32 crore in the case of Asian Colour Coated Ispat, where the amount is expected to be recovered.

1. Amtek Auto Limited, VIZ Infra Consultants Private Limited, Castex Technologies Limited. Asian Colour coated Ispat Limited and JaypeeI nfratech Limited

C&AG Observations	IFCI Management Comments
(ii) Considering the repeated default in payments of dues towards term loan of ₹274.87 crore (Principal ₹159.49 crore and interest of ₹115.38 crore) by Madhucon Infrastructure Limited (MIL),one-time settlement (OTS) was entered into with MIL and it was agreed to settle the dues for ₹70 crore. However, the entire dues of ₹274.87 crore were considered as Stage III loan and Impairment loss allowance has been created for ₹134.82 crore instead of writing off the remaining dues of ₹204.87 crore (₹274.87 crore- ₹70 crore). As per OTS, the loan amount should have been shown at ₹35.67 crore after adjustment of Impairment loss allowance of ₹34.33 crore. Non-adjustment of dues as per OTS has resulted in overstatement of loans by ₹104.38 crore (₹140.05 crore[2] –₹35.67 crore) and overstatement of Impairment loss allowance by ₹100.49 crore. Consequently, loss for the year has been understated by ₹104.38 crore.	**(ii) Madhucon Infrastructure (MIL)** In OTS cases the write-off of balances non-recoverable amount is done only after receipt of entire OTS amount. Otherwise in case of non-honouring of OTS, the sanction is revoked and, entire dues is reinstated. Write off of balance amount shall be taken up based on the progress of OTS payment. In the case of Madhucon Infrastructure (MIL), OTS of Rs.70 crore was approved by competent authority on 13.02.2020. MIL paid Rs.7 crore and further sought time of 6 months for payment of balance OTS amount of Rs.63 crore in view of the worsened economic situation on account of COVID-19. Competent Authority approved extension of OTS period on 04.06.2020, wherein MIL would pay an amount of Rs.3.50 crore on or before 30/06/2020 (received) and remaining OTS amount by 15/11/2020. Further, interest @ IFCI's Benchmark Rate plus 3% p.a., payable monthly, shall be charged for the extended period.
(iii) IFCI subscribed (December 2010) Optional Convertible Debentures (OCDs) of ₹300 crore of Jindal India Powertech Limited (JIPL). On exercise of put option by IFCI, JIPL redeemed OCDs of ₹75 crore and the remaining OCDs were due for redemption in September 2016. JIPL defaulted in redemption and servicing the coupon since July 2016. Accordingly, OTS was entered into with JIPL and it was agreed to settle the dues for ₹101.25 crore. However, the entire dues of ₹375.19crore (Principal ₹225 crore and interest ₹150.19 crore) were considered as Stage III loan and Impairment loss allowance was created for ₹184.03 crore instead of writing off the remaining dues of ₹273.94 crore (₹375.19 crore – ₹101.25 crore). As per OTS, the loan amount should have been shown at ₹51.59 crore after adjustment of Impairment loss allowance of ₹49.66 crore required to be provided. Non-adjustment of dues as per OTS has resulted in overstatement of loan by ₹139.57 crore (₹191.16 crore[3] –₹51.59 crore) and overstatement of Impairment loss allowance by ₹134.37 crore. Consequently, loss for the year has been understated by ₹139.57 crore.	**(iii) Jindal India Powertech** In OTS cases the write-off of balances non-recoverable amount is done only after receipt of entire OTS amount. Otherwise in case of non-honouring of OTS, the sanction is revoked and, entire dues is reinstated. Write off of balance amount shall be taken up based on the progress of OTS payment. In Jindal India Powertech, OTS of Rs.101.25 crore was approved by competent authority on 24.03.2020. OTS was not honoured within the stipulated timeline of 31/03/2020. Further, in view of the worsened economic situation on account of COVID-19 the company has verbally requested for further time till 31/12/2020.
(iv) Against the dues of ₹231.49 crore (Principal ₹85.22 crore and Stage III income ₹146.27 crore) receivable from M/s Surana Industries, IFCI's share of average liquidation value has been assessed at ₹92.61 crore. Accordingly, the balance dues of ₹138.88 crore should have been written off by the Company. However, the Company has shown ₹117.94 crore (₹231.49 crore minus ₹113.55 crore being impairment allowance). This has resulted in overstatement of loan by ₹70.76 crore (₹117.94 crore ₹47.18[4] crore) and understatement of loss for the year by same amount. Consequently, impairment allowance has also been overstated by ₹68.12 crore (₹113.55 crore - ₹45.43 crore).	**(iv) Surana Industries** IFCI's Principal o/s as on the date of liquidation was ₹157.28 crore. Subsequent to liquidation order by NCLT on 12/10/2018, based on IFCI's share of ₹86.17 crore in the liquidation value, Principal of ₹71.11 crore (i.e. 157.28 – 86.17) has already been written off. Interest has been recognised in the books and loss allowance has been made to the gross outstanding, in line with IndAS 109. Non-recognition of Net Stage-3 income would be in non-conformity of Ind AS 109. The provision is arrived at as per Ind AS principles and policy adopted by company. As Per Ind AS the accounting policy is uniform across all cases falling under Stage 3 assets. As suggested by CAG, entire Stage 3 Income of ₹124.59 crore has been written off in quarter ended 30 September 2020.
(v) Despite being pointed out during previous year i.e. 2018-19 vide comment no. A.1 (i), (ii) and (iii), regarding excess booking of loan instead of writing off the difference amount as per Resolution Plan/OTS, the Company has not taken any corrective action. The updated position has been detailed below: (a) As per NCLT decision and Resolution Plan, IFCI's claim has been restricted to ₹64 crore against the outstanding dues of ₹100.25 crore receivable from M/s Rainbow Papers Limited. Though the Company has written off the balance dues of ₹36.25 crore, it recognized accrued interest income of ₹39.62 crore on ₹64 crore considering	(v) Observations pointed out in previous year i.e. 2018-19 **(a) Rainbow Papers Limited** As mentioned at (i) above, interest has been recognised in the books and loss allowance has been made to the gross outstanding, in line with IndAS 109. Non-recognition of Net Stage-3 income would be in non-conformity of Ind AS 109.The provision is arrived at as per Ind AS principles and policy adopted by company. As Per Ind AS the accounting policy is uniform across all cases falling under Stage 3 assets.

2. ₹274.87 crore minus ₹134.82 crore being impairment allowance @49.05 per cent
3. ₹375.19 crore minus ₹184.03 crore being impairment allowance @49.05 per cent
4. ₹92.61 crore minus ₹45.43 crore being impairment allowance @49.05 per cent

C&AG Observations	IFCI Management Comments
the settled amount as principal amount instead of final settlement which has resulted in overstatement of interest income by ₹20.19 crore (₹39.62 crore minus ₹19.43 crore being Impairment allowance). Consequently, loss for the year has been understated to the same extent.	
(b) Against the OTS of ₹31 crore entered into with Sew Green Energy (₹8.14 crore) and Sew Infrastructure (₹22.86 crore), the Company has shown the dues of ₹51.74 crore after considering Impairment allowance for ₹49.81 crore instead of writing off the remaining dues of ₹70.55 crore (₹101.55 crore – ₹31.00 crore). Non-adjustment of dues as per OTS has resulted in overstatement of loan by ₹35.95 crore (₹51 .74 crore minus ₹15.79[5] crore) and overstatement of Impairment loss allowance by ₹34.60 crore (₹49.81 crore minus ₹15.21 crore). Consequently, loss for the year has been understated by ₹35.95 crore.	**(b) Sew Green Energy and Sew Infrastructure** In OTS cases the write-off of balance non-recoverable amount is done only after receipt of entire OTS amount. Otherwise in case of non-honouring of OTS, the sanction is revoked and, entire dues is reinstated. Write off of balance amount shall be taken up based on the progress of OTS payment. In the case of Sew Green Energy and Sew Infrastructure, OTS of Rs.31 crore was approved by competent authority on 25.08.2018. Further extension up to 30.06.2020 was granted for payment of balance OTS amount of Rs.14.17 crore together with interest @ 15.50% for delayed payment. Further, company has paid Rs.1.50 crore.
(c) Loan assets of the Company include 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 ₹8.95 crore. The Company has classified this loan as Stage III loan and recognized interest thereon and has shown ₹21.76 crore as outstanding loan (after impairment allowance of ₹20.95 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 proceedings before the National Company Law Appellate Tribunal as 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 the senior secured financial creditors. In view of above circumstances, outstanding loan of ₹12.81 crore not covered by any security should have been written off and loan of ₹8.95 crore only should have been shown as outstanding. Non-writing-off the same has resulted in overstatement of loan by ₹12.81 crore and understatement of loss to the same extent.	**(c) IL&FS Transportation Network Limited** IL&FS and its group companies (including ITNL and its subsidiaries) are being resolved under supervision of GOI nominated board appointed by NCLT by its order dt. 01/10/2018 • For resolution of ITNL and its SPVs, an asset monetisation process in line with the Resolution Framework covering all 15 operating assets (14 operational roads and stadium asset) was launched in December 2018. On August 30, 2019, binding bids for 10 SPVs of ITNL were received. However, 4 road assets did not receive any bid (as set out in para below.) Further, sale discussions for the stadium asset are still under process. • The New Board, in conjunction with its advisors, had decided to proceed with the sale process for the 5 assets where the H1 was higher/ within 10% of the average FMV subject to receipt of relevant approvals as per the Resolution Framework. For the balance road assets, setting up an infrastructure investment trust ("InVIT") under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 ("InvIT Regulations") and other relevant regulations of Securities and Exchange Board of India was considered to be the preferred option to aid potentially higher value realisation. • In-Principle approval has been obtained by the company for InVIT structure as per the voting and major lenders, like BoB, Canara & SBI have approved the structure. The amount claimed and admitted in case of IFCI is ₹35.70 crore, which is 0.18% of the total claims. Since the modalities of the resolution plan with the INVIT structure are still being worked out and the amount expected to be recovered along with the timelines is also being worked upon, a decision on write off of the unsecured portion of the loan shall be taken up based on the progress of the resolution plan.
A.2 Liabilities and Equity **A.2.1 Equity: Other Equity (Note No. 26): Capital Redemption Reserve: ₹300.05 crore**	
The Company redeemed preference shares of ₹225 crore out of its profits along with the dividend of ₹0.90 crore in second quarter of 2018-19. However, the Company did not transfer the sum equal to the nominal amount of the shares redeemed to Capital Redemption Reserve as required under Section 55(2)(c) of Companies Act, 2013. This has resulted in understatement of Capital Redemption Reserve and overstatement of Retained Earnings/ General Reserve by ₹225.00 crore. Further, this fact has also not been disclosed in the Notes to Financial statements.	Out of ₹263.84 crore of preference shares, ₹38.24 crore were redeemed in year 2017-18. As on 31st March 2018, the outstanding preference shares was ₹225 crore, with redemption due dates in FY 2018-19 (₹143 crore in September 2018 and ₹30 crore in March 2019) and in FY 2020-21 (₹2 crore in October 2020 and ₹50 crore in March 2021). As per Section 55 of the Companies Act 2013, no such shares shall be redeemed except out of the profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of such redemption. Therefore, the preference shares can be redeemed out of profits or accumulated balance in Profit and loss, which was ₹265.69 crore as per the audited financial statements of the company as on March 31, 2018. Board of Directors in its meeting held on July 02, 2018 had approved the variation in the terms of redemption of preference shareholders and incorporating the call option/right of IFCI to make early redemption of IFCI preference shares, subject to consent of preference shareholders. Accordingly the consent from preference shareholders were sought in this regard vide letter dated 17 July 2018. And the preference shares of ₹225 crore along with the dividend of 0.09 crore was paid on 31 August 2018.

5. ₹31 crore minus 115.21 crore being impairment allowance @49.05 per centt

C&AG Observations	IFCI Management Comments
	Since there were insufficient profits as at 31st March 2019, the transfer of Rs.225 crore to Capital Redemption Reserve could not be carried out, and the disclosure was also made in annual report of FY 2018-19 (note 43.2). Further, transfer was not carried out in current year also due to insufficient profits as on 31-03-2020, and same was informed to the Board of Directors and shall also reviewed in FY 2020-21. The transfer shall be made to Capital Redemption Reserve whenever there are sufficient profits. Accordingly, the disclosure has been made in Annual Report-note 44.5 (Standalone) and 40.1(xii) (Consolidated).
B. Other Comments **B.1 Note No. 40.1 (v) and 40.1(iv) are deficient as detailed below:**	
• The Company has not disclosed the financial impact on account of change in basis of determination of impairment allowance due to COVID-19, though worst case scenario has been considered by giving shock on GDP at the rate of 15 percent and the financial impact worked out to ₹228 crore. • The Company has changed the estimate of recovery period for the purpose of computation of Loss Given Default (LGD). While disclosing this fact, the Company has neither quantified the financial impact of ₹2070 crore nor stated that estimating the impact is impracticable in future years which resulted in non-compliance to para 39 and 40 of Ind AS 8.	• The additional impact on ECL due to considering the worst case scenario by giving a shock/ negative variance of 15 percent to GDP figures was ₹228 crore. As suggested, the financial impact of ₹228 crore has been disclosed under note 42 (Standalone) and 40.1(v) (Consolidated) in Annual Report. • The Impact due to change in estimates of considering recovery from borrower accounts for a period of 5 years as against estimates of taking recovery period of 3 years is approximately ₹2070 crore. As suggested, the financial impact of ₹2070 crore has been disclosed under note 41 (Standalone) and 40.1(iv) (Consolidated) in Annual Report. Further, as recovery estimates for future cannot be ascertained, the future impact cannot be estimated and the fact that future impact is unascertainable has been disclosed in financial statements.

SUNIL KUMAR BANSAL	**JHUMMI MANTRI**	**RUPA SARKAR**
Deputy Managing Director	General Manager and	Company Secretary
DIN 06922373	Chief Financial Officer	

Date: 11.11.2020

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, 2020, the Board of the Company consisted of 5 (Five) Directors, out of whom 4 (Four) 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, 2020 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 2019-20		At AGM held on October 30, 2019	Other Directorships (excluding IFCI)	Committee Memberships (including IFCI)	Committee Chairmanships (including IFCI)
			Held	Attended				
1.	Dr E S Rao	Managing Director & Chief Executive Officer	7	7	Yes	4	1	–
2.	Shri Anand Madhukar (*)	Nominee Director – Government of India (Non-Executive)	4	2	No	1	4	–
3.	Dr. B K Sinha	Nominee Director – Government of India (Non-Executive)	7	5	No	–	1	–
4.	Prof N Balakrishnan	Non-Executive Director	7	7	Yes	1	1	–
5.	Prof Arvind Sahay	Non-Executive Director	7	7	Yes	2	5	1
DIRECTOR RETIRED/RESIGNED DURING THE FY 2019-20								
1.	Shri Anshuman Sharma (#)	Nominee Director – Government of India (Non-Executive)	3	2	NA	2	2	–
2.	Ms. Kiran Sahdev ($)	Non-Executive Director	6	3	No	–	2	1
3.	Shri Ravi Chaudhary (&)	Non-Executive Director	1	0	NA	–	–	–

(*) Shri Anand Madhukar was appointed on Board on 18.09.2019.

(#)Shri Anshuman Sharma ceased to be on Board w.e.f. 09.09.2019.

($) Ms. Kiran Sahdev ceased to be on Board w.e.f. 29.11.2019.

(&) Shri Ravi Chaudhary was appointed as Additional Director on 10.01.2020. Further, he resigned and ceased to be on Board w.e.f. 18.03.2020.

NOTES:

1. Number of Meetings represents the Meetings held during the period in which the Director was Member of the Board.
2. Other Directorships (excluding IFCI Ltd.) indicated above, includes all public companies whether listed or not. Directorships held in other body corporates, private companies, foreign companies and section 8 companies, have not been included in the above table.
3. Committee Memberships/Chairmanships indicated above, includes Memberships only in Audit Committee and Stakeholders' Relationship Committee in all Public Limited Companies, including IFCI Ltd. Committee Memberships/Chairmanships held in other body corporates have not been included in the above table.
4. Chairmanships of a Committee is counted both as Membership as well as Chairmanship.
5. 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.
6. None of the Directors are related to each other or to any Key Managerial Personnel of the Company.
7. 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, 2020 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.

8. The independence of a Director is determined by the criteria stipulated under the Listing Regulations, wherever applicable. As on March 31, 2020, there were no Independent Directors on the Board of the Company.
9. 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 Anand Madhukar	UCO Bank (Non-Executive – Government Nominee Director)
2.	Dr. B K Sinha	Central Bank of India (Non-Executive – Government Nominee Director)
3.	Prof Arvind Sahay	1. HIL Limited (Independent Director) 2. Gujarat Narmada Valley Fertilizer & Chemical Limited (Independent Director)

(B) Number of Board Meetings held and dates:

During the FY 2019-20, the Board of Directors met 7 (seven) times. The dates of the Meetings held were May 21, June 24, August 12, September 21, October 30, November 13 in 2019 and February 13 in 2020.

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

(D) None of the Non-Executive Directors held shares of the Company as on March 31, 2020.

(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 2019-20 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 & the Directors who have such skills/expertise/competence.

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.

All the Directors on the Board as on March 31, 2020, met the above mentioned Educational Qualification and Experience / Expertise.

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 terms of reference of the Committee includes 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. The Committee also carries out the review and reporting of fraud cases.

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

As on March 31, 2020, 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 2019-20 is shown below:

Sl. No.	Name of Director	Category	Date of Appointment / Cessation	No. of Meetings during the FY 2019-20	
				Held	Attended
MEMBERS OF THE COMMITTEE					
1.	Prof Arvind Sahay	Chairman*	30.10.2017	8	8
2.	Shri Anand Madhukar	Member	18.09.2019	4	2
3.	Dr. B K Sinha	Member	23.05.2018	8	6
4.	Prof. N Balakrishnan	Member	30.01.2020	1	1
DIRECTORS WHO CEASED TO BE MEMBER DURING F.Y. 2019-20					
1.	Shri Anshuman Sharma	Member	09.09.2019	4	3
2.	Ms. Kiran Sahdev	Member	29.11.2019	7	3

*Note: In the absence of Independent Directors, Prof Arvind Sahay has been elected as Chairman of the 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 2019-20, the Audit Committee of Directors of IFCI met 08 (Eight) times. In 2019, the Meetings were held on April 26, May 21, June 24, August 12, September 21, October 30, November 13, and February 13 in 2020.

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, 2020, the Committee consisted of two Directors both of whom were Non-Executive Directors. During the year, 1 (one) Meeting of the Committee was held on May 21, 2019. The composition of the Committee and attendance of Directors at the Meeting is shown below:

Sl. No.	Name of Director	Category	Date of Appointment / Cessation	No. of Meetings during the FY 2019-20	
				Held	Attended
	MEMBERS OF THE COMMITTEE				
1.	Dr. B K Sinha	Member	23.05.2018	1	1
2.	Prof Arvind Sahay	Member	30.10.2017	1	1
	DIRECTORS WHO CEASED TO BE MEMBER DURING F.Y. 2019-20				
1.	Shri Anshuman Sharma	Member	09.09.2019	1	1
2.	Ms. Kiran Sahdev	Member	29.11.2019	1	0

Note:- There was no Chairman of the Committee as on March 31, 2020. The Members elected one amongst themselves to Chair the Meeting.

(D) Following are the details of the remuneration paid to the managerial personnel during the FY 2019-20:

Dr E S Rao, Managing Director and Chief Executive Officer, from 01.04.2019 to 31.03.2020

Particulars	(₹ in lakhs)
Salary & Allowances (excluding Perquisites)	30.20
Perquisite Allowance (inclusive of Tax borne by IFCI on perquisites)	2.35
Contribution to PF & Other Funds	2.59
Perquisites as per IT Act Sec – 17(2)	3.22
Perquisites as per IT Act Sec – 17(3)	4.31
TOTAL	**42.67**

(E) During the FY 2019-20, the Company paid sitting fees to the Non-Executive Directors excluding Government and Nominee Directors. The sitting fees of ₹40,000/- and ₹20,000/- per Meeting is paid 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. There were no Independent Directors during the FY 2019-20.

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, 2020.

(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 three Directors as on March 31, 2020. During the FY 2019-20, the Committee met two times on May 21, 2019 and November 13, 2019. The composition of the Committee and attendance of Directors at the Meetings during the FY 2019-20 is shown below:

Sl. No.	Name of Director	Category	Date of Appointment / Cessation	No. of Meetings during the FY 2019-20	
	MEMBERS OF THE COMMITTEE			Held	Attended
1.	Dr E S Rao	Member	17.08.2017	2	2
2.	Shri Anand Madhukar	Member	18.09.2019	1	1
3.	Prof Arvind Sahay	Member	30.10.2017	2	2
	DIRECTORS WHO CEASED TO BE MEMBER DURING F.Y. 2019-20				
1.	Shri Anshuman Sharma	Member	09.09.2019	1	1
2.	Ms. Kiran Sahdev	Chairperson	29.11.2019	2	0

Note: After cessation of Ms. Kiran Sahdev, Director from the Board, at every Meeting of the Committee, the Members elect one among themselves to Chair the Meetings.

(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 2019-20 and the number of pending complaints are shown below:

Equity Shares & Bonds	
No. of Complaints received during the FY 2019-20	3011*
Pending as on March 31, 2020	0

(*) 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 time-to-time.

(D) The Company has constituted a Committee of its Executives for approval of the share transfers, transmissions and transpositions, etc. As the transfer of shares in physical form has been prohibited 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, now meets 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, 2020 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 it's 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 2019-20 and attended by the Members is as under:

(A) Corporate Social Responsibility Committee: The Corporate Social Responsibility Committee met once during the FY2019-20 on June 24, 2019. 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 2019-20	
	MEMBERS OF THE COMMITTEE		Held	Attended
1.	Dr E S Rao	Chairman	1	1
2.	Shri Anand Madhukar*	Member	NA	NA
3.	Prof N Balakrishnan	Member	1	1
	DIRECTORS WHO CEASED TO BE MEMBER DURING F.Y. 2019-20			
1.	Shri Anshuman Sharma	Member	1	0
2.	Ms. Kiran Sahdev	Member	1	1

(*) Shri Anand Madhukar was inducted on September 18, 2019.

(B) Executive Committee: The Meetings of the Executive Committee during the FY 2019-20 were held on May 13, June 24, August 12, October 30 in 2019 and February 13 in 2020. 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 2019-20	
MEMBERS OF THE COMMITTEE			**Held**	**Attended**
1.	Dr E S Rao	Chairman	5	5
2.	Prof N Balakrishnan	Member	5	5
DIRECTORS WHO CEASED TO BE MEMBER DURING F.Y. 2019-20				
1.	Ms. Kiran Sahdev	Member	4	3

(C) Risk and Asset Liability Management Committee: The Risk and Asset Liability Management Committee met four times during the FY 2019-20 on June 24, August 12, November 13, in 2019 and February 13, in 2020. 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 2019-20	
MEMBERS OF THE COMMITTEE			**Held**	**Attended**
1.	Dr E S Rao, MD & CEO	Chairman*	0	0
2.	Shri Anand Madhukar**	Member	NA	NA
3.	Dr. B K Sinha	Member	4	2
4.	Prof Arvind Sahay	Member	4	4
5.	Prof. N Balakrishnan	Member	4	4
DIRECTORS WHO CEASED TO BE MEMBER DURING F.Y. 2019-20				
1	Ms Kiran Sahdev	Member	3	2

(*) In terms of the Reserve Bank of India (RBI) Notification DNBR (PD) CC. No.099/03.10.001/2018-19 dated May 16, 2019, the Meetings of the Committee, were held for discussions with the Chief Risk Officer without the presence of the MD & CEO. Accordingly, the Members present elected one amongst themselves to Chair the Meetings.

(**) Shri Anand Madhukar was inducted in the Committee on February 13, 2020.

(D) E-Governance Committee: As on March 31, 2020, the Committee consisted of 3 Directors viz. Prof. N Balakrishnan, Chairman of the Committee, Dr E S Rao and Shri Anand Madhukar, Members. However, no Meeting of the Committee was held during FY 2019-20.

(E) Business Responsibility Reporting Committee: The Committee met once on June 24, 2019 in the FY 2019-20. 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 2019-20	
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

(F) Review Committee on Wilful Defaulters: The Committee consisted of 3 Directors viz. Dr. E S Rao (Chairman of the Committee), Dr. B K Sinha and Prof. N Balakrishnan, Members. However, no Meeting of the Committee was held during FY 2019-20.

(G) Review Committee of Non-Cooperative Borrowers and Recovery & NPA Management Committee – During the FY 2019-20, the Committee met twice on June 24 and November 13, in 2019. 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 2019-20	
MEMBERS OF THE COMMITTEE			**Held**	**Attended**
1.	Dr E S Rao	Chairman	2	2
2.	Shri Anand Madhukar	Member	1	1
3.	Prof Arvind Sahay	Member	2	2
DIRECTORS WHO CEASED TO BE MEMBER DURING F.Y. 2019-20				
1.	Shri Anshuman Sharma	Member	1	0
2.	Ms Kiran Sahdev	Member	2	1

7. GENERAL BODY MEETING:

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

Sl. No.	AGM Date	Location	Time
1.	30.10.2019	Auditorium, 1st Floor, IFCI Tower, 61 Nehru Place, New Delhi-110019	10:30 A.M.
2.	28.09.2018	Auditorium, 1st Floor, IFCI Tower, 61 Nehru Place, New Delhi-110019	10:30 A.M.
3.	30.10.2017	Auditorium, 1st Floor, IFCI Tower, 61 Nehru Place, New Delhi-110019	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
30.10.2019	u/s 42 & 71 of Companies Act, 2013	Approve Private Placement of Securities
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

8. DISCLOSURES:

(A) Related Party Transactions

Related Party Transactions (RPTs) 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 RPTs were in the normal course of business and were done at arm's length. There were no materially significant RPTs during the FY 2019-20. The Company also has in place a Policy on Materiality of Related Party Transactions (RPTs) 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, 2020 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. Any application / guidance / clarification / direction issued by RBI or other Regulators will be implemented as and when they are issued and made 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 Integrated Risk Management Department (IRMD).

Your Company periodically reviews Lending Policy, Risk Management Policies, Treasury & Investment Policy, etc. 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 ₹1,35,93,600/- inclusive of taxes (₹67,96,800/-per exchange for the quarters ended September, 2018; December, 2018, and March, June, September, December in 2019 and March 2020) 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 voluntarily 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 Suryakant Gupta, Practicing Company Secretary has certified the Corporate Governance Report for the Financial Year 2019-20 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 Suryakant Gupta, 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, 2020 has 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 has 7 (seven) step-down subsidiaries viz. IIDL Realtors Pvt. Ltd., IFIN Commodities Ltd., IFIN Credit Limited., IFIN Securities 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. 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.

(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 ₹0.07 crore. The administrative & office expenses and financial expenses constitutes 12.11% and 58.89%, respectively, of total expenses as against 6.45% and 55.62% in previous year i.e. FY 2018-19. The primary increase in administrative & office expenses is due to increase in actuarial valuation of post-retirement medical facility and impairment loss on non-financial assets during the current year.

(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 2019-20. However, during the FY 2019-20, Your Company received share application money of ₹200 crore from the GOI towards release of funds for subscription of share capital of the Company during the FY 2019-20. Subsequently, pursuant to the fund infusion, 20 crore number of equity shares @ ₹10 each aggregating to ₹200 crore were allotted to the GOI on May 21, 2020.

(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 basis for the year end March 31, 2020 is mentioned below:

Sl. No.	Particulars of Payments to Auditors	Standalone basis (₹ in crore)	Consolidated basis (₹ in crore)
1.	Audit Fees	0.44	1.45
2.	Taxation Matters	–	-
3.	Certification and other services	0.01	0.08
4.	Reimbursement of Expenses	0.03	0.05
	Total	**0.48**	**1.58**

(P) Credit Rating

Ratings assigned by credit rating agencies and migration of ratings during the period ended March, 2020:-

Ratings by	31-Mar-19	Migration during the year	31-Mar-20
Long Term (Bonds/NCDs/Term Loans)			
Brickwork	[BWR] A-	[BWR] BBB+ w.e.f. 10/07/2019	[BWR] BBB+
ICRA	[ICRA] BBB+	(ICRA) BBB w.e.f. 28/06/2019 (ICRA) BBB- w.e.f. 02/12/2019	[ICRA] BBB-
CARE	[CARE] BBB	[CARE] BBB- w.e.f. 05/07/2019	[CARE] BBB-
Short Term (Commercial Paper/Short Term Borrowings)			
Brickwork	[BWR] A1	[BWR] A2+ w.e.f. 10/07/2019	[BWR] A2+
ICRA	[ICRA] A2+	(ICRA) A3+ w.e.f. 28/06/2019 (ICRA) A3 w.e.f. 02/12/2019	[ICRA] A3
For Structured Secured NCDs			
Brickwork	[BWR] AA- (SO)	[BWR] A+ (SO) w.e.f. 10/07/2019 ^[BWR] A+ (CE) w.e.f. 14/09/2019	[BWR] A+(CE)
CARE	[CARE] A- (SO)	[CARE] BBB+(SO) w.e.f. 05/07/2019 *[CARE] BBB+ w.e.f.13/09/2019	[CARE] BBB+
Subordinate Bonds			
CARE	[CARE] BBB-	Reaffirmed w.e.f. 05/07/2019	[CARE] BBB-

^Pursuant to changes in "Guidelines for Enhanced disclosure by Credit Rating Agencies (CRAs)" issued by SEBI vide its circular no. SEBI/HO/MIRSD/ DOS3/CIR/P/2019/70 dated June 13, 2019, Brickwork had changed the new rating symbol from (BWR) A+ (SO)/ Negative to (BWR) A+ (CE)/ Negative.

*CARE had changed the use of Suffix (SO) pursuant to changes in "Guidelines for Enhanced disclosure by Credit Rating Agencies (CRAs)" issued by SEBI vide its circular no. SEBI/HO/MIRSD/ DOS3/ CIR/P/2019/70 dated June 13, 2019.

(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-1

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

(c) number of complaints pending as on end of the FY-1

(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 newspapers. The financial results for FY 2019-20 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), Free Press Journal (English in Mumbai edition), Navshakti (Marathi in Mumbai edition) and Amar Ujala (Hindi in Delhi NCR edition). Official press releases are also displayed on the 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 : Tuesday, December 22, 2020

Time : 11:30 A.M. (IST)

Venue : Auditorium,
1st Floor, IFCI Tower,
61, Nehru Place,
New Delhi-110019
Through VC/OAVM

(ii) Financial Calendar (Tentative):

Results for quarter ending June 30, 2020	Second Week of August, 2020
Results for quarter ending September 30, 2020	Second week of November, 2020
Results for quarter ending December 31, 2020	Second Week of February, 2021
Results for quarter ending March 31, 2021	Third week of May, 2021

(iii) Dates of Book Closure : Depend on the date of AGM

(iv) Dividend Payment Date : No dividend had been declared on the Equity Shares of the Company for the FY 2019-20.

(v) Listing on Stock Exchange:

(a) Equity Shares are listed on both the exchanges:

– **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

(b) Bonds issued under Private Placement basis under Series 47 to Series 61, Infrastructure (5 Series), Subordinate Bonds (5 Series), Tax Free Bonds and erstwhile SLR Bonds are listed on BSE. Secured NCDs issued through Public Issue are listed both on BSE and NSE.

(c) The Annual Listing Fee for the FY 2020-21 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:

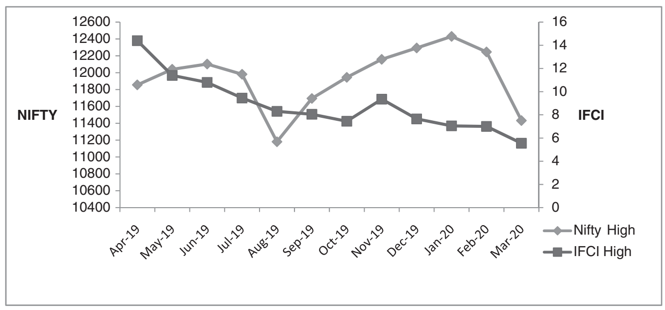
(Price in ₹)

Month & Year	NSE		BSE	
	High	Low	High	Low
April, 2019	14.40	10.40	14.37	10.50
May, 2019	11.40	8.75	11.40	8.80
June, 2019	10.80	7.10	10.78	7.08
July, 2019	9.45	7.10	9.41	7.10
August, 2019	8.30	6.85	8.25	6.85
September, 2019	8.05	6.95	8.06	6.96
October, 2019	7.45	6.10	7.45	6.00
November, 2019	9.35	6.85	9.31	6.85
December, 2019	7.65	6.25	7.65	6.27
January, 2020	7.05	6.30	7.05	6.32
February, 2020	7.00	5.25	7.07	5.25
March, 2020	5.55	3.10	5.50	3.10

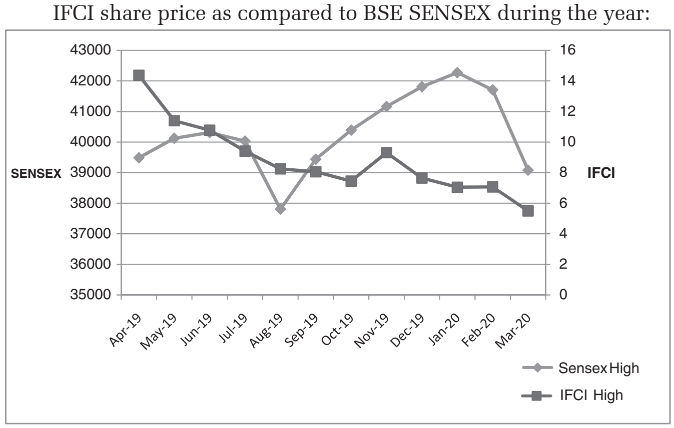
Source: NSE / BSE

(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):

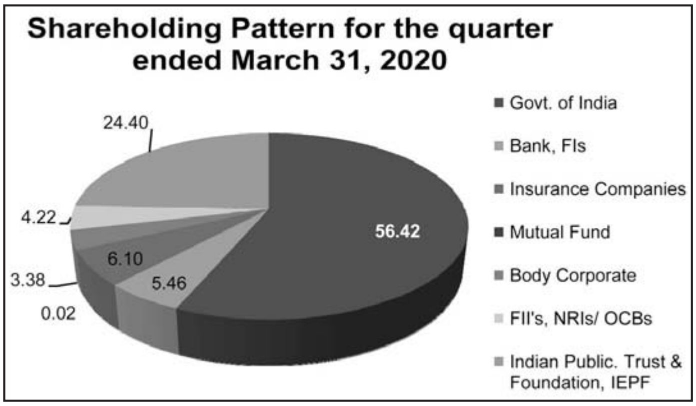
Both for Equity Shares and Family bonds	MCS Share Transfer Agent Limited Ist Floor, F-65, Okhla Industrial Area, Phase –I, New Delhi-110020 Website: www.mcsregistrars.com Email: helpdeskdelhi@mcsregistrars.com Contact Number: 011-41406149/51/52
For Infrastructure Bonds (series I & II)	Beetal Financial & Computer Services (P) Ltd. Beetal House, 3rd Floor, 99 Madangir Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062 Website: www.beetalfinancial.com Email: ifci@beetalfinancial.com Contact Number: 011-29961281-83
For Infrastructure Bonds (series III, IV & V) and Secured Non-Convertible Debentures Tranche I & II	KFin Technologies Private Limited Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500032 Website: www.kfintech.com Email: einward.ris@kfintech.com Contact Number: 040-67162222/1589/1595
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 Contact Number: 022-49186000
For all other Private Placement, 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 – 41732000/41792800

(x) Share Transfer System:

As the transfer of shares in physical form has been prohibited after April 01, 2019, in terms of SEBI Gazette Notification dated June 08, 2018 read with SEBI Press Release dated December 03, 2018, the old cases of transfer of shares received in physical form after correction of objections, etc., 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, 2020):

The Equity Shareholding in IFCI by major categories of Shareholders as on March 31, 2020 is as under:



(A) Shareholding Pattern:

Shareholding Pattern of Equity Shares of IFCI as on March 31, 2020 and March 31, 2019 is given as under:

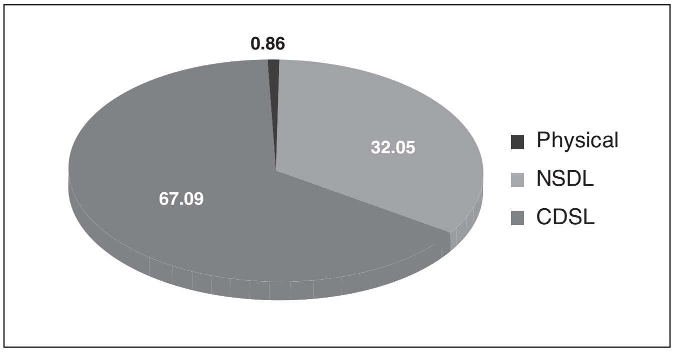
Category	As on 31.03.2020		As on 31.03.2019	
	No. of Equity Shares	%	No. of Equity Shares	%
Government of India	**95,69,55,857**	**56.42**	95,69,55,857	56.42
Banks & Financial Institutions	**9,26,71,748**	**5.46**	9,21,61,569	5.43
Insurance Companies	**10,33,98,758**	**6.10**	10,33,98,758	6.10
Mutual Funds	**2,83,147**	**0.02**	3,58,37,962	2.11
Other Bodies Corporate	**5,73,39,062**	**3.38**	6,05,84,091	3.57
FIIs & NRIs	**7,15,02,939**	**4.22**	10,06,47,137	5.92
Public	**41,38,41,581**	**24.40**	34,64,07,718	20.45
Total	**1,69,59,93,092**	**100.00**	1,69,59,93,092	100.00

(B) Distribution Schedule Range Analysis as on March 31, 2020:

Sl. No.	Category From	Category To	No. of Shareholders	% of total Shareholders	No. of Equity Shares	% Shares
1	1	500	4,16,207	80.77	6,52,66,894	3.85
2	501	1000	45,368	8.81	3,78,66,752	2.23
3	1001	2000	24,639	4.78	3,83,77,483	2.26
4	2001	3000	9,065	1.76	2,35,35,049	1.39
5	3001	4000	4,347	0.84	1,58,15,740	0.93
6	4001	5000	4,038	0.78	1,92,87,329	1.14
7	5001	10000	6,281	1.22	4,68,78,279	2.76
8	10001	50000	4,440	0.86	9,20,63,717	5.43
9	50001	100000	514	0.10	3,67,74,584	2.17
10	100001 and above		390	0.08	132,01,27,265	77.84
	Total		**5,15,289**	**100.00**	**169,59,93,092**	**100.00**

(xii) Dematerialization of Shares and liquidity:

About 99.14% of the Equity Shares of the Company have already been dematerialized up to March 31, 2020. IFCI's Shares are listed at nationwide 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, 2020, 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, 2020 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/ clarification/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
	DIN 05184747

Date: June 24, 2020
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, 2020, 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.

Suryakant Gupta
Practicing Company Secretary
M. No. FCS 9250, COP No. 10828
UDIN: F009250B000487079

Date: July 22, 2020
Place: Delhi

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

Corporate Identity Number (CIN) of the Company	L74899DL1993GOI053677
Name of the Company	IFCI Limited (IFCI)
Registered address	IFCI Tower, 61 Nehru Place New Delhi-110019
Website	www.ifciltd.com
E-mail id	complianceofficer@ifciltd.com
Financial Year reported	2019-20
Sector(s) that the Company is engaged in (industrial activity code-wise)	64920 (Other credit granting services)
List three key products/ services that the Company manufactures/provides (as in balance sheet)	(i) Financial Products (ii) Investment products (iii) Advisory services
Total number of locations where business activity is undertaken by the Company	
(i) Number of International Locations	None
(ii) Number of National Locations	7 (As on March 31, 2020)
Markets served by the Company - Local/State/ National/International	National

Section B: Financial Details of the Company (as on March 31, 2020)

Paid up Capital (INR)	₹1695.99 crore
Total Turnover (INR) *(Revenue from Operations)*	₹2245.57 crore
Total profit after taxes (INR)	₹(277.88) crore
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	During the FY 2019-20, an amount of ₹0.05 crore i.e. (0.018)% was spent by IFCI on CSR.
List of CSR activities in which expenditure has been incurred:	The details of CSR Activities undertaken during the year have been provided in the Annual Report on CSR activities forming part of Board's Report which include construction of orphanage and procurement of mobile medical van.

Section C: Other Details

PARTICULARS	Yes/No
Does the Company have any Subsidiary Company/ Companies?	Yes
Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: BR Information

1. Details of Director responsible for BR

(a) **Details of the Director responsible for implementation of the BR policies**

A Sub-Committee of Directors had been formed in this regard. As on March 31, 2020, the Committee comprised of three (3) Directors viz., Dr. Emandi Sankara Rao, MD&CEO–Chairman of the Committee, Dr. B K Sinha and Prof. Arvind Sahay and one Secretary to the Committee viz. Shri Biswajit Banerjee, Executive Director.

(b) **Details of the BR head**

Sl. No.	Particulars	Details
1.	DIN Number (if applicable)	NA
2.	Name	Shri Biswajit Banerjee
3.	Designation	Executive Director
4.	Telephone number	011- 41732000
5.	E-mail id	biswajit.banerjee@ifciltd.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. Briefly, they are as under:

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 - Businesses should promote the well-being of all employees.

P4 - Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 - Businesses should respect and promote human rights.

P6 - Businesses should respect, protect and make efforts to restore the environment.

P7 - Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 - Businesses should support inclusive growth and equitable development.

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sl. No.	Questions	Business Ethics/ Transparency And accountability	Product/Service Responsibility	Wellbeing of Employees	Stakeholder Engagement	Promote Human Rights	Respect, protect and restore Environment	Public Policy	Inclusive growth and equitable development	Customer Relations
		P1	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
1.	Do you have a policy/ policies for	Y	Y	Y	Y	N	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	–	Y	–	Y	Y
3.	Does the policy conform to any national /international standards?	Y	Y	Y	Y	–	Y	–	Y	Y
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	–	Y	–	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	–	Y	–	Y	Y
6.	Indicate the link for the policy to be viewed online?	#	Policy being an internal document is accessible to employees only	Policy being an internal document is accessible to employees only	#	–	Policy being an internal document is accessible to employees only	–	#	#
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	–	Y	–	Y	Y
8.	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	–	Y	–	Y	Y
9.	Does the Company have a grievance Redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	–	Y	–	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

#The links to the relevant Policies are mentioned at the end of this Report.

2a. If answer to S.No. 1 against any principle, is 'No', please explain why:
(Tick up to 2 options)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)					✓ [#]		✓ [#]		

IFCI being an NBFC, this principle is not applicable or has limited applicability. However, IFCI being a Government Company, has the responsibility to follow all the directions/ guidelines provided by Government of India in these regard.

3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

  The Business Responsibility Committee met once during the Financial Year 2019-20.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

  The Business Responsibility Report for the Financial Year 2018-19 did not form part of the Annual Report for the Financial Year 2018-19, as the applicability of publishing the Business Responsibility Report was on Top 500 Listed Entities during the FY 2018-19 based on Market Capitalisation.

  However, in view of the applicability of publishing the Business Responsibility Report on Top 1000 Listed Entities based on Market Capitalisation for the Financial Year 2019-20, the same will form part of the Annual Report and will also be hosted on the website of the Company at www.ifciltd.com.

Section E: Principle-wise performance

Principle 1

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   Yes, it extends to the Company only. The Company has in place a Code of Business Conduct and Ethics for IFCI's Board of Directors and Employees. The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company, and thus to sustain the trust and confidence reposed in the Board and the Employees by the Shareholders of the Company. The Board and Employees are expected to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning.

   IFCI also has in place a vigilance manual for internal circulation and a Vigil Mechanism. The Vigil Mechanism aims to establish a mechanism to receive complaints relating to disclosure on any allegation of corruption or willful misuse of power or willful misuse of discretion by virtue of which demonstrable loss is caused to IFCI or demonstrable wrongful gain accrues to the public servant or to any third party, against any employee/ public servant and to inquire or cause an inquiry into such disclosure and to provide adequate safeguard against victimization of the person making such complaint subject to the disclosure or complaint being made in good faith and in reasonable time.

   IFCI has also developed the Fair Practices Code (FPC) for its lending operations based on the RBI guidelines, which intends to provide assurance to all the borrowers of the Company's commitment to fair dealing and transparency in its business transactions.

   Though the Policy relating to ethics, bribery and corruption do not specifically extend to Group/Joint Venture/Suppliers/ Contractors/NGOs/Others, however an undertaking is obtained from successful bidders before awarding of contract that they have not indulged in any corruption. Hence applicability of this Principle may be taken as extended to this limit.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

   The Company had received a total of 3093 complaints from the stakeholders of the Company during the FY 2019-20, out of which 99.99% were resolved by March 31, 2020.

Principle 2

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   IFCI has financial products like Term Loan, Corporate Loan and Short Term Loan etc. for financing of renewable energy projects which are sustainable and environmentally benign. While sanctioning loans, IFCI stipulates conditions including environmental clearances viz., restriction on Borrower producing or consuming ozone depleting substances.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   Not Applicable

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

   Not applicable to the Company's main product. However, IFCI has a Centralised Procurement Policy (CPP) which has been prepared in line with latest GFR and Manual for Procurement of Goods and Services. IFCI is availing services of CPP Portal

(Central Public Procurement Portal) where vendors are registered as and when necessary empanelment of vendors is being carried out.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   Not applicable to the Company's main product. However, the Company entails procurement of goods, works and services from ₹2.5 lakhs to ₹25.00 lakh and above by way of open and limited tender enquiry. MSME clause is incorporated in policy as well as clearly outlined in every tender enquiry being floated.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so?**

   No.

Principle 3

1. **Please indicate the total number of employees.**

   As on March 31, 2020 there were 215 permanent employees (excluding contract employees) in the Company.

2. **Please indicate the total number of employees hired on temporary/contractual/casual basis.**

   No employee was hired on temporary/contractual/casual basis during the FY 2019-20.

3. **Please indicate the number of permanent women employees.**

   As on March 31, 2020, there were 70 permanent women employees.

4. **Please indicate the number of permanent employees with disabilities.**

   As on March 31, 2020, there were 2 differently abled employees.

5. **Do you have an employee association that is recognized by management?**

   Yes.

6. **What percentage of your permanent employees is members of this recognized employee association?**

   92.16% of the total permanent employees are members of the IFCI Officers Association as on March 31, 2020.

   9.30% of the total permanent employees are members of the IFCI SC/ST Employees Welfare Association as on March 31, 2020.

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sl. No.	Category	No of complaints filed during the financial year 2019-20	No of complaints pending as on March 31, 2020
1.	Child labour/ forced labour/ involuntary labour	NIL	NIL
2.	Sexual harassment	1	1
3.	Discriminatory employment	NIL	NIL

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

   77% of the employees were given safety and skill up-gradation training during the Financial Year 2019-20.

Principle 4

1. **Has the company mapped its internal and external stakeholders?**

   Yes.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   All SC/ST/OBC/PWD employees are identified as disadvantaged, vulnerable & marginalized stakeholders.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?**

   IFCI follows all Government of India Directives for engagement at various levels of career progression for all reserved category employees i.e. SC/ST/OBC/PWD and Minorities. IFCI has given representation to the reserved category employees by providing them with trainings before promotions at various grades as and when conducted and also by constantly engaging the SC/ST association for addressing the issues from time to time.

   Further, IFCI is also the nodal agency for Credit Enhancement Guarantee Scheme to promote entrepreneurship amongst the Scheduled Castes and has been further entrusted with the responsibility of implementation of the scheme aimed at promoting entrepreneurship among Scheduled Caste beneficiaries.

Principle 5

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?**

   IFCI does not have any specific policy on human rights. All the employees are governed by IFCI Staff Regulations.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   The company had received a total of 3093 complaints from the stakeholders of the Company during the FY 2019-20, out of which 99.99% were resolved by March 31, 2020. However, none of the complaints relates to Principle 5 of the Guidelines.

Principle 6

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/others?**

   Yes, the policy is embedded in Company's various policies and practices under CSR and covers the Company as a whole.

2. **Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

   IFCI has promoted Renewable Energy by way of financing such projects across the Country with a view to address global environmental issues such as climate change, global warming etc. The Company extends financial assistance to Renewable projects including Solar, Wind and Hydro etc.

3. **Does the company identify and assess potential environmental risks?**

   The above question is not applicable to the Company as it is not a manufacturing company. However, IFCI makes an effort to identify and assess potential environmental and social risks in the projects which are financed by IFCI.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

   No.

5. **Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N? If yes, please give hyperlink for web page etc.**

   The Company has completed implementation of energy efficiency work i.e. Installation of LED Lights at its Corporate Office.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   The above question has limited relevance to the Company as it is not a manufacturing Company. However, the Company complies with applicable environmental regulations in respect of the premises and operations.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on March 31, 2020.**

   NIL.

Principle 7

1. **Is your company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.**

   At present, IFCI is having membership of the following Business Chambers / Trade Association-:

   (i) Confederation of Indian Industry (CII) Northern, Western and Southern Region

   (ii) Associated Chambers of Commerce & Industry (ASSOCHAM)

   (iii) PHD Chambers of Commerce & Industry.

   (iv) Indian Banks' Association

   (v) India Infrastructure Publishing Pvt. Ltd.

   (vi) Indian Institute of Banking and Finance

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

   IFCI supports the initiatives taken by above Associations in their endeavor for the advancement or improvement of public good.

Principle 8

1. **Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Company takes up programmes/initiatives/projects in pursuit of the principle of inclusive growth and equitable development in pursuance of its CSR Policy. Detailed information about the specified programme and initiatives undertaken during the financial year 2019-20 in pursuit of the CSR Policy has been given in 'Report on Corporate Social Responsibility Activities', which forms part of this Annual Report.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   The company undertakes its CSR activities through its own foundation through a Trust by the name of "IFCI Social Foundation" (ISF). The investment in CSR activities are project based and for every project, time frame and periodic milestone are set at the outset.

3. **Have you done any impact assessment of your initiative?**

   With regard to the impact assessment of the CSR initiatives undertaken by IFCI during the FY 2019-20, the same shall be done after the projects are completed. ISF has empanelled 5 reputed agencies for impact assessment study for entrusting the assignments at appropriate time after completion of projects. ISF has awarded one project to impact assessment agency and the job is underway.

4. **What is your company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?**

   As the average Net Profit of IFCI Ltd. for preceeding 3 years was negative, IFCI was not required to allocate any amount for CSR activities for FY 2019-20, however, a token amount of ₹5 lakh was allocated and transferred to ISF for carrying out CSR activities on behalf of IFCI. ISF is carrying out CSR activities on behalf of IFCI and it's group companies through credible implementing agencies. Detailed information about the CSR activities undertaken during the financial year 2019-20 has been given in 'Report on Corporate Social Responsibility Activities', which forms part of this Annual Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   IFCI entrusts its CSR budget to the IFCI Social Foundation to ensure that the community development initiative is successfully adopted by the community for social inclusion. The projects sanctioned by IFCI Social Foundation in the FY 2019-20 are targeted towards community development and upliftment of the underprivileged and needy, targeting sustainability and bringing them in mainstream of the society. The focus has been on creation of physical social assets.

Principle 9

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

   A total of 22 cases were pending at the end of the Financial Year 2019-20. Hence, at the end of the year, 100% the customer complaints/consumer cases are pending.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws?**

   Not Applicable.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on March 31, 2020. If so, provide details thereof, in about 50 words or so?**

   No such instance during FY 2019-20.

4. **Did your company carry out any consumer survey/consumer satisfaction trends?**

   In IFCI, for betterment of the products, proper feedback and improving delivering mechanism, customer meets are convened.

   Annexure–1 to Business Responsibility Report

   The links of relevant policies approved by the Board of Directors of the Company are given below:

Name of the Policy	Web-link
Fair Practice Code	www.ifciltd.com/?q=content/fair-practices-code
Code of Conduct	www.ifciltd.com/?q=content/code-conduct
Vigil Mechanism	www.ifciltd.com/?q=content/whistle-blower-policy
CSR Policy	www.ifciltd.com/?q=content/our-csr-policy

The other policies are internal documents and accessible only to employees of the organization.

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, 2020 (₹ 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	279.44	41.53	21.05	1.00	0.01	5.00	2.50	30.01	55.75	6.09	15.00
2.	Reserves & surplus	106.62	86.64	(153.24)	29.02	2,214.57	5.58	7.81	0.15	(0.52)	(1.42)	(7.73)	63.26	(1.08)
3.	Total assets	281.99	552.00	444.30	88.44	3,849.05	22.72	13.79	7.51	2.00	29.00	165.06	261.17	16.13
4.	Total liabilities	115.00	38.27	318.10	17.89	1,613.43	16.14	5.97	7.51	2.00	29.00	117.04	191.82	2.20
5.	Investments	66.54	133.52	9.38	–	2,131.79	–	–	–	–	18.10	–	1.80	–
6.	Turnover	34.21	72.70	42.09	16.53	396.60	55.87	16.08	1.20	0.15	2.40	53.30	53.05	0.13
7.	Profit before taxation	(6.57)	16.14	(7.81)	(1.17)	44.86	0.42	4.82	(0.27)	0.01	(0.22)	(39.14)	6.46	(1.57)
8.	Provision for taxation	(7.17)	3.03	2.43	0.00	4.01	0.11	1.27	0.00	(0.03)	–	(9.52)	0.46	(0.00)
9.	Profit after taxation	0.60	13.11	(5.38)	(1.17)	40.85	0.31	3.55	(0.27)	0.04	(0.22)	(29.62)	6.00	(1.57)
10.	Proposed dividend	–	13.24	–	–	4.42	0.10	–	–	–	–	–	2.44	–
11.	% of shareholding *	98.59%	100.00%	99.90%	94.78%	52.86%	79.72%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

* % 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

SUNIL KUMAR BANSAL
Deputy Managing
Director
DIN 06922373

Prof ARVIND SAHAY
Director
DIN 03218334

JHUMMI MANTRI
General Manager &
Chief Financial Officer

RUPA SARKAR
Company Secretary

Place: New Delhi
Dated: 26 June 2020

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.	Shiga Energy Private Ltd.	Vadraj Cements Ltd.	Vadraj Energy (Gujarat) Ltd..
1.	Latest audited Balance Sheet Date	31-Mar-19	31-Mar-19	31-Mar-19	31-Mar-19	31-Mar-19	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	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	51.00	63.92	35.44
	Extend of Holding	14.32%	38.73%	20.26%	26.46%	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	1,955.05	116.44	66.05	363.99	29.91	(1,112.87)	(137.35)
	– Equity Share Capital	1,975.06	116.24	9.85	365.47	179.42	2,000.00	150.00
	– Preference Share Capital	–	–	–	–	–	–	–
	– Convertible Pref Share Capital	–	–	–	–	–	–	–
	– Reserves & Surplus	(20.01)	0.20	56.20	(1.48)	(47.88)	(3,112.87)	(287.35)
5.	Networth attributable to Shareholding as per latest audited Balance Sheet (Equity Only)	279.96	45.10	13.38	96.31	179.41	(35.57)	(32.96)
6.	Profit / Loss for the year	(0.18)	–	2.92	(0.86)	(101.88)	(1,595.05)	(212.99)
	(i) Considered in Consolidation	–	–	–	–	–	–	–
	(ii) Not Considered in Consolidation	(0.18)	–	2.92	(0.86)	(101.88)	(1,595.05)	(212.99)

$ I-GAAP financials have been considered.

Dr. E S RAO
Managing Director &
Chief Executive Officer
DIN 05184747

SUNIL KUMAR BANSAL
Deputy Managing
Director
DIN 06922373

Prof ARVIND SAHAY
Director
DIN 03218334

JHUMMI MANTRI
General Manager &
Chief Financial Officer

RUPA SARKAR
Company Secretary

Place: New Delhi
Dated: 26 June 2020

INDEPENDENT AUDITORS' REPORT

To the Members of IFCI Limited
Report on the Standalone Ind AS Financial Statements

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, 2020, 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 and Notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its Loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA's) specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in **"Auditor's Responsibilities for the Audit of Standalone 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 ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidences obtained by us is sufficient and appropriate to provide a reasonable basis for our opinion on the Statement.

Emphasis of Matter:

1. We draw attention to Note No. 42 of the financial statements regarding, the provision of impairment allowance in respect of its loan assets. The basis of determination of impairment allowance, which we have relied upon, is arrived at a model in accordance with the accounting policy recognizing probable credit loss based on internally developed statistical models & other historical data which takes into account the economic activity and financial conditions including macroeconomic factors.

   Due to ongoing COVID-19, higher probability risk factor was noticed and accordingly 15% shock on GDP is taken in the said model for calculating ECL as against weighted average of base/best/worst case scenario +(–)10% resulting in higher provision in ECL Model over the base case ECL Model. The Financial statements of the Company has not been impacted due to this change as the provisions as per RBI Prudential Norms (IRACP) are higher which has been accounted for determining the provisions for this year.
2. In accordance with the RBI circular no. **"DOR (NBFC).CC.PD. No.109/22.10.106/2019-20"** dated 13th March 2020,the company has created a provision as per RBI Prudential Norms (IRACP) which is higher than the ECL Model and accordingly a sum of ₹22.98 crore has been taken to "Impairment Reserve".
3. We draw attention to Note No. 44 of the financial statements regarding the entity's impact of COVID-19 pandemic on its financial statements. Management is of the view that there are no reasons to believe that the pandemic will have any significant impact on the ability of the entity to continue as a going concern. Nevertheless, the impact of pandemic in future period is uncertain and could impact the impairment allowance in future years.
4. We draw attention to Note No. 44.1, where the company is recognizing interest income in respect of Stage 3 Loan Assets as per Ind AS accounting policy of the company till it is diminished due to repayment/write off/settled. However in case of seventeen borrowal accounts covered under NCLT, the net impact of recognition of interest in these cases amounts to Rs. 331.58 Croreswhich is credited to statement of profit & loss A/c in various years. In the opinion of the management, complete write off will be done on final settlement of all these cases and there are sufficient security cover available with the company as determined by the resolution professional and hence no reversal of interest is required.

Our Opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matters	How our matter was addressed in the audit
1.	**Impairment of Loan Assets – Expected Credit Loss (ECL)** [Refer Note No. 53 to the Standalone Financial Statements read with accounting policy No. 6(b)] The most significant areas where we identified greater levels of management judgment are: • ECL model–Impairment loss measurement requires use of statistical models to estimate the Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These models are key driver to measure ECL. • Individually assessed classification of various Stages—the carrying value of loans and advances to borrowers may be materially misstated if individual impairments are not appropriately identified and estimated. The effect of these matters is that, as part of our risk assessment, we determined that the value of ECL has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	**Our Audit Procedure includes:** We have obtained an understanding of the guidelines as specified in Ind AS 109 "Financial Instruments", various regulatory updates and the Company's internal instructions and procedures in respect of the expected credit loss and adopted the following audit procedures: 1. Evaluation and understanding of the key internal control mechanisms with respect to the loan assets, assessment of the loan impairment including assessment of relevant data quality, and review of the real data entered. 2. Verification/review of documentations, operations/performance of Loan asset accounts, on test check basis of the large and stressed loan assets, to ascertain any overdue, unsatisfactory conduct or weakness in any loan asset account. 3. Review of the reports of the internal audit and any other audit/inspection mechanisms to ascertain the loan assets having any adverse indication/comments, and review of the control mechanisms of the Company to ensure the proper classification of such loan assets and expected credit loss thereof.

Sl. No.	Key Audit Matters	How our matter was addressed in the audit
	In the event of any improper application of assumptions, the carrying value of loan assets could be materially misstated either individually or collectively. In view of the significance of the amount of loan assets in the standalone Financial Statements, the impairment of loan assets thereon has been considered as Key Audit Matter in our audit.	4. The accuracy of critical data elements input into the system used for computation of PD and LGD. 5. The completeness and accuracy of data flows from source systems into the ECL calculation. 6. Independent assessment of all Loan assets based on IRACP norms of RBI. **Our results:** We considered the credit impairment charge and provision recognized and the related disclosures to be acceptable & satisfactory However the model adopted is required to be reviewed in the light of present circumstances.
2.	**Valuation of financial instruments at Fair Value** [Refer Note No.52 to the Standalone Financial Statements read with accounting policy No. 6(b)] Company enters into derivative contracts in accordance with RBI guidelines to manage its currency and interest rate risk. These derivative contracts are categorized at FVTPL and certain derivative contracts are designated under cash flow hedge (Hedge Accounting). We consider the valuation of the derivative financial instruments and hedge accounting as a key audit matter due to its material exposure and the fact that the inappropriate application of these requirements could lead to a material effect on the income statement.	**Our Audit Procedure includes:** We involved our team to review the management's underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts and the possible outcome of the underlying contracts accruing any profit or loss to the company. Our team also considered general market practices and other underlying assumptions in arriving at such fair valuation of the financial derivative contracts as outstanding/ pending for settlement as on March 31, 2020. Assessing whether the financial statement disclosures appropriately reflect the Company's exposure to derivatives valuation risks with reference to the requirements of the prevailing accounting standards and Reserve Bank of India Guidelines. **Our results:** We did not find any material misstatement in measuring derivative contracts at fair value and the related disclosures to be acceptable & satisfactory.
3.	**Valuation of investments in Subsidiaries and Associates** The carrying value of the Company's investment in subsidiaries represents 33% of the Company's total net worth. Due to the materiality of the investment in the context of the parent Company's financial statements and the market risk related with recoverability of investments, this was considered to be the area of focus during the course of Company's audits Hence, it was considered as a key Audit matter in our Report.	**Our Audit Procedure includes:** Review of financial statements of all subsidiaries and associates. **Our results:** We did not find any material risk in recoverability of the investments and the valuation of the investments has been done on fair value.
4.	**Assessment of Information Technology (IT)** The key financial accounting and reporting processes are highly dependent on the automated controls over the Company's IT systems. There is a risk that improper segregation of duties or user access management controls (in relation to key financial accounting and reporting systems) may undermine our ability to place some reliance thereon in our audit. We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management and regulators.	**Our Audit Procedure includes:** Evaluated sample of key controls operating over the information/input in relation to financial accounting and reporting systems. **Our results:** We did not find any material deficiencies as per our analysis of reports emanating from IT systems on Financial Accounting and reporting.

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 Act with respect to the preparation of these standalone 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 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 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 are also responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of Standalone Financial Statements

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

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

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

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 "A"** 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 "B"**, 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 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, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
   (*f*) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure "C"**; 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 appropriate adjustment in the Profit & Loss Account, 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;
      (*iii*) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **M/s M. K. Aggarwal & Co.**
Chartered Accountants
Firm Registration No: 01411N

CA Atul Aggarwal
Partner
Membership No.: 099374

Place: New Delhi
Date: June 26, 2020

Annexure A 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 other than flats, paintings, lands and leased plant and machinery having gross block of ₹197.92 crores which have been fully depreciated in the earlier years.

(*b*) As explained to us, the management carries out the physical verification of fixed assets once in a year during the year. However, no physical verification was conducted during the year due to COVID-19 being restriction on movement. In our opinion, however the frequency of physical verification is reasonable having regard to the size of the company and nature of its assets.

(*c*) According to information and explanations given to us, the records examined by us and based on the examination of conveyance deeds/ registered sale deed provided to us, we report that, the title deeds of all 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, clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable.

(*ii*) As explained to us and verified from books and records, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Further, clauses 3(iii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

(*iv*) The Company has not given any loans, investment, guarantees and securities which may be covered under section 185 and 186 of the Companies Act, 2013.

(*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 or any other relevant provision of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

(*vi*) The Central Government has not prescribed the maintenance of cost records under Sub-section 1 of Section 148 of the Act, for any of the services rendered by the Company. Accordingly, clause 3(vi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

(*vii*) In respect of statutory dues, on the basis of information and explanations given to us and on the basis of our examination of the records of the company, we report that:

(*a*) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Goods & Service Tax and other material statutory dues as applicable to it and there is no undisputed amount payable in respect of aforesaid dues outstanding for a period of more than six months from the date they become payable as on 31 March, 2020, as per the accounts of the Company.

(*b*) Wherever any dues/demand has been raised by any statutory authority and has been disputed by the Company, the same has been duly deposited under contest except in following cases:

Name of the Statute	Nature of disputed dues	Amount (in crore)	Year to which demand relates	Forum, where dispute is pending
The Income- Tax Act, 1961 $	Income Tax	0.35	A.Y 1998-99	High Court
The Income- Tax Act, 1961 $	Interest	0.04	A.Y 2008-09	ITAT
The Income- Tax Act, 1961 $	Income Tax	0.11	A.Y 2009-10	ITAT
The Income- Tax Act, 1961 $	Interest	0.02	A.Y 2010-11	ITAT
The Income- Tax Act, 1961 $	Income Tax	1.47	A.Y 2011-12	ITAT
The Income- Tax Act, 1961$	Penalty	1.23	A.Y 2015-16	ITAT
The Income- Tax Act, 1961 $	Income Tax	2.61	A.Y 2016-17	CIT(A)
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*

$ Income tax matters as disputed/unpaid as appearing in e-filing portal of Income tax department as on 31 March 2020. IFCI is under litigation with Income tax department on account of demand on the company for various assessment years including the above, resulting in appeals by either parties, mostly by the Income tax department against the order passed in favour of the company.

Stay order has been received against the amount disputed and not deposited.

*IFCI has filed application/declarations under Sabka Vishwas (Legal Dispute Resolution) Scheme, 2019 for settlement of these Disputes. However, the final discharge certificates are still pending to be issued by the designated tax authorities.

(*viii*) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.

(*ix*) According to the information provided and explanations given to us, no money has been raised by way of initial public offer or further public offer (including debt instruments) and the term loans. During the year the Government of India has infused a sum of ₹200 crores towards share capital which is pending allotment. The Company has subsequently allotted 20 crore number of equity shares @ ₹10 each to the President of India (Government of India) on May 21, 2020.

(*x*) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers and 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*) According to information and explanations given to us, the Company is not a Nidhi Company. Hence, the Nidhi Rules, 2014 are not applicable to the Company. Accordingly, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

(*xiii*) According to the information and explanations given to us and on the basis of 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*) The Company has not entered into any non-cash transactions with directors or persons connected with them which are covered under Section 192 of Companies Act, 2013

(*xvi*) The Company is a Non-Banking Finance Company and has obtained registration 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 **M/s M. K. Aggarwal & Co.**
Chartered Accountants
Firm Registration No: 01411N

CA Atul Aggarwal
Partner
Membership No. 099374

Place: New Delhi
Date: June 26, 2020

Annexure B 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 entries 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>22</td><td>2217.40</td></tr>
<tr><td>B.</td><td>Debtors write-offs</td><td>20</td><td>11.66</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>4664</td></tr>
<tr><td>3.</td><td>Tata Motors Limited</td><td>Demat</td><td>600</td></tr>
<tr><td>4.</td><td>Tata Steel Limited</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>24550</td></tr>
<tr><td>12.</td><td>Coromandel International Ltd</td><td>Demat</td><td>69220</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>3500</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>1785</td></tr>
<tr><td>21.</td><td>Hi-Tech Gears Ltd</td><td>Demat</td><td>2700</td></tr>
<tr><td>22.</td><td>Indian Metals & FerroAlloys 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>1125</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>64800</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 (Rswm Limited)</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	4482
		32.	Reliance Infrastructure Ltd	Demat	335
		33.	Reliance Power Ltd	Demat	1120
		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 Limited	Demat	483
		41.	Banswara Syntex Limited	Demat	100
		42.	Core Education & Technologies Ltd	Demat	3
		43.	Era Infra Engineering Ltd	Demat	27
		44.	Grasim Industries Limited	Demat	139
		45.	Indian Seamless Enterprises	Demat	1028
		46.	Jaykay Enterprises Limited	Demat	100
		47.	Kama Holdings Limited	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 Limited	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

Sl. No.	Sub–Directions	Reply			
		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.	Rain Industries Ltd.	Physical	115000
		95.	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.			
		(*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
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 along with 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 as per accounting policy of the company.			

For **M/s M. K. Aggarwal & Co.**
Chartered Accountants
Firm Registration No: 01411N

CA Atul Aggarwal
Partner
Membership No. 099374

Place: New Delhi
Date: June 26, 2020

Annexure C 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, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 2020 so far as our examination has revealed regarding 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 **M/s M. K. Aggarwal & Co.**
Chartered Accountants
Firm Registration No: 01411N

CA Atul Aggarwal
Partner
Membership No. 099374

Place: New Delhi
Date: June 26, 2020

BALANCE SHEET AS AT MARCH 31, 2020

(All amounts are in Rupees crores unless otherwise stated)

	Note No.	As at 31 March 2020	As at 31 March 2019
I. ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	3	**1,034.03**	395.54
(b) Bank balance other than (a) above	4	**589.76**	554.86
(c) Derivative financial instruments	5	**50.04**	14.66
(d) Trade receivables	6	**78.43**	16.84
(e) Loans	7	**10,295.36**	13,109.49
(f) Investments	8	**1,882.54**	3,460.95
(g) Other financial assets	9	**132.68**	135.12
TOTAL FINANCIAL ASSETS		**14,062.84**	17,687.46
(2) Non-financial Assets			
(a) Investment in subsidiaries	10	**1,352.13**	1,367.81
(b) Investment accounted using equity method	11	**–**	–
(c) Current tax assets (Net)		**181.48**	126.68
(d) Deferred tax assets (Net)	12	**1,932.04**	2,093.91
(e) Investment property	13	**190.08**	193.37
(f) Property, plant and equipment	14	**687.08**	724.70
(g) Capital work-in-progress		**–**	–
(h) Other intangible assets	15	**1.27**	1.65
(i) Other non-financial assets	16	**22.36**	14.51
TOTAL NON-FINANCIAL ASSETS		**4,366.44**	4,522.63
Assets classified as held for sale	17	**–**	45.46
TOTAL ASSETS		**18,429.28**	**22,255.55**
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	**66.60**	107.27
(b) Debt securities	19	**7,844.60**	9,226.79
(c) Borrowings (other than debt securities)	20	**3,165.50**	5,553.71
(d) Subordinated liabilities	21	**1,313.30**	1,313.30
(e) Other financial liabilities	22	**1,805.64**	1,744.71
TOTAL FINANCIAL LIABILITIES		**14,195.64**	17,945.78
(2) Non-Financial Liabilities			
(a) Provisions	23	**125.01**	83.08
(b) Other non-financial liabilities	24	**0.86**	1.39
TOTAL NON-FINANCIAL LIABILITIES		**125.87**	84.47
(3) Equity			
(a) Equity share capital	25	**1,695.99**	1,695.99
(b) Other equity	26	**2,411.78**	2,529.31
TOTAL EQUITY		**4.107.77**	4.225.30
TOTAL LIABILITIES AND EQUITY		**18,429.28**	22,255.55

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 **M.K. AGGARWAL & CO**
Chartered Accountants
ICAI Firm registration No.: 01411N

Dr. E S RAO
Managing Director &
Chief Executive Officer
DIN 05184747

SUNIL KUMAR BANSAL
Deputy Managing Director
DIN 06922373

Prof ARVIND SAHAY
Director
DIN 03218334

CA ATUL AGGARWAL
Partner
Membership No.: 099374
Place: New Delhi
Dated: 26 June 2020

JHUMMI MANTRI
General Manager &
Chief Financial Officer

RUPA SARKAR
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Rupees crores unless otherwise stated)

		Note	For the year ended 31 March 2020	For the year ended 31 March 2019
I.	**Revenue from operations**			
	Interest income	27	**2,144.10**	2,063 25
	Dividend income		**43.24**	39.14
	Rental income		**36.19**	32.08
	Fees and commission Income		**22.04**	22.76
	Total revenue from operations		**2.245.57**	2,157.23
II.	**Other income**	29	**18.49**	308.97
III.	**Total Income (I+II)**		**2.264.06**	2,466.20
	Expenses			
	Finance costs	30	**1,416.35**	1,756.14
	Net loss on fair value changes	28	**275.50**	112.81
	Impairment on financial instruments	31	**421.96**	1,084.83
	Employee benefits expenses	32	**143.92**	112.12
	Depreciation and amortisation	33	**30.66**	32.81
	Others expenses	34	**116.58**	58.78
IV.	**Total expenses**		**2.404.97**	3.157.49
V.	**Profit before exceptional items and tax (III-IV)**		**(140.91)**	(691.29)
VI.	Exceptional items		–	–
VII.	**Profit/(Loss) before tax (V-VI)**		**(140.91)**	(691.29)
VIII.	**Tax Expense:**			
	- Current tax		–	(6.39)
	- Taxation for earlier years		**43.99**	-
	- Deferred tax (net)	12	**92.98**	(241.07)
IX.	**Profit/(loss) for the Year (VII-VIII)**		**(277.88)**	(443.83)
X.	**Other Comprehensive Income**			
A.	(i) **Items that will not be reclassified to profit or loss**			
	– Fair value changes on FVTOCI - equity securities		**(30.27)**	14.40
	– Gain/(loss) on sale of FVTOCI - equity securities		**(5.12)**	(117.72)
	– Actuarial gain/(loss) on defined benefit obligation		–	50.39
	(ii) **Income tax relating to items that will not be reclassified to profit or loss**			
	– Tax on Fair value changes on FVTOCI - Equity securities		**(30.87)**	41.93
	– Tax on Actuarial gain/(loss) on Defined benefit obligation		**18.65**	(17.61)
	Subtotal (A)		**(47.61)**	(28.61)
B.	**(i) Items that will be reclassified to profit or loss**			
	– Debt securities measured at FVTOCI - net change in fair value		**(10.76)**	(16.16)
	– Debt securities measured at FVTOCI - reclassified to profit and loss		–	(0.35)
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	– Tax on Fair value changes on FVTOCI - Debt securities		**18.72**	5.77
	Subtotal (B)		**7.96**	(10.74)
	Other comprehensive income/loss (A + B)		**(39.65)**	(39.35)
XI.	**Total comprehensive income / (loss) for the year (IX+X)**		**(317.53)**	(483.18)
XII.	**Earnings per equity share**			
	Basic Earnings per share of ₹10 each		**(1.64)**	(2.62)
	Diluted Earnings per share of ₹10 each		**(1.64)**	(2.62)

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 **M.K. AGGARWAL & CO**
Chartered Accountants
ICAI Firm registration No.: 01411N

Dr. E S RAO
Managing Director &
Chief Executive Officer
DIN 05184747

SUNIL KUMAR BANSAL
Deputy Managing
Director
DIN 06922373

Prof ARVIND SAHAY
Director
DIN 03218334

CA ATUL AGGARWAL
Partner
Membership No.: 099374
Place: New Delhi
Dated: 26 June 2020

JHUMMI MANTRI
General Manager &
Chief Financial Officer

RUPA SARKAR
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Rupees crores unless otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	**140.91**	(691.29)
Adjustments for:		
Depreciation and amortisation	**30.66**	32.81
Impairment provision/ write offs	**421.96**	1,084.83
Unrealised gain/(loss) on investments	**275.50**	235.39
Impairment on Assets held for sale	**-**	(81.49)
Impairment on Non-financial asset	**34 06**	13.91
(Profit)/ Loss on Sale of Assets	**(8.53)**	(8.34)
Interest cost on preference shares	**-**	8.86
Operating Profit before Working Capital Changes & Operating Activities	**612.74**	594.68
Adjustments for Operating Activities:		
(Increase)/ decrease in Investments	**1.163.64**	1,501.59
(Increase)/ decrease in Loans & Advances	**2,488.28**	1,735.79
(Increase)/decrease in Derivative Financial Instruments	**(35.38)**	6.27
Increase/ (decrease) in Trade Payables	**(40.67)**	15.88
Increase/ (decrease) in Subordinated Liabilities	**-**	-
(Increase)/ decrease in Receivables	**(57.44)**	(1.79)
Increase/ (decrease) in Debt Securities	**(1,382.19)**	(37849)
Increase/ (decrease) in Borrowings	**(2,388.21)**	(3,464.41)
Operating Profit before Working Capital Changes	**360.77**	952
Adjustments for:		
(Increase)/ decrease in Other Financial Assets	**(7.85)**	(6 31)
Increase/ (decrease) in Other Non-financial Asset	**(4.53)**	0.61
Increase/ (decrease) in Other Financial Liability	**60.93**	(70.14)
Increase/ (decrease) in Other Non-financial Liability	**(0.53)**	(0.32)
Increase/ (decrease) in Provision	**61.59**	(140.07)
Increase/ (decrease) in other bank balances	**(34.90)**	1 19.17
Increase/ (decrease) in assets held for sale	**45.46**	583.29
Cash Flow before taxation	**120.17**	486.23
Income Tax (paid)/ refund - Net	**(23.40)**	(66.11)
Net cash flow from Operating Activities	**457.54**	429.64
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of / Advance for property, plant and equipments (including Leased property)	**(8.03)**	(047)
Investment in subsidiaries	**(34.06)**	(1391)
Proceeds from sale of investment property	**(3.29)**	0.04
Purchase of/ Advance for Intangible Asset	**0.38**	(0.17)
Proceeds from sale of property, plant and equipments (including leased property)	**25.95**	12.79
Net cash flow from Investing Activities	**(19.05)**	(1-72)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Preference Shares	**–**	(225.09)
Share application money received	**200.00**	–
Net cash flow from Financing Activities	**200.00**	(225.09)
Net Increase/ (Decrease) in Cash and Cash Equivalent Flow (A+B+C)	**638.49**	**202.83**
Add : Cash and Cash Equivalents at beginning of the financial year	**395.54**	192.71
Cash and Cash Equivalents at the end of the financial year	**1,034.03**	395.54

(All amounts are in Rupees crores unless otherwise stated)

Details of Cash and Cash Equivalents at the end of the year:

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Cash in hand (including postage stamps)	**0.01**	0.01
Balances with Banks		
-Bank balance	**263.14**	72.14
-Bank Deposits	**770.88**	17.26
Collaterised borrowings lending operations (CBLO)	**0**	299.84
Cheques on hand & under collection and remittances in transit	**0**	6.29
Total Cash and Cash Equivalents at the end of the year	**1034.03**	395.54

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For **M.K. AGGARWAL & Co**
Chartered Accountants
ICAI Firm registration No.: 01411N

For and on behalf of the Board of Directors of **IFCI Limited**

Dr. E S RAO
Managing Director &
Chief Executive Officer
DIN 05184747

SUNIL KUMAR BANSAL
Deputy Managing
Director
DIN 06922373

Prof ARVIND SAHAY
Director
DIN 03218334

CA ATUL AGGARWAL
Partner
Membership No.: 099374
Place: New Delhi
Dated: 26 June 2020

JHUMMI MANTRI
General Manager &
Chief Financial Officer

RUPA SARKAR
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Rupees crores unless otherwise stated)

(a) Equity Share Capital

Balance as at 01 April 2018	Changes in equity share capital during the year	Balance as at 31 March 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
1,695.99	–	1,695.99	–	1,695.99

(b) Other Equity

Particulars	Share application money pending allotment	Deemed equity contribution	Impairment Reserve	Reserves and Surplus								Debt instruments through other comprehensive income	Equity instruments through other comprehensive income	Remeasurements of the defined benefit plans	Total
				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	General reserve	Retained earnings				
Balance as at 01 April 2018	–	345.61	–	875.04	136.69	0.85	967.69	231.92	247.08	353.58	184.92	20.27	-343.3	1.93	3022.28
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**	**2529.31**
Total comprehensive income for the period	–	–	–	–	–	–	–	–	–	–	(277.88)	7.96	(66.26)	18.65	(317.53)
Application money received during the year	200.00	–	–	–	–	–	–	–	–	–	–	–	–	–	200.00
Transfer to/from retained earnings		–	22.98	–	–	–	–	–	–	–	(22.98)	–	–	–	–
Balance as at 31 March 2020	**200.00**	**335.82**	**22.98**	**875.04**	**136.69**	**0.85**	**967.69**	**231.92**	**247.08**	**353.58**	**(559.77)**	**17.49**	**(470.95)**	**53.36**	**2411.78**

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 **M.K. AGGARWAL & Co**
Chartered Accountants
ICAI Firm registration No.: 01411N

Dr. E S RAO
Managing Director &
Chief Executive Officer
DIN 05184747

SUNIL KUMAR BANSAL
Deputy Managing
Director
DIN 06922373

Prof ARVIND SAHAY
Director
DIN 03218334

CA ATUL AGGARWAl
Partner
Membership No.: 099374
Place: New Delhi
Dated: 26 June 2020

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Basis of Preparation of Financial Statements

The financial statements for the year ended March 31, 2020 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, 2019, the Company presented its financial statements on accural 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 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 26 June 2020.

3. 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 crores and rounded off to the nearest two decimal, except when otherwise indicated.

4. 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.

5. 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.

6. Significant accounting policies

The Company has consistently applies the following accounting policies to all periods presented in these financial statements.

(a) **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.

(b) 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.

(All amounts are in Rupees crores unless otherwise stated)

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 howr 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.

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 (E1R) 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 (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.

(All amounts are in Rupees crores unless otherwise stated)

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 (lows 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 derecognised) 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.

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 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 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 entirely 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.

(c) 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.

(d) 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.

(All amounts are in Rupees crores unless otherwise stated)

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.

(e) 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

(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 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 lndia (LIC) by entering into a Group Superannuation Cash Accumulation Scheme.

(b) 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.

(f) 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.

(All amounts are in Rupees crores unless otherwise stated)

Unrecognized deferred tax assets are reassessed at each reporting dale 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.

(g) 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.

(h) 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 derecognized.

(i) Impairment of non-financial assets

At each reporting date, the Company reviews the earning 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 earn ing amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(All amounts are in Rupees crores unless otherwise stated)

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(All amounts are in Rupees crores unless otherwise stated)

3 CASH AND CASH EQUIVALENTS

	As at 31 March 2020	As at 31 March 2019
Cash in hand (including postage stamps)	**0.01**	0.01
Balances with Banks		
– Bank balance	**263.14**	72.14
– Bank Deposits	**770.88**	17.26
Collaterised borrowings lending operations (CBLO)	**–**	299.84
Cheques on hand & under collection and remittances in transit	**–**	6.29
Total	**1034.02**	395.54

4 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Bank Deposits against fund placed with company under Credit Guarantee Enhancement Scheme		
– Bank balance	**0.06**	0.13
– Bank deposits	**281.09**	266.65
Unclaimed dividend account	**10.69**	12.54
Balances with banks held as margin money against guarantees	**66.26**	55.4
Bank deposits under directions of court and tribunal etc.	**231.66**	220.14
Total	**589.76**	554.86

5 DERIVATIVE FINANCIAL INSTRUMENTS:

	As at 31 March 2020		As at 31 March 2019	
	Notional amounts	Fair Value-Assets	Notional amounts	Fair Value-Assets
Part I				
Currency derivatives:				
– Spot and forwards	**817.4**	**50.04**	603.12	14.66
Total	**817.4**	**50.04**	603.12	14.66
Part II				
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:				
Undesignated derivatives	**817.4**	**50.04**	603.12	14.66
Total derivative financial instruments - Part II	**817.4**	**50.04**	603.12	14.66

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 2020	As at 31 March 2019
(A) Secured		
– considered good	**–**	–
– considered doubtful	**–**	–
(B) Unsecured		
– considered good	**78.71**	17.00
– considered doubtful	**–**	4.27
	78.71	21.27
Less: Provision for impairment	**(0.28)**	(4.43)
Total	**78.43**	16.84

For terms and conditions of trade receivables owing from related parties and transactions with related parties, see Note 47.

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 2020	As at 31 March 2019
At Amortised cost		
(A)		
(i) Term loans	**15,574.73**	20,039.82
(ii) Leasing	**0.04**	0.04
(iii) Debentures	**1,069.14**	1,372.54
Total (A) -Gross	**16,643.91**	21,412.40
Less: Impairment loss allowance	**6,348.55**	8,302.91
Total (A) - Net	**10,295.36**	13,109.49
(B)		
(i) Secured by tangible assets and intangible assets	**10,897.39**	16,692.00
(ii) Covered by bank/government guarantees	**135.45**	508.00
(iii) Unsecured	**5,611.07**	4,212.40
Total (B)- Gross	**16,643.91**	21,412.40
Less: Impairment loss allowance	**6,348.55**	8,302.91
Total (B)-Net	**10,295.36**	13,109.49
(C)		
(i) Public sector	**421.75**	374.60
(ii) Others (to be specified)	**16,222.16**	21,037.80
Total (C)- Gross	**16,643.91**	21,412.40
Less: Impairment loss allowance	**6,348.55**	8,302.91
Total (C)-Net	**10,295.36**	13,109.49

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 2020							
(A)							
(i) Mutual funds	–	–	30.53	–	30.53	–	30.53
(ii) Government securities	–	632.47		–	632.47	–	632.47
(iii) Other approved securities	–				–		–
(iv) Debt securities	–	198.78	–	–	198.78	–	198.78
(v) Equity instruments	–	12.62	421.01	–	433.63	–	433.63
(vi) Others							
Venture capital	–	–	112.61	–	112.61	–	112.61
Security receipts	–	–	447.06	–	447.06	–	447.06
Certificate of deposit	–	–		–	–	–	–
Preference shares	–	–	27.46	–	27.46	–	27.46
Total – Gross (A)	–	**843.87**	**1038.67**	–	**1882.54**	–	**1882.54**
(B)							
(i) Investments in India	–	843.87	1038.67	–	1882.54	–	1882.54
(ii) Investments outside India	–	–	–	–	–	–	–
Total – Gross (B)	–	**843.87**	**1038.67**	–	**1882.54**	–	**1882.54**
(C) Less: Allowance for Impairment loss	–	–	–	–	–	–	–
(D) **Total – Net (A-C)**	**–**	**843.87**	**1,038.67**	**–**	**1,882.54**	**–**	**1882.54**

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 2019							
(A)							
(i) Mutual funds	–	625.67	107.11	–	**45.31**	–	**45.31**
(ii) Government securities	–	316.51	37.27	–	625.67	–	625.67
(iii) Debt securities	–	49.31	30.54	–	321.51	–	321.51
(iv) Equity instruments	–	–	1,491.50	–	1528	–	1,528.00
(v) Others	–	–		–	–	–	–
Venture capital	–	–	140.37	–	128.98	–	128.98
Security receipts	–	–	528.36	–	528.36	–	528.36
Commercial paper	–	198.16		–	198.16	–	198.16
Certificate of deposit	–	–	32.46	–	84.96	–	84.96
Total – Gross (A)	–	**1,189.65**	**2,271.3**	–	**3,460.95**	–	**3,460.95**
(B)							
(i) Investments in India	–	1,189.65	2,271.3	–	3,460.95	–	3,460.95
(ii) Investments outside India	–	–	–	–	–	–	–
Total – Gross (B)	–	**1,189.65**	**2,271.3**	–	**3,460.95**	–	**3,460.95**
(C) Less: Allowance for Impairment loss	–	–	–	–	–		–
(D) **Total – Net (A-C)**	–	**1,189.65**	**2,271.3**	–	**3,460.95**	–	**3,460.95**

The Company's exposure to credit and currency risks, and loss allowances related to loans are disclosed in Note 53.

9 OTHER FINANCIAL ASSETS

	As at 31 March 2020	As at 31 March 2019
Interest on Investments	**21.07**	21.84
Accrued income*	**21.13**	20.79
Loans to employees	**27.09**	21.35
Other Deposits	**64.59**	54.28
Other doubtful deposits	**12.12**	12.12
Other recoverables	**50.86**	69.46
	196.86	199.84
Less: Allowance for impairment loss	**64.18**	64.72
Total	**132.68**	135.12

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 2020	As at 31 March 2019
Investment in subsidiaries	**1,381.72**	1,381.72
Less: Allowance for impairment loss	**29.59**	13.91
Total	**1,352.13**	1,367.81

11 INVESTMENT ACCOUNTED USING EQUITY METHOD

	As at 31 March 2020	As at 31 March 2019
Investment in associates	**–**	–
Total	**–**	–

(All amounts are in Rupees crores unless otherwise stated)

12. Deferred tax assets and liabilities

Particulars	As at 01 April 2019	Recognised in equity	Recognised in profit or loss during the year	Recognised in OCI during the year	**As at 31 March 2020**
Deferred tax assets:					
Loans	2,051.29	–	(332.55)	–	**1718.74**
Others	619.63	–	(260.57)	18.65	**377.71**
Minimum alternate tax credit entitlement	75.39	–	(75.39)	–	
	2,746.31	**–**	**(668.51)**	**18.65**	**20,96.45**
Deferred tax liabilities:					
Property, plant and equipment	330.01	–	(83.71)	–	**246.29**
Investments	248.11	–	(345.50)	12.15	**(85.15)**
Investments in subsidiaries	(4.86)	–	(63.02)	–	**(67.89)**
DTL on Special Reserve u/s 36(i)(viii)	46.72	–	–	–	**46.72**
Borrowings	32.42	–	(7.99)	–	**24.43**
	652.4	–	(500.14)	12.15	**164.41**
Net deferred tax assets	**2,093.91**	–	**(168.37)**	**6.50**	**1,932.04**

13 INVESTMENT PROPERTY

	Gross Block				Depreciation				Net Block	
	As at 1 April 2019	Additions / Adjustments	Disposals / Adjustment	**As at 31 March 2020**	As at 1 April 2019	For the year	Disposals / Adjustment	**As at 31 March 2020**	As at 31 March 2020	As at 31 March 2019
Owned Assets										
Freehold Land	9.84	–	–	**9.84**	–	–	–	**–**	9.84	9.84
Buildings	192.75	–	0.34	**192.75**	9.24	4.57	1.28	**12.53**	180.22	183.51
Assets under finance lease										
Leasehold land	0.02	–	–	**0.02**	–	–	–	**–**	0.02	0.02
Total	202.61	–	–	**202.61**	9.24	4.57	1.28	**12.53**	190.08	193.37

	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 1 April 2018
Owned Assets										
Freehold Land	9.84	–	–	9.84	–	–	–	–	9.84	–
Buildings	193.09	–	0.34	192.75	4.67	4.57	–	9.24	183.51	–
Assets under finance lease										
Leasehold land	0.02	–	–	0.02	–	–	–	–	0.02	
Total	**202.95**	**–**	**0.34**	**202.61**	4.47	4.57	–	9.24	193.37	–

Fair value of investment property

Particulars	**As at 31 March 2020**	As at 31 March 2019
Freehold Land	**12.60**	12.60
Leasehold Land	**0.73**	0.73
Buildings	**311.85**	311.85

* Considering the present Real Estate market situation, the FV as on 31st March, 2019 has been considered for 31st March 2020 also.

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.

Note 13 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(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.

14 PROPERTY, PLANT AND EQUIPMENT

	Gross Block				**Depreciation**				**Net Block**	
	As at 1 April 2019	Additions / adjustments	Disposals / adjustments	**As at 31 March 2020**	As at 1 April 2019	For the year	Disposals / adjustments	**As at 31 March 2020**	**As at 31 March 2020**	As at 31 March 2019
Owned Assets										
Freehold Land	52.71	–	–	**52.71**	–	–	–	–	**52.71**	52.71
Buildings	440.24	–	27.14	**413.10**	24.67	11.77	9.67	**26.77**	**386.33**	415.57
Leasehold Improvement	0.04	–	–	**0.04**	0.04	–	–	**0.04**	–	–
Plant & Machinery	2.15	4.95	–	**7.10**	0.39	0.50	–	**0.89**	**6.21**	1.76
Furniture & Fixtures	5.87	–	–	**5.87**	3.68	0.92	0.00	**4.60**	**1.27**	2.19
Vehicles	0.29	–	–	**0.29**	0.19	0.01	0.07	**0.13**	**0.16**	0.10
Office Equipments	2.71	0.42	0.38	**2.75**	1.39	0.44	0.29	**1.54**	**1.21**	1.32
Electrical Installations and Equipments	11.46	0.01	–	**11.47**	6.38	2.57	0.06	**8.89**	**2.58**	5.08
Assets under Lease										
Leasehold Land	264.34	–	–	**264.34**	18.37	9.37	0.01	**27.73**	**236.61**	245.97
Total	779.81	5.38	27.52	**757.67**	55.11	25.58	10.10	**70.59**	**687.08**	724.70

	Gross Block				Depreciation				Net Block
	As at 1 April 2019	Additions / adjustments	Disposals / adjustments	As at 31 March 2019	As at 1 April 2019	For the year	Disposals / adjustments	As at 31 March 2019	As at 31 March 2019
Owned Assets									
Freehold Land	57.64	–	4.93	52.71	–	–	–	–	52.71
Buildings	415.63	25.11	0.50	440.24	12.66	12.70	0.69	24.67	415.57
Leasehold Improvement	0.09	–	0.05	0.04	0.02	0.02	–	0.04	–
Plant & Machinery	2.15	–	–	2.15	0.20	0.19	–	0.39	1.76
Furniture & Fixtures	5.74	0.13	–	5.87	1.93	1.75	–	3.68	2.19
Vehicles	0.31	–	0.02	0.329	0.14	0.05	–	0.19	0.10
Office Equipments	2.16	0.57	0.02	2.71	0.90	0.49	–	1.39	1.32
Electrical Installations and Equipments	11.44	0.02	–	11.46	3.22	3.16	–	6.38	5.08
Assets under Lease									
Leasehold Land	264.34	–	–	264.34	9.38	9.37	0.38	18.37	245.97
Total	**759.50**	**25.83**	**5.52**	**779.81**	28.45	27.73	1.07	**55.11**	**724.70**

15 INTANGIBLE ASSETS

	Gross Block				**Amortisation**				**Net Block**	
	As at 1 April 2019	Additions / adjustments	Disposals / adjustments	**As at 31 March 2020**	As at 1 April 2019	For the year	Disposals / adjustments	**As at 31 March 2020**	**As at 31 March 2020**	As at 31 March 2019
Computer Software	2.69	0.14	–	**2.83**	1.04	0.52	–	**1.56**	**1.27**	1.65
Total	2.69	0.14	–	**2.83**	1.04	0.52	–	**1.56**	**1.27**	1.65

Note 15 (contd..) (All amounts are in Rupees crores unless otherwise stated)

	Gross Block				Amortisation				Net Block
	As at 1 April 2019	Additions / adjustments	Disposals / adjustments	As at 31 March 2019	As at 1 April 2019	For the year	Disposals / adjustments	As at 31 March 2019	As at 31 March 2019
Computer Software	2.52	0.17	–	2.69	0.53	0.51	–	1.04	1.65
Total	**2.52**	**0.17**	**–**	**2.69**	**0.53**	**0.51**	**–**	**1.04**	**1.65**

16 OTHER NON-FINANCIAL ASSETS

	As at 31 March 2020	As at 31 March 2019
Capital advances	**1.93**	4.85
Pre-paid expenses	**0.38**	3.00
Provident fund-asset	**20.95**	1.83
Others	**6.09**	**10.92**
	28.45	20.60
Less: Allowance for impairment loss	**6.09**	6.09
Total	**22.36**	14.51

17 ASSETS HELD FOR SALE

	As at 31 March 2020	As at 31 March 2019
Freehold Land	**–**	0.01
Leasehold Land	**–**	0.02
Buildings	**–**	1.31
Associates	**–**	0.04
Assistance under development financing (AUF) - Associates	**–**	44.08
Total	**–**	45.46

18 TRADE PAYABLES

	As at 31 March 2020	As at 31 March 2019
Total outstanding dues to micro, small and medium enterprises	**–**	–
Total outstanding dues of creditors other than micro, small and medium enterprises	66.60	107.27
Total	**66.60**	**107.27**

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 2020	As at 31 March 2019
At Amortised cost		
(A)		
(i) Non-Convertible Debentures		
– 6.00% LIC - Redeemable on 28.12.2021	**185.61**	180.19
– 6.00 % SBI - Redeemable on 25.01.2022	**184.96**	176.09
– 9.37% LIC - Redeemable on 01.04.2022	**418.19**	418.19
(ii) Bonds		
– Privately Placed Bonds	**3,979.96**	4,574.62
– Privately Placed Zero Coupon Bonds	**247.79**	225.70
– Infrastructure Bonds	**1,256.61**	1,191.54
– Privately Placed Bonds issued to Subsidiaries	**75.00**	75.00
– Less: Interest accrued but not due	**(549.88)**	(471.80)
(iii) Tax-free Bonds (secured by floating charge on receivables of IFCI Ltd.)		
– held by subsidiary and associate companies	**45.00**	45.00
– held by others	**265.00**	265.00

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	**10.00**	34.04
– held by others	**1,199.37**	2,001.40
– Less: Interest accrued but not due	**(48.00)**	(63.18)
(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
Total (A)	**7,844.60**	9,226.79
(B)		
(i) Debt securities in India	**7,844.60**	9,226.79
(ii) Debt securities outside India	**–**	–
Total (B)	**7,844.60**	9,226.79

Privately placed Bonds includes ₹663.21 cr 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 2020 above.

Terms of Repayment of Other Bonds

Series	**Interest rate**	**Date of maturity**	**Amount**
Zero Coupon Bonds	9.75%	7–Jul–40	15.73
Zero Coupon Bonds	9.75%	7–Jul–39	17.26
Zero Coupon Bonds	9.75%	7–Jul–38	18.95
Other Bonds	9.90%	5–Nov–37	106.88
Zero Coupon Bonds	9.75%	7–Jul–37	20.80
Zero Coupon Bonds	9.75%	7–Jul–36	22.83
Zero Coupon Bonds	9.75%	7–Jul–35	25.05
Zero Coupon Bonds	9.75%	7–Jul–34	27.50
Zero Coupon Bonds	9.75%	7–Jul–33	30.18
Other Bonds	9.90%	5–Nov–32	106.88
Zero Coupon Bonds	9.75%	7–Jul–32	33.13
Zero Coupon Bonds	9.75%	7–Jul–31	36.36
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
Other Bonds	10.25%	28–Feb–22	0.40

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
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	182.02
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	27.48
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	163.83
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
Total			**5,009.48**

Terms of Repayment of Secured Bonds

Bond	Rate of Interest (% p.a.)	Date of maturity	Amount
Tax Free Bonds	8.76%	31-Mar-29	145.00
Public Issue of Bonds*	9.40%	13-Feb-25	325.38
Public Issue of Bonds*	9.90%	1-Dec-24	647.99
Tax Free Bonds	8.39%	31-Mar-24	165.00
Public Issue of Bonds*	9.90%	1-Dec-21	188.01
PP Bonds Series 61	8.55%	3-Nov-21	575.00
Total			**2,046.37**

* additional interest @ 0.10% p.a. payable to individual investor

20 BORROWINGS (OTHER THAN DEBT SECURITIES)

	As at 31 March 2020	As at 31 March 2019
At Amortised cost		
(A)		
(i) Term loans		
– from banks and other parties	**2,649.92**	5,039.87
– from other parties		
– from financial institutions	**90.74**	87.72
– from KfW Line	**424.84**	426.12
Total (A)	**3,165.50**	5,553.71
(B)		
(i) Borrowings in India	**2,740.66**	5,127.59
(ii) Borrowings outside India	**424.84**	426.12
Total (B)	**3,165.50**	5,553.71

Note 20 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

Terms at Repayment of Term Loans from Banks/ F is

Repayment Mode	Rate of Interest (% p.a.)	Amount	Date of Maturity	Date of next Instalment	Number of instalments
Bullet	5.85%	90.13	2–May–22	2-May-22	1
Bullet	5.85%	178.64	23–Jul–22	23-Jul-22	1
Bullet	6.00%	90.74	1–Apr–22	1-Apr-22	1
Quarterly	9.40%	12.50	30-Jul-20	30-J un-20	1
Quarterly	9.40%'	18.75	24-Sep-20	24-Jun-20	2
Quarterly	9.15%	24.11	21 -Dec-20	30-Jun-20	3
Quarterly	9.40%	18.75	28-Dec-20	28-Jun-20	3
Quarterly	9.25%	37.50	29-Dec-20	29-Jun-20	3
Quarterly	9.25%	16.88	31-Dec-20	30-Jun-20	3
Quarterly	9.35%	93.75	31-Dec-20	30-Jun-20	3
Quarterly	9.65%	93.75	31-Dec-20	30-Jun-20	3
Quarterly	9.50%	75.00	22-Mar-2l	30-Jun-20	4
Quarterly	10.00%	69.12	30.Juu.21	30-Jiui-20	5
Quarterly	9.40%	500.00	30-Jim-21	30-Jun-20	5
Quarterly	8.50%	125.00	30-Jun-21	30-Jun-20	5
Quarterly	9.40%	360.00	30-Sep-21	30-Jun-20	6
Quarterly	S 80%	281.05	l9-hui-22	8-Jun-20	9
Quarterly	8.00%	300.00	27-Mar-23	27-Jun-20	12
Quarterly	8.90%	325.00	23-May-23	23-May-20	13
Total		**2740.66**			

Terms of Repayment of KfW lines of Credit

Name of Lender	Rate of Interest (% p.a.)	Amount (Euros)	Amount	Date of Maturity	Repayment	Date of next Instalment	Number of Instalments
KFW. Frankfurt	0.75%	13,45,720.34	11.14	31-Dec-26	Half Yearly	30-Jun-20	14
KFW. Frankfurt	1.25%	18,99,449.27	15.72	31-Dec-29	Half Yearly	30-Jun-20	20
KFW. Frankfurt	0.75%	13,31,404.14	11.02	30-Jun-30	Half Yearly	30-Jun-20	21
KFW. Frankfurt	0.75%	13,94,804.33	11.54	31-Dec-30	Half Yearly	30-Jun-20	22
KFW. Frankfurt	0.75%	21,83.216.26	18.07	30-Jun-31	Half Yearly	31-Jun-20	23
KFW. Frankfurt	0.75%	24,03.071.93	19.89	30-Jun-32	Half Yearly	30-Jun-20	25
KFW. Frankfurt	0.75%	26,56,161.25	21.99	31-Dec-53	Half Yearly	30-Jun-20	28
KFW. Frankfurt	0.75%	37,06,866.15	30.68	30-Jun-34	Half Yearly	30-Jun-20	29
KFW. Frankfurt	0.75%	48,01,030.67	39.74	31-Dec-34	Half Yearly	30-Jun-20	30
KFW. Frankfurt	0.75%	53,71,632.52	44.46	31-Dec-36	Half Yearly	30-Jun-20	34
KFW. Frankfurt	0.75%	186,90,785.92	154.70	30-Jun-38	Hall Yearly	30-Jun-20	37
KFW. Frankfurt	0.75%	55,43,426.69	45.88	31-Dec-32	Half Yearly	30-Jun-20	26
Total		**513,27,569.47**	**424.84**				

21 SUBORDINATED LIABILITIES

	As at 31 March 2020	As at 31 March 2019
At Amortised cost		
(A)		
(i) Subordinate - Tier II Bonds	**1,441.03**	1,419.91
– Less: Interest accrued but not due	**(127.73)**	(106.61)
Total (A)	**1,313.30**	1,313.30
(B)		
(i) Subordinated Liabilities in India	**1,313.30**	1,313.30
(ii) Subordinated Liabilities outside India	**–**	–
Total (B)	**1,313.30**	1,313.30

Note 21 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

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
Total			**1,313.30**

22 OTHER FINANCIAL LIABILITIES

	As at 31 March 2020	As at 31 March 2019
Interest accrued but not due on bonds and borrowings	**1.160.01**	1,127.55
Security Deposits	**13.28**	10.32
Unclaimed Dividend	**10.69**	12.54
Unpaid Matured Debentures & interest	**0.24**	0.24
Scheduled Caste Credit Guarantee Enhancement Scheme (placed by Govt. of India)	**281.75**	207.39
Other Liabilities	**339.67**	326.67
	1,805.64	1,744.71

23 PROVISIONS

	As at 31 March 2020	As at 31 March 2019
Impairment provision on off balance sheet exposure	**72.65**	5299
Employee Benefits	**52.36**	30.09
Total	**125.01**	83.08

Refer Note No. 45 for detailed disclosure on employee benefits

24 OTHER NON-FINANCIAL LIABILITIES

	As at 31 March 2020	As at 31 March 2019
Deferred revenue	**0.86**	1.39
	0.86	1.39

25 EQUITY

	As at 31 March 2020	As at 31 March 2019
Authorised		
2,00,00,00,000 Equity Shares of ₹10/- each	**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
	1,763.24	1,763.24
Subscribed		
1,69,73,09,792 Equity Shares of ₹10/- each	**1,697.31**	1,697.31
	1,697.31	1,697.31
Paid up		
1,69,59,93,092 Equity Shares of ₹10/- each	**1,695.99**	1,695.99
	1,695.99	1,695.99

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. Further, the Company has received ₹200 crores from GOI, Department of financial Services, Ministry of Finance, on March 23. 2020, towards subscription to the share capital of the Company. The same has been classified under Other Equity (Share application money pending allotment) as on 31 st March 2020. The Company has subsequently allotted 20 crore number of equity shares @₹10 each to the President of India (Government of India) on May 21, 2020.

Note 25 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	As at 31 March 2020		As at 31 March 2019	
	Number	**Amount**	Number	Amount
Equity shares				
Outstanding at beginning of the period	**1,69,59,93,092**	**1,695.99**	1,69,59,93,092	1,662.99
Add: Shares issued				
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 2020		As at 31 March 2019	
Name of the shareholder	**Number of shares**	**Shareholding %**	Number of shares	Shareholding %
President of India	**95,69,55,857**	**56.42%**	95,69,55,857	56.42%

26 OTHER EQUITY

	As at 31 March 2020	As at 31 March 2019
(i) Share application money pending allotment		
Opening balance	**–**	–
Add: Application money received during the year	**200.00**	–
Closing balance	**200.00**	–
	200.00	–
(ii) Reserve u/s 45IC of RBI Ad		
Opening balance	**875.04**	875.04
Closing balance	**875.04**	875.04
(iii) Impairment Reserve		
Opening balance	**–**	–
Add Transfer from retained earnings	**22.98**	–
Closing balance	**22.98**	–
(iv) Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961		
Opening balance	**136.69**	136.69
Closing balance	**136.69**	136.69
(v) Capital Reserve		
Opening balance	**0.85**	0.85
Closing balance	**0.85**	0.85
(vi) Securities Premium Reserve		
Opening balance	**967.69**	967.69
Add: Issue of equity shares	**–**	–
Closing balance	**967.69**	967.69
(vii) Capital Redemption Reserve		
Opening balance	**231.92**	231.92
Add: Transfer from retained earnings	**–**	–
Closing balance	**231.92**	231.92

Note 26 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
(viii) Debenture Redemption Reserve		
Opening balance	**247.08**	247.08
Add: Transfer from retained earnings	**–**	–
Closing balance	**247.08**	247.08
(ix) General Reserve		
Opening balance	**353.58**	353.58
Add:	**–**	–
Closing balance	**353.58**	353.58
(x) Deemed equity contribution		
Opening balance	**335.82**	345.61
Less: Early redemption of preference shares	**–**	–
Closing balance	**335.82**	345.61
(xi) Retained Earnings		
Opening balance	**(258.91)**	184.92
Add: profit/(loss) during the year	**(277.88)**	(443.83)
Less: Transfer to Impairment reserve	**(22.98)**	–
Closing balance	**(559.77)**	(258.91)
(xii) Debt instruments through Other Comprehensive Income		
Opening balance	**9.53**	20.27
Add: Fair value change during the year	**7.96**	(10.74)
Closing balance	**17.49**	9.53
(xiii) Equity instruments through Other Comprehensive Income		
Opening balance	**(404.69)**	(343.30)
Add: Fair value change during the year	**(66.26)**	(61.39)
Closing balance	**(470.95)**	(404.69)
(xiv) Remeasurements of the defined benefit plans		
Opening balance	**34.71**	1.93
Add: Actuarial gain/loss during the year	**18.65**	32.78
Closing balance	**53.36**	34.71
Total balance	**2,411.78**	2,529.31

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.

Note 26 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

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 55 of the Companies Act, 2013.

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).

27 INTEREST INCOME

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	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	**–**	**2,057.65**	–	1,955,49
Interest income from investments	**84.45**	**–**	100.45	–
Interest on debentures	**–**	**2.00**	–	7.31
Total	**84.45**	**2,059.65**	100.45	1,962.80

28 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

	Year ended 31 March 2020	Year ended 31 March 2019
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
– Equity securities	**(213.87)**	(59.44)
– Derivatives	**(3.34)**	(0.06)
– Security Receipts	**(34.34)**	(89.34)
– Preference Shares	**(45.54)**	1.41
– Units of Venture Capital Funds	**(3.56)**	(18.29)
– Units of Mutual Funds	**20.43**	46.85
(B) Net gain on derecognition of financial instruments at fair value through other comprehensive income	**4.72**	6.06
(C) Total Net gain/(loss) on fair value changes	**(275.50)**	(112.81)
Fair value changes :		
– Realised	**685.41**	122.58
– Unrealised	**(960.91)**	(235.39)
(D) Total Net gain/(loss) on fair value changes	**(275.50)**	(112.81)

(All amounts are in Rupees crores unless otherwise stated)

29 OTHER INCOME

	Year ended 31 March 2020	Year ended 31 March 2019
Net gain/(loss) on derecognition of property, plant and equipment	**8.53**	8.34
Foreign exchange gain/loss	**–**	8.94
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
Others	**9.96**	23.14
Total	**18.49**	308.97

30 FINANCE COSTS

	Year ended 31 March 2020	Year ended 31 March 2019
On Financial liabilities measured at amortised cost		
Interest on borrowings	**1,394.10**	1,727.92
Interest on debt securities	**14.30**	0.91
Interest on subordinated liabilities	**–**	8.86
Other interest expenses	**7.95**	18.45
Total	**1,416.35**	1,756.14

31 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	On Financial Assets measured at fair value	On Financial Assets measured at	On Financial Assets measured at fair value	On Financial Assets measured at Amortised
Loans	**–**	**306.19**	–	1,032.75
Investments	**108.80**	**–**	(0.07)	–
Other financial assets	**–**	**6.97**	–	52.15
Total	**108.80**	**313.16**	(0.07)	1,084.90

* Refer Note 53 for detailed disclosure on impairment on loans, recovery of loans and write off of loans.

* Includes write off during the year		**2217.40**		1843.85

32 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and wages	**72.57**	73.25
Contribution to provident and others fund	**59.32**	34.04
Staff welfare expenses	**12.03**	4.83
Total	**143.92**	112.12

33 DEPRECIATION AND AMORTISATION

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation of property, plant and equipment	**25.57**	27.73
Depreciation of investment property	**4.57**	4.57
Amortisation of intangible assets	**0.52**	0.51
Total	**30.66**	32.81

(All amounts are in Rupees crores unless otherwise stated)

34 OTHER EXPENSES

	Year ended 31 March 2020	Year ended 31 March 2019
Rent	**0.86**	0.73
Rates and taxes	**3.18**	3.33
Insurance	**0.18**	0.36
Repairs and maintenance		
– Buildings	**8.87**	9.62
– IT	**2.04**	1.85
– Others	**0.15**	0.16
Electricity and water charges	**4.26**	5.03
Security expenses	**3.51**	2.85
Payment to auditors	**0.48**	0.44
Directors fee & expenses	**0.25**	0.16
Publications and advertisement	**1.18**	1.46
Consultation and law charges	**13.19**	6.29
Travelling and conveyance	**1.20**	1,54
Training and development	**0.36**	0.51
Postage and telephone	**0.33**	0.43
Printing and stationery	**1.57**	1.07
Listing/ Filing/ Custody Fee	**2.19**	2.59
Library and membership subscription	**0.80**	0.91
Expenses on CSR Activity	**0.07**	4.21
Impairment loss on non-financial assets *	**34.06**	13.91
Impairment loss on assets held for sale	**29.11**	–
Foreign exchange gain/loss	**8.43**	–
Other miscellaneous expenses	**0.31**	1.33
Total	**116.58**	58.78

* Refer note no 35 for payment to Auditors.

35 PAYMENT TO AUDITORS

	Year ended 31 March 2020	Year ended 31 March 2019
Audit Fees	**0.44**	0.39
Certification and other services	**0.01**	0.04
Reimbursement of Expenses	**0.03**	0.01
Total	**0.48**	0.44

35.1 DETAILS OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	Year ended 31 March 2020	Year ended 31 March 2019
(a) Gross amount required to be spent by the Company for respective Financial Year	**0.00**	5.83
(b) Construction/acquisition of any assets	**0.00**	–
(c) Yet to be paid in cash	**–**	0.28
(d) Amount spent during the period -		
– Development of Human Capital	**0.48**	3.14
– Development of Rural areas & sustainable development activities	**0.12**	0.66
– Promotion of sports	**000**	0.12
– Other welfare activities	**005**	0.15
– Admin & other expenses	**0.12**	0.14
Total (d)	**0.76**	4.21

(All amounts are in Rupees crores unless otherwise stated)

35.2 CONTINGENT LIABILITIES AND COMMITMENTS

	As at 31 March 2020	As at 31 March 2019
A. Contingent Liabilities		
(i) Claims not acknowledged as debts	**45.61**	79.75
(ii) Guarantees excluding financial guarantees	**3.27**	3.26
(iii) **Tax Matters :**		
Income Tax	**–**	–
Service tax / GST	**–**	8.29
Total	**48.88**	91.30

* IFCI has filed application/declarations under Sabka Vishwas (Legal Dispute Resolution) Scheme, 2019. The Discharge Certificate is pending to be issued by the Designated Committee in these cases are pending with the authorities."

** Considering the current status of the pending litigation cases, no material financial impact is expected on the financial statements as on March 31, 2020.

B. Commitments		
(i) Estimated amount of contract (including lease contract) remaining to be executed on capital account (net of advances)	**0.24**	1.77
(ii) Undrawn Commitments	**776.41**	1,529.73
Total	**776.65**	1,531.50
C. Contingent assets	**Nil**	Nil

35.3 TAX EXPENSE

A. Amounts recognised in profit or loss

Particular	**Year ended 31 March 2020**	Year ended 31 March 2019
Current tax (a)		
Current tax expense	**–**	–6.39
Current tax expense/ (benefit) pertaining to earlier years	**43.99**	–
Sub-total (a)	**43.99**	(6.39)
Deferred tax (b)		
Deferred tax expense (credit)	**92.98**	(241.07)
Sub-total (c)	**92.98**	(241.07)
Tax expense(a)+(b)	**136.97**	(247.46)

B. Reconciliation of effective tax rate

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	%	**Amount**	%	**Amount**
Profit/(Loss) before tax	**–**	**(140.91)**	–	(691.29)
Tax using the Company's domestic tax rate of 34.944%	**34.94%**	**(49.24)**	3494%	(241.56)
Effect of:				
Tax exempt income	**10.72%**	**(15.11)**	4.72%	(32.61)
Non-deductible expenses	**(1.93%)**	**2.72**	(0.27%)	1.86
Changes in estimates related to prior years for current tax	**(31.22%)**	**43.99**	0.92%	(6.39)
Current year depreciation for which no deferred tax asset was recognised	**6.77%**	**(9.54)**	1.36%	(9.37)
Others	**(116.49%)**	**164.15**	(5.87%)	40.61
Effective fax rate/ tax expense	**(97.20%)**	**136.97**	35.80%	(247.46)

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 During the FY 2019-20, the Company has received ₹200 crores from GOI, Department of Financial Services, Ministry of Finance, on March 23, 2020, towards subscription to the share capital of the Company. The same has been classified under Other Equity (Share application money pending allotment) as on 31st March 2020. The Company has subsequently allotted 20 crore number of equity shares @ ₹10 each to the President of India (Government of India) on May 21, 2020.

39 During the current year, the company has realised ₹984.25 crore by sale of equity shares of National Stock Exchange of India Ltd (NSE), which was valued at fair value as per Ind AS in earlier financial statements. This resulted in net loss of ₹1.48 crore, which has been accounted for in the financial statements for the current quarter/year ended 31st March 2020.

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, 2020, the Company had investment in 27,91,54,700 no. of Equity shares in its subsidiary, IFCI Factors Ltd. (IFL). 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 ₹143.48 crore using the generally accepted valuation methodologies against breakup value, in line with Indian Accounting Standards and accordingly, the resultant impairment loss has been charged in the Profit & Loss Account.

41 For the purpose of computation of Loss Given Default (LGD), the company till March 31, 2019, considered the recovery rate of accounts which got closed prior to the reporting date or continued to remain in books as non-performing accounts for 3 years or more as on the reporting date out of the non-performing accounts during the period seven years preceding the reporting date. Based on recovery data analysis during 3 years vs. 5 years for the past 10 years, it was observed that present value of recovery in 5 years constituted 98.64 % of present value of total recovery till reporting date. Hence as a refinement of management estimate, the 3 years of deemed closure has been changed to 5 years for LGD calculation. This has resulted in decline in LGD to 49.05 % from 65.23 % and lesser amount of ECL by ₹2070 crore.

42 The basis of determination of impairment allowance, is arrived at a model in accordance with the accounting policy recognizing expected credit loss (ECL) based on internally developed statistical models & other historical data which takes into account the economic activity and financial conditions including macroeconomic factors (GDP). GDP is utilized as macroeconomic variable for the computation of Probability of Default, Since impact of ongoing COVID-19 is unascertainable, worst case scenario by giving 15% shock on GDP is adopted in the said model for calculation of PD as against existing ECL on weighted average of base/best/worst case scenario at +(–)10% GDP. Accordingly the net impact on provisioning is ₹228 crores.

43 As required by the RBI Notification no. "DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 in respect of Implementation of Indian Accounting Standard (Ind AS) in NBFC, the company has appropriated the difference between the impairment allowance under Ind AS 109 and the provisioning required under RBI Prudential (IRACP) Norms (including standard assets provisioning), a sum of ₹22.98 crore has been taken to "Impairment Reserve".

44 The outbreak of Coronavirus (Covid-19) pandemic globally and in India is causing significant disturbance in the financial Markets. On 11.03.2020, the Covid-19 outbreak was declared a global pandemic by the World Health Organization (WHO). It has resulted in significant disruption in global and Indian economic activities. The situation has been under close watch by the Company to take prompt actions for continuity of business operation is optimized manner. The Company believes that impact of this outbreak will not be significant on its business and financial position.

44.1 The company is recognizing interest income in respect of Stage 3 Loan Assets as per the Ind AS accounting policy of the company till it is diminished due to repayment/write off/settlement. However in case of 17 borrowers undergoing NCLT/settlement, the net accumulated recognition of income in these cases amounts to ₹331.58 crores which has been credited to statement of profit & loss A/c in various years. In the opinion of the management, complete write off will be done on final settlement/NCLT approval in these cases and there is sufficient security cover available with the company as determined by the resolution professional and hence no reversal of interest is required.

44.2 In the context of reporting business/geographical segment as required by Ind AS 108 - "Operating Segments", the Company operations comprise of only one business segment of financing. Hence, there is no reportable segment as per Ind AS 108.

44.3 On all the secured bonds and debentures issued by the Company and outstanding as on 31st March 2020, 100% security cover has been maintained against principal and interest, by way of floating charge on receivables of the Company and/or Government Securities owned by the Company.

44.4 These financial statements 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.

44.5 The preference shares of ₹225 crore (along with the dividend of ₹0.90 crore) was redeemed in Q2FY19. Since there were insufficient profits during the year ended 31st March 2019 and 31st March 2020, the transfer of ₹225 crore to Capital Redemption Reserve, as required under Section 55(2)(c) of the Companies Act 2013, could not be carried out.

(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 2020	Year ended 31 March 2019
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 2020. 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 2020	As at 31 March 2019
Net defined benefit liability	**4.06**	2.17

(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 2020			As at 31 March 2019		
	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	**28.91**	**26.74**	**2.17**	28.12	15.57	12.55
Current service cost	**1.93**	**–**	**1.93**	1.62	–	1.62
Past service cost including curtailment Gains/Losses	**–**	**–**	**–**	–	–	–
Interest cost (income)	**2.20**	**(2.04)**	**0.16**	2.17	(1.20)	0.97
	4.13	**(2.04)**	**2.10**	3.80	(1.20)	2.59
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
– demographic assumptions	**–**	**–**	**–**	–	–	–
– financial assumptions	**–**	**–**	**–**	–	–	–
– experience adjustment	**2.51**	**–**	**2.51**	(0.55)	–	(0.55)
– on plan assets	**–**	**(0.55)**	**(0.55)**	–	0.12	0.12
	2.51	**(0.55)**	**1.96**	(0.55)	0.12	(0.43)
Contributions paid by the employer	**–**	**2.16**	**(2.16)**	–	12.55	(12.55)
Benefits paid	**(3.84)**	**(3.84)**	**–**	(2.46)	(2.46)	–
	(3.84)	**(1.68)**	**(2.16)**	(2.46)	10.09	(12.55)
Balance at the end of the year	**31.71**	**27.65**	**4.06**	28.91	26.74	2.17

Note 45 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(c) Plan assets

	As at 31 March 2020	As at 31 March 2019
Investment with Life insurance Corporation	**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 2020	As at 31 March 2019
Discount rate	**6.69%**	7.61%
Future salary growth	**6.00%**	6.00%
Withdrawal rate:		
Up to 30 years	**1.00%**	1.00%
From 31 to 44 years	**1.00%**	1.00%
Above 44 years	**1.00%**	1.00%
Retirement Age (in year)	**60**	60
Expected rate of return on plan assets	**7.61%**	7.61%
Mortality	**IALM (2012-14)**	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 2020		As at 31 March 2019	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% movement)	**(1.07)**	**1.15**	(0.99)	1.06
Future salary growth (0.50% movement)	**1.16**	**(1.09)**	1.07	(1.01)

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.

(f) Expected maturity analysis of the defined benefit plans in future years

	As at 31 March 2020	As at 31 March 2019
0 to 1 Year	**4.20**	2.00
1 to 2 Year	**3.47**	2.11
2 to 3 Year	**2.96**	2.07
3 to 4 Year	**2.52**	1.79
4 to 5 Year	**2.69**	1.52
5 to 6 Year	**1.36**	1.62
6 Year onwards	**14.48**	8.86
Total	**31.68**	19.97

As at 31 March 2020, the weighted-average duration of the defined benefit obligation was 12.88 years (31 March 2019: 13.44 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 2020	As at 31 March 2019
Net defined benefit liability	**27.28**	9.73

(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 2020	As at 31 March 2019
Balance at the beginning of the year	**9.73**	9.24
Current service cost	**0.18**	0.16
Past service cost including curtailment	**16.38**	0.71
	16.56	0.87
Remeasurements loss (gain)		
– Actuarial loss (gain) arising from:		
– demographic assumptions	**–**	–
– financial assumptions	**1.22**	0.06
– experience adjustment	**0.28**	(0.09)
	1.50	(0.03)
Benefits paid	**(0.50)**	(0.36)
	(0.50)	(0.36)
Balance at the end of the year	**27.28**	9.73

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 2020	As at 31 March 2019
Discount rate	**6.69%**	7.61%
Future medical cost increase	**3.00%**	3.00%
Withdrawal rate:		
Up to 30 years	**1.00%**	1.00%
From 31 to 44 years	**1.00%**	1.00%
Above 44 years	**1.00%**	1.00%
Retirement Age (in year)	**60**	60
Mortality	**IALM (2006–08)**	IALM (2012-14)

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 2020		As at 31 March 2019	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% movement)	**(0.89)**	**0.88**	(0.32)	0.32

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.

(e) Expected maturity analysis of the defined benefit plans in future years

	As at 31 March 2020	As at 31 March 2019
0 to 1 Year	**0.22**	0.78
1 to 2 Year	**0.17**	0.82
2 to 3 Year	**0.17**	0.85
3 to 4 Year	**0.15**	0.90
4 to 5 Year	**0.16**	0.97
5 to 6 Year	**0.13**	1.02
6 Year onwards	**1.73**	4.39
Total	**2.73**	9.73

As at 31 March 2020, the weighted-average duration of the defined benefit obligation was 7.62 years (31 March 2019: 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 follow-

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 2020	As at 31 March 2019
Net defined benefit liability	**(12.76)**	**1.83**

(a) Funding

During the Financial 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 ₹1.41 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 2020			As at 31 March 2019		
	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	**75.96**	**77.79**	**(1.83)**	116.51	–	116.51
Interest cost/(income)	**6.33**	**6.33**	**-**	9.01	6.04	2.96
Current service cost	**1.27**	**-**	**1.27**	1.26	–	1.26
	7.60	**6.33**	**1.27**	10.27	6.04	4.22
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
– demographic assumptions	**–**	**–**	**–**	–	–	–
– financial assumptions	**0.07**		**0.07**	0.01	–	0.01
– experience adjustment	**0.11**	**1.78**	**(1.67)**	(47.23)	2.72	(49.95)
– on plan assets			**-**			–
	0.19	**1.78**	**(1.60)**	(47.22)	2.72	(49.94)
Contributions paid by the employee	**5.41**	**5.41**	**–**	4.25	4.25	–
Benefits paid	**(7.40)**	**(7.40)**	**–**	(7.90)	(7.90)	–
Employer contribution	**–**	**1.27**	**(1.27)**	–	1.26	(1.26)
Settlements/transfers	**–**	**9.33**	**(9.33)**	0.05	71.41	(71.36)
	(1.99)	**8.61**	**(10.60)**	(3.60)	69.02	(72.62)
Balance at the end of the year	**81.76**	**94.51**	**(12.76)**	75.96	77.79	(1.83)

(c) Plan assets

	As at 31 March 2020	As at 31 March 2019
Investment in earmarked securities	**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 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 2020	As at 31 March 2019
Discount rate	**6.69%**	7.61%
Expected statutory interest rate on the ledger balance	**8.50%**	8.65%
Expected year/Current short fall in interest earnings on the fund	**0.30%**	0.30%
Mortality	**IALM (2012-14)**	IALM (2006–08)
Disability	**None**	None
Withdrawal Rate (Age related)		
Up to 30 Years	**1.00%**	1.00%
Between 31 - 44 Years	**1.00%**	1.00%
Above 44 Years	**1.00%**	1.00%
Normal Retirement Age	**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 2020		As at 31 March 2019	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% movement)	**(0.04)**	**0.04**	(0.05)	0.05

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.

Note 45 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

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 2020	As at 31 March 2019
1 year.	**11.01**	10.68
Between 2-5 years	**28.79**	23.23
Between 6-10 years	**14.93**	16.35
Over 10 years	**27.02**	25.70
Total	**81.75**	**75.96**

As at 31 March 2020, the weighted-average duration of the defined benefit obligation was 12.88 years (31 March 2019: 13.44 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 -

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 fair 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 2020	Year ended 31 March 2019
Amount recognised in Statement of Profit and Loss		
Leave encashment	**4.72**	2.22
Leave fare concession	**6.82**	0.46
Medical benefits	**3.37**	2.31

46 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 2020			As at 31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
I. ASSETS						
(1) Financial Assets						
(a) Cash and cash equivalents	**1,034.03**	**–**	**1,034.03**	395.54	–	395.54
(b) Bank Balance other than (a) above	**589.76**	**–**	**589.76**	544.21	–	544.21
(c) Derivative financial instruments	**50.04**	**–**	**50.04**	14.66	–	14.66
(d) Receivables	**78.43**	**–**	**78.43**	2.80	–	2.80
(e) Loans	**1,522.04**	**8,773.32**	**10,295.36**	4,203.10	8,906.39	13,109.49
(f) Investments	**341.68**	**1,540.86**	**1,882.54**	391.74	3,069.21	3,460.95
(g) Other Financial assets	**45.00**	**87.68**	**132.68**	140.32	19.49	159.81
Total financial assets	**3,660.98**	**10,401.86**	**14,062.84**	5,692.37	11,995.09	17,687.46
(2) Non-financial Assets						
(a) Investment in subsidiaries	**–**	**1,352.13**	**1,352.13**	–	1,367.81	1,367.81
(b) Equity accounted investees	**–**		**–**	–	–	–
(c) Current tax assets (Net)	**–**	**181.48**	**181.48**	–	126.68	126.68
(d) Deferred tax Assets (Net)	**–**	**1,932.04**	**1,932.04**	–	2,093.91	2,093.91
(e) Investment Property	**–**	**190.08**	**190.08**	–	193.37	193.37
(f) Property, Plant and Equipment	**–**	**687.08**	**687.08**	–	724.70	724.70
(g) Capital work-in-progress	**–**	**–**	**–**	–	–	–
(h) Other Intangible assets	**–**	**1.27**	**1.27**	–	1.65	1.65
(i) Other non-financial assets	**0.38**	**21.98**	**22.36**	7.83	6.68	14.51
Total non-financial assets	**0.38**	**4,366.06**	**4,366.44**	7.83	4,514.80	4,522.63
Assets held for sale	**–**	**–**	**–**	45.46	–	45.46
Total assets	**3,661.36**	**14,767.92**	**18,429.28**	5,745.66	16,509.89	22,255.55

Note 46 (contd..) (All amounts are in Rupees crores unless otherwise stated)

II. LIABILITIES AND EQUITY						
(1) Financial Liabilities						
(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	**66.60**		**66.60**	107.27		107,27
(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	**813.78**	**7,030.82**	**7,844.60**	1,394.03	7,832.76	9,226.79
(c) Borrowings (Other than Debt Securities)	**1,541.59**	**1,623.91**	**3,165.50**	2,048.32	3,505.39	5,553.71
(d) Subordinated Liabilities		**1,313.30**	**1,313.30**	-	1,313.30	1,313.30
(e) Other financial liabilities	**547.76**	**1,257.88**	**1,805.64**	1,467.00	277.71	1,744.71
Total financial liabilities	**2,969.73**	**11,225.91**	**14,195.64**	5,016.62	12,929.16	17,945.78
(2) Non-Financial Liabilities						
(a) Provisions	**2.49**	**122.52**	**125.01**	7.78	75.30	83.08
(b) Other non-financial liabilities	**0.43**	**0.43**	**0.86**	0.43	0.96	1.39
Total non-financial liabilities	**2.92**	**122.95**	**125.87**	8.21	76.26	84.47
Total Liabilities	**2,972.65**	**11,348.86**	**14,321.51**	5,024.83	13,005.42	18,030.25
Net	**688.71**	**3,419.06**	**4,107.77**	720.83	3,504.47	4,225.30

47 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.
	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 IFCI Limited (SSIL)
Associates*	IFCI Social Foundation
	Management Development Institute
	Institute of leadership development
	Associates held for sale
	– Athena Chattisgarh Power Pvt. Ltd.
	– Gati Infrastructure Bhasmev Power Pvt. Ltd.
	– KITCO Ltd.
	– Nagai Power Pvt. Ltd.
	– Shiga Energy Private Ltd.
	– Vadraj Cements Ltd.
	– Vadraj Energy (Gujarat) Ltd.

* The accounts of Associates have not been consolidated in the Consolidated Financial Statements for the year ending March 31, 2020. However, the names of the Associates have been disclosed in the related party for meeting the Ind AS requirements.

Joint Venture	IFCI Sycamore Capital Advisors Pvt. Ltd. (under voluntary liquidation)
Trust incorporated for CSR activity	IFCI Social Foundation

Note 47 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

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 1 April 2018) Dr. Bhushan Kumar Sinha (w.e.f. 21 May 2018) Shri Anshuman Sharma (upto 09 September 2019) Ms. Kiran Sahdev (upto 29 November 2019) Prof. N Balakrishnan (w.e.f. 30 October 2017) Prof. Arvind Sahay (w.e.f. 30 October 2017) Shri. Anand Madhukar (w.e.f. 18 September 2019)
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.

(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 2020	For the year ended 31 March 2019
A.	**Subsidiaries and Associates**				
	IFCI Financial Services Ltd.	(i)	Rent & Maintenance received	**1.08**	0.55
		(ii)	Brokerage/ Professional fee paid	**0.34**	0.32
		(iii)	Depository' Services	**0.05**	–
		(iv)	Salaries/ Other Estt. Exp. paid by IFCI for employees posted by IFCI. recovered / recoverable from them	**0.01**	0.05
	IFCI Venture Capital Fund Ltd.	(i)	Dividend Received	**–**	1.49
		(ii)	Rent & Maintenance received	**1.64**	1.64
		(iii)	Professional fee received	**0.06**	0.06
		(iv)	Interest paid/pavablc by IFCI	**1.79**	1.67
		(v)	Salaries/Other Estt. Exp. paid by IFCI for employees posted by IFCI. recovered/ recoverable from them	**0.55**	1.35
	IFCI Infrastructure Development Ltd.	(i)	Dividend Received	**13.24**	–
		(ii)	Rent & Maintenance received	**1.50**	1.50
		(iii)	Rent & Maintenance paid	**0.21**	0.17
		(iv)	Interest received/ receivable on Bonds	**–**	0.47
		(v)	Interest paid/ payable by IFCI	**8.53**	8.53
		(vi)	Salaries/ Other Estt. Exp. paid by IFCI for employees posted by IFCI, recovered/ recoverable from them	**0.31**	0.85
	IFCI Factors Ltd.	(i)	Rent & Maintenance received	**2.94**	2.63
		(ii)	Professional fee received	**0.06**	0.06
		(iii)	Salaries/ Other Estt. Exp. paid by IFCI for employees posted by IFCI, recovered/ recoverable from them	**0.50**	0.45
	Stock Holding Corporation of India Ltd.	(i)	Rent & Maintenance received by IFCI	**2.42**	2.36
		(ii)	Interest paid/ payable by IFCI	**3.83**	4.41
		(iii)	Dividend Received	**3.90**	7.18
		(iv)	Brokerage/ Professional fee paid	**0.07**	0.29
	MPCON	(i)	Dividend Received	**0.08**	–
		(ii)	Brokerage/ Professional fee paid	**0.01**	0.01
		(iii)	Salaries/ Other Estt. Exp. paid by IFCI for employees posted by IFCI, recovered/ recoverable from them	**0.46**	0.42

Note 47 (contd..) (All amounts are in Rupees crores unless otherwise stated)

	Name of related party		Nature of transaction	For the year ended 31 March 2020	For the year ended 31 March 2019
	Stockholding Document Management Services Ltd	(i)	Professional fee Paid /Payable	**1.09**	0.01
		(ii)	Advisory & Appraisal Fee received	**0.05**	0.05
	KITCO	(i)	Dividend Received	**–**	0.30
	IFCI Social Foundation Trust	(i)	Contribution for CSR activities	**0.05**	3.12
		(ii)	Salaries/ Other Estt. Exp. recovered/recoverable for employees deputed by IFCI	**–**	–
B.	**Entities under the control of same government**				
	CEGSSC, GOI		Agency Commission - Credit Guarantee Fund For SC/ST	**0.13**	0.30
	Ministry Of Electronics & Information Technology, GOI		Commission - M Sips	**3.53**	2.32
	SDF, Ministry Of Consumer Affairs, Food & Public Distribution, GOI		Agency Commission - Sugar Development Fund	**9.90**	10.00
	Steel Authority of India Ltd.		Advisory & Appraisal Fee received	**0.05**	0.05
	Central Government		Interest Income on G Sec	**46.62**	53.34
	State Bank Of India		Rental Income	**0.02**	0.02
	Registrar Of Companies		Rental Income	**2.58**	2.58
	ONGC Tripura Power Company Ltd.		Rental Income	**2.60**	2.60
	Power System Operation Corporation Ltd.		RENTAL INCOME	**7.65**	7.22
	Syndicate Bank (1st and 2nd floor)		Rental Income	**–**	0.26
	United India Insurance		Rental Income	**0.22**	0.22
	Canara Bank		Rental Income	**0.36**	–
C.	**Compensation of key managerial personnel**				
	Short-term employee benefits			**1.31**	1.22
	Post-employment defined benefit			**–**	1.35
	Sitting fees			**0.13**	0.07
D.	**Outstanding balances of related party**				
	IFCI Venture Capital Fund Ltd.				
	– Bonds issued by IFCI		Bank Interest	**15.00**	15.00
	– Loans given by IFCI		Bank Interest	**–**	–
	IFCI Infrastructure Development Ltd.		Interest on Public Issue of Bonds		
	– Bonds issued by IFCI		Agency Commission - Sugar Development Fund	**90.00**	90.00
	– Bonds/debenture subscribed by IFCI		Annual Review Charges	**–**	–
	IIDL Realtors Pvt. Ltd.		Bank Interest	**–**	–
	IFCI Factors Ltd.		Interest on NCDs		
	– Bonds/debenture subscribed by IFCI		Interest on Public Issue of Bonds	**–**	5.00
	Stock Holding Corporation of India Ltd.		Annual Review Charges		
	– Bonds issued by IFCI		Bank Interest	**25.00**	49.05
	SHCIL SERVICES LTD.		Bank Interest	**–**	–
	Stockholding Document Management Services Limited		Bank Interest	**–**	–
	Stock Holding Securities IFSC Limited		Bank Interest	**–**	–
	IFCI Financial Services Ltd. (IFIN)		Term Loan	**–**	–
	IFIN Securities Finance Ltd		Upfront Fee	**–**	–
	– receivable outstanding		Interest on Public Issue of Bonds	**–**	–
	IFIN Commodities Ltd.		Bank Interest	**–**	–
	IFIN Credit Ltd.		Interest on Public Issue of Bonds	**–**	–
	MPCON Ltd.		Interest Income on G Sec	**–**	–

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)

48 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 2020	For the year ended 31 March 2019
(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	**0.29**	0.47
(b) Later than one year but not later than five years	**–**	–
(c) Later than five years	**–**	–
(ii) Amounts charged in profit or loss	**0.86**	0.73

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 2020	For the year ended 31 March 2019
(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	**47.57**	24.37
(b) Later than one year but not later than five years	**28.71**	30.95
(c) Later than five years	**19.46**	21.47
(ii) Amounts recognised in profit or loss	**36.19**	32.08

49 EARNINGS PER SHARE (EPS)

			Units	As at 31 March 2020	As at 31 March 2019
(i)	(a)	Profit Computation for Equity shareholders			
		Net profit as per Statement of Profit & Loss	Rs	**(277.88)**	(443.83)
		Less: Preference Dividend	Rs	**–**	–
		Net profit for Equity Shareholders	Rs	**(277.88)**	(443.83)
	(b)	Weighted Average Number of Equity Shares outstanding	Nos	**1,695,993,092**	1,695,993,092
(ii)	(a)	Profit Computation for Equity shareholders (including potential shareholders)			
		Net profit as per Statement of Profit & Loss	Rs	**(277.88)**	(443.83)
		Less: Preference dividend	Rs	**–**	–
		Net profit for equity shareholders (including potential shareholders)	Rs	**(277.88)**	(443.83)
	(b)	Weighted Average Number of Equity Shares outstanding *	Nos	**1,695,993,092**	1,695,993,092
		Earnings Per Share			
		(Weighted Average)			
		Basic	Rs	**(1.64)**	(2.62)
		Diluted	Rs	**(1.64)**	(2.62)

(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)

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 one financial asset transferred that is not derecognised in 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 2020	**90.77**	**–**	**178.18**	**–**	**178.18**
As at 31 March 2019	70.47	–	196.00	–	196.00

B. Transferred financial assets that are derecognised in their entirety

Sale of NPA loans to asset reconstruction companies (ARCs)

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 ₹–275.50 crore (₹–112.81 crore in 2018-19). The cumulative fair value gain/(loss) on the security receipts as on 31 March 2020 is ₹–34.34 crore (31 March 2019 - ₹–89.34 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 2020	**447.06**	**447.06**	**–**
As at 31 March 2019	528.36	528.36	–

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 2020		
	FVTPL	**FVTOCI**	**Amortised cost**
Financial assets:			
Cash and cash equivalents	**–**	**–**	**1034.03**
Bank balance other than above	**–**	**–**	**589.76**
Derivative financial instruments	**50.04**	**–**	**–**
Receivables	**–**	**–**	**78.43**
Loans	**–**	**–**	**10,295.36**
Investments	**1038.67**	**843.87**	**–**
Other financial assets	**–**	**–**	**132.68**
	1,088.71	**843.87**	**12,130.26**
Financial liabilities:			
Derivative financial instruments			
Trade payables	**–**	**–**	**66.60**
Debt securities	**–**	**–**	**7,844.60**
Borrowings (other than debt securities)	**–**	**–**	**3,165.50**
Subordinated liabilities	**–**	**–**	**1,313.30**
Other financial liabilities	**–**	**–**	**1,805.64**
	–	**–**	**14,195.64**

	As at 31 March 2019		
	FVTPL	**FVTOCI**	**Amortised cost**
Financial assets:			
Cash and cash equivalents	–	–	395.54
Bank balance other than above	–	–	554.86
Derivative financial instruments	14.66	–	–
Receivables	–	–	16.84
Loans	–	–	13,109.49
Investments	2,271.30	1,189.65	–
Other financial assets	–	–	135.12
	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	–	–	1313.3
Other financial liabilities	–	–	1,744.71
	–	–	17,945.78

Note 52 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

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 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 2020	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments	–	50.04	–	50.04
Investments	439.35	1,011.55	431.64	1,882.54
	439.35	1,061.59	431.64	1,932.58
Financial liabilities:				
Derivative financial instruments	–	–	–	–
	–	–	–	–

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March 2020	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Loans	10,295.36	–	–	10,295.36	10,295.36
	10,295.36	–	–	10,295.36	10,295.36
Financial liabilities:					
Debt securities	7,844.6	–	–	7,844.6	7,844.6
Borrowings (other than debt securities)	3,165.5	–	3,165.5	–	3,165.5
Subordinated liabilities	1,313.3	–	–	1,313.3	1,313.3
	12,323.4	–	3,165.5	9,157.9	12,323.4

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	1493.62	1477.39	3460.95
	489.94	1508.28	1477.39	3475.61

Note 52 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

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	13,109.49	–	–	13,109.49	13,109.49
Investments	–	–	–	–	–
	13,109.49	–	–	13,109.49	13,109.49
Financial liabilities:					
Debt securities	9,226.79	–	–	9,226.79	9,226.79
Borrowings (other than debt securities)	5,553.71	–	5,553.71	–	5,553.71
Subordinated liabilities	1,313.30	–	–	1,313.30	1,313.30
	1,6093.80	–	9,018.12	10540.09	16093.80

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:

Particulars	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 2019	84.96	–	1,392.43
Total gain or losses:			
– in profit or loss	(45.54)	–	(1.845.93)
– in OCI	–	–	–
Purchases	–	–	–
Settlement	(11.96)	–	857.68
Transfer to Level 3	–	–	–
Balance as at 31 March 2020	**27.46**	**–**	**404.18**

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:

Particulars	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	(45.54)	–	(1845.93)
Total gain or losses recognised in OCI :			
– Fair value reserve (equity instruments) - net change in fair value	–	–	–
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	(33.58)	–	(17.02)

Particulars	Preference shares at fair value through profit and loss	Equity shares at fair value through other profit and loss
Balance as at 1 April 2018	155.85	1,437.04
Total gain or losses:		
– in profit or loss	1.41	(43.34)
Purchases	4.18	–
Settlement	(76.28)	(1.27)
Balance as at 31 March 2019	**84.96**	**1,392.43**

Total gain or losses for the year in the above table are presented in the statement of profit or loss and OCI as follows:

Particulars	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	1.41	(43.34)
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	(40.44)

53 FINANCIAL RISK MANAGEMENT

The company's activities are primarily subjected to credit risk, market risk and operational risk for managing risk management committee exsists. 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.

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.

Note 53 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

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 historical probability of default, transition matrix approach has been applied using IFCI internal obligor ratings.

(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
- On asset being more than 90 days past dues.

(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 5 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 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.
- On asset overdue beyond 60 days past dues.

(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.

Note 53 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	As at 31 March 2020				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances at amortised cost					
Grade 1-6 : Low-fair risk	**2,406.09**	**139.86**	**–**	**–**	**2,545.95**
Grade 7-8 : Higher risk	**–**	**910.79**	**–**	**–**	**910.79**
Grade 9-10 : Loss	**–**	**–**	**9,798.34**	**–**	**9,798.04**
	2,406.09	**1,050.65**	**9,798.04**	**–**	**13,254.78**
Loss allowance	**(133.76)**	**(193.30)**	**(4,805.94)**	**–**	**(5,133.00)**
Carrying value	**2,272.33**	**857.35**	**4,992.10**	**–**	**8,121.78**

	As at 31 March 2020				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances at amortised cost-Greenfield					
Rating - 1 to 6	331.14	–	–	–	331.14
Rating - 7 to 8	526.06	444.11	–	–	970.17
Rating - 9 to 10	–	–	2,087.83	–	2,087.83
	857.20	444.11	2,087.83	–	3,389.13
Loss allowance	(64.77)	(126.71)	(1,024.08)	–	(1,215.55)
Carrying value	792.43	317.40	1,063.75	–	2,173.58

Trade receivables at amortised cost

	Lifetime	**Credit Impaired**	**Total**
Less than 6 months	73.91	–	73.91
More than 6 months less than 1 year	1.73	–	1.73
More than 1 year less than 2 years	1.81	–	1.81
More Than 2 years less than 3 years	1.18	–	1.18
Above 3 years		0.08	0.08
	78.63	0.08	78.71
Loss allowance	(0.20)	(0.08)	(0.28)
Carrying value	**78.43**	–	**78.43**

Other financial assets at amortised cost

	Lifetime	**Credit Impaired**	**Total**
Less than 6 months	143.76	–	143.76
More than 6 months less than 1 year	0.01	–	0.01
More than 1 year less than 2 years	0.00	–	0.00
More Than 2 years less than 3 years	1.07	–	1.07
Above 3 years	–	52.02	52.02
	144.84	52.02	196.86
Loss allowance	(12.16)	(52.02)	(64.18)
Carrying value	**132.68**	**–-**	**132.68**

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	780.13	–	–	780.13
BB- to BB+	–	–	–	–
B– to B+	–	–	–	–
C to CCC+	–	–	–	–
D	–	–	98.72	98.72
	780.13	–	98.72	878.85
Loss allowance	(0.19)	–	(46.97)	(47.16)
Amortised cost	779.94	–	51.75	831.68
Fair value	814.18	–	21.41	835.59

	As at 31 March 2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments & Financial Guarantee Contracts-Greenfield					
Grade 1-6 : Low-fair risk	**46.69**	**–**	**–**	**–**	**46.69**
Grade 7-8 : Higher risk	**52.33**	**–**	**–**	**–**	**52.33**
Grade 9-10 : Loss	**–**	**–**	**–**	**–**	**–**
	99.01	**–**	**–**	**–**	**99.01**
Loss allowance	**(8.28)**	**–**	**–**	**–**	**(8.28)**
Carrying value	**90.73**	**–**	**–**	**–**	**90.73**
Loan commitments & Financial Guarantee Contracts-Others					
Grade 1-6 : Low-fair risk	**222.68**	**–**	**–**	**–**	**222.68**
Grade 7-8 : Higher risk	**142.16**	**–**	**–**	**–**	**142.16**
Grade 9-10 : Loss	**83.90**	**–**	**–**	**–**	**83.90**
	448.74	**–**	**–**	**–**	**448.74**
Loss allowance	**(64.37)**				**(64.37)**
Carrying value	**384.37**	**–**	**–**	**–**	**384.37**

	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	9743.15
	5,338.67	1,249.57	10,824.21	3.81	17,416.26
Loss allowance	(181.71)	(125.02)	(6,543.50)	(2.50)	(6,852.53)
Carrying value	**5,156.96**	**1,124.55**	**4,280.71**	**1.51**	**10,563.70**

	As at 31 March 2019				
	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	–	1677.18
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**	**–**	**2545.76**

Trade receivables at amortised cost

	Lifetime	Credit Impaired	Total
Less than 6 months	12.60	–	12.60
More than 6 months less than 1 year	2.12	–	2.12
More than 1 year less than 2 years	2.15	–	2.15
More Than 2 years less than 3 years	0.04	–	0.04
Above 3 years	–	4.35	4.35
	16.92	4.35	21.27
Loss allowance	(0.08)	(4.35)	(4.43)
Carrying value	16.84	–	16.84

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	145.55	–	145.55
More than 6 months less than 1 year	0.01	–	0.01
More than 1 year less than 2 years	1.86	–	1.86
More Than 2 years less than 3 years	0.36	–	0.36
Above 3 years	–	52.07	52.07
	147.78	52.07	199.85
Loss allowance	(12.66)	(52.07)	(64.73)
Carrying value	135.12	–	135.12

	Stage 1	Stage 2	Stage 3	Total
Investment in debt securities at FVTOCI				
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**	**–**	**–**	**1,140.31**

IL&FS Financial Services is given a 100% provision

	As at 31 March 2019				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loan commitments & Financial Guarantee Contracts-Greenfield					
Grade 1-6 : Low-fair risk	162.92	–	–	–	162.92
Grade 7-8 : Higher risk	328.56	–	–	–	328.56
Grade 9-10 : Loss	–	–	–	–	–
	491.48	–	–	–	491.48
Loss allowance	(12.62)	–	–	–	(12.62)
Carrying value	478.86	–	–	–	478.86
Loan commitments & Financial Guarantee Contracts-Others					
Grade 1-6 : Low-fair risk	1,045.33	–	–	–	1,045.33
Grade 7-8 : Higher risk	175.92	–	–	–	175.92
Grade 9-10 : Loss	58.89	–	–	–	58.89
	1,280.14	–	–	–	1,280.14
Loss allowance	(40.37)				(40.37)
Carrying value	1,239.77	–	–	–	1,239.77

(h) 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:

Note 53 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

Loans and advances at amortised cost

Reconciliation of loss allowance	Loss allowance measured at 12 months expected losses	Loss allowance measured at life-time expected losses: Financial assets for which credit risk has increased significantly and not credit-impaired	Loss allowance measured at life-time expected losses: Financial assets for which credit risk has increased significantly and credit-impaired	Total
Loss allowance on 1 April 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**
Transfer to Stage 1	6.60	(6.60)	–	–
Transfer to Stage 2	(19.44)	19.44	–	–
Transfer to Stage 3	(13.10)	(42.06)	55.16	–
Net remeasurement of loss allowance	52.50	130.19	(3,874.78)	(3.692.09)
New financial assets originated or purchased	17.66	17.11	10.16	44.93
Financial assets that have been derecognised	(68.53)	(29.84)	(167.42)	(265.78)
Write offs			2,217.40	2,217.40
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	–	–
Loss allowance on 31 March 2020	**197.79**	**213.26**	**4,786.31**	**5,179.36**

The contractual amount outstanding on loans and advances measured at amortised cost that were written off during the year ended 31 March 2020 and are still subject to enforcement activity is ₹1,479. 42 Crore (for the year ended 31 March 2019 - ₹1,237.97 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: Financial assets for which credit risk has increased significantly and not credit-impaired	Loss allowance measured at life-time expected losses: Financial assets for which credit risk has increased significantly and credit-impaired	Total
Loss allowance on 1 April 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**
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	(6.52)	52.35	(45.83)	–
Transfer to Stage 3	–	(59.41)	59.41	–
Net remeasurement of loss allowance	29.92	53.93	(199.99)	(116.14)
New financial assets originated or purchased	–	–	–	–

Note 53 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

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	Total
Financial assets that have been derecognised	(18.97)	(3.38)	(100.67)	(123.02)
Write offs				
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	–	–
	–	–	–	–
Loss allowance on 31 March 2020	**73.05**	**126.71**	**1,024.08**	**1,223.84**

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	Total
Loss allowance on 1 April 2018	**0.15**	**–**	**–**	**0.15**
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Net remeasurement of loss allowance	0.00	–	–	0.00
New financial assets originated or purchased	0.05	–	–	0.05
Financial assets that have been derecognised	(0.13)	–	–	(0.13)
Write offs	–	–	–	–
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	–	–
Loss allowance on 31 March 2019	**0.08**	**–**		**0.08**
Transfer to Stage 1		–	–	–
Transfer to Stage 2		–	–	–
Transfer to Stage 3	(0.01)	–	0.01	–
Net remeasurement of loss allowance		–	–	–
New financial assets originated or purchased	0.18	–	46.76	47.14
Financial assets that have been derecognised	(0.06)	–	–	(0.06)
Write offs	–	–	–	–
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	–	–
Loss allowance on 31 March 2020	**0.19**	**–**	**46.97**	**47.16**

(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 company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

1. Mortgage of Immovable properties
2. Hypothecation of Movable property
3. Bank and Government Guarantees
4. Pledge of instruments through which promoter's contribution is infused in the project
5. Pledge of Promoter Shareholding
6. Corporate and Personal Guarantees of Promoters

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. An analysis of concentration of credit risk from loans and advances is shown below.

Loans and advances to customers	**As at 31 March 2020**	As at 31 March 2019
Carrying amount		
Concentration by sector		
Corporate:		
Power Generation	**2,440.56**	3.503.95
Diversified Infrastructure	**1,649.91**	2,834.24
Road Construction	**1,546.65**	1,604.71
Real Estate	**1,190.61**	1.411.29
Misc. Manufacturing And Other Industries	**751.23**	505.18
Diversified	**750.82**	778.33
Iron And Steel	**487.53**	706.47
Miscellaneous Services	**414.85**	575.34
Construction Industry	**406.22**	538.53
NBFC	**385.40**	485.18
Miscellaneous Food Products	**333.80**	390.51
Steel Products	**260.87**	364.46
Ship Building And Repairs	**169.89**	279.61
Motor Vehicles And Parts	**142.09**	536.39
Textile Products	**27.82**	156.44
Others	**1.595.21**	2,923.74
Total	**12,553.00**	**17,594.00**
Concentration by location		
India	**12,553.00**	**17,594.00**

Concentration by location for loans and advances is based on the customer's country of domicile.

* 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 Troubled Debt Restructuring (TDR). 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. Loans, for which the terms have been modified, and for which the borrower is experiencing financial difficulties, are considered TDRs.

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 and accordingly no loss were suffered by the Company.

(l) Governance Framework

As required by the RBI Notification no. "DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020, where provision requirement as per extant RBI norms is higher than ECL as computed under IndAS, the provision as per RBI norms shall be adopted, on portfolio basis. Further, in accordance with RBI Guidelines, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), the difference shall be appropriated from the net profit or loss after tax to a separate 'Impairment Reserve'.

Note 53 (contd..) (All amounts are in Rupees crores unless otherwise stated)

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 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.

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:

- ₹128.30 crore overdraft facility that is secured. Interest would be payable between 7.75 percent and 8.21 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 9.57 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 2020	**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	**3,165.50**	**2,781.16**	**–**	**25.00**	**400.69**	**109.38**	**1,006.52**	**1,214.57**	**25.00**	**–**
Debt securities issued	**7,844.60**	**7,874.03**	**0.45**	**5.00**	**164.54**	**167.40**	**476.39**	**2,545.76**	**1,623.59**	**2,890.91**
Subordinated liabilities	**1,313.30**	**1,313.30**	**–**	**–**	**–**	**–**	**–**	**662.27**	**–**	**651.04**
Derivative financial liabilities										
Trading										
– Outflow	–	–	–	–	–	–	–	–	–	–
– Inflow	–	–	–	–	–	–	–	–	–	–
Risk management:										
– Outflow	–	–	–	–	–	–	–	–	–	–
– Inflow	**50.04**	**50.04**	**50.04**	–	–	–	–	–	–	–
Non-derivative financial assets										
Loans and advances	**10,295.36**	**13,023.49**	**36.4**	**0.88**	**270.21**	**620.44**	**594.11**	**1,546.9**	**570.7**	**9,383.85**
Investment securities	**1,882.54**	**5,086.03**	**325.51**	**–**	**–**	**–**	**16.17**	**627.12**	**1,52.07**	**3,965.16**

Note 53 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

As at 31 March 2019	Carrying amount	Gross nominal inflow/(outflow)	Contractual cash flows: 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	4,492.12
Subordinated liabilities	1313.3	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	12,807.43	111.53	74.34	329.05	1,139.00	1,216.06	2494.09	1115.83	6,327.51
Investment securities	3,460.95	4,375.49	150.66	–	148.31	4.54	88.23	556.6	5.00	3,422.15

	As at 31 March 2020	As at 31 March 2019
Contractual cash flows		
Other financial assets		
– within 12 months	**45.00**	115.63
– after 12 months	**87.68**	19.49
Gross nominal inflow/(outflow)	**132.68**	135.12
Other financial liabilities		
– within 12 months	**547.76**	1,467.00
– after 12 months	**1,257.88**	277.71
Gross nominal inflow/(outflow)	**(1,805.64)**	(1,744.71)

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 2020										
Other undrawn commitments to lend	776.41	–	–	–	–	–	–	–	–	776.41
As at 31 March 2019										
Other undrawn commitments to lend	1,529.73	–	–	–	–	–	–	–	–	1529.73

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.

(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 Rs. The currency in which these transactions are primarily denominated is EURO.

Currency risks 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 Rs. 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.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management is as follows:

Particulars	**31 March 2020**		31 March 2019	
	INR	**EURO**	INR	EURO
Borrowings	**424.84**	**5.13**	426.12	5.49
Net exposure in respect of recognised assets and liabilities	**424.84**	**5.13**	426.12	5.49

Sensitivity analysis

A reasonably possible strengthening (weakening) of Rs 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 2020				
EURO (10% movement)	42.48	(42.48)	27.64	(27.64)
31 March 2019				
EURO (10% movement)	47.61	(42.61)	27.72	(27.72)

(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 anlysed to understand gaps in various time buckets.

Note 53 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

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:

Particulars	As at 31 March 2020	As at 31 March 2019
Fixed rate instruments		
Financial assets	**–**	–
Financial liabilities	**9157.90**	10540.09
Variable rate instruments		
Financial assets	**10295.36**	13109.49
Financial liabilities	**3165.50**	5553.71

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 2020				
Variable rate instruments	**31.66**	**(31.66)**	**20.59**	**(20.59)**
Cash flow sensitivity (net)				
31 March 2019				
Variable rate instruments	55.54	(55.54)	36.13	(36.13)
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 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.

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.

– Tier 2 capital, which includes preference shares, qualifying subordinated liabilities and any excess of impairment over expected losses.

	As at 31 March 2020	As at 31 March 2019
Common equity Tier 1 (CET1) capital	**968.85**	881.31
Tier 2 capital instruments	**632.20**	440.65
Total regulatory capital	**1,601.04**	1,321.96
Risk weighted assets	**11,821.85**	16,583.45

Note 54 (contd..) (All amounts are in Rupees crores unless otherwise stated)

CRAR (%)	**13.54%**	7.97%
CRAR -Tier I Capital (%)	**8.20%**	5.31%
CRAR -Tier II Capital (%)	**5.34%**	2.66%

For the purpose of calculation of Net Owned Funds, DTA has been considered net of MAT credit entitlement.

* As required by the RBI Notification no. "DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 in respect of Implementation of Indian Accounting Standard(IndAS) in NBFC, the company has appropriated the difference between the impairment allowance under Ind AS 109 and the provisioning required under RBI Prudential (IRACP) Norms (including standard assets provisioning), a sum of Rs. 22.98 crore has been taken to "Impairment Reserve".

(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.

55 The following additional information is disclosed in terms of RBI Circulars applicable to Non-Banking Financial Companies. Ind AS adjsutements 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, 2020. However, BSE & NSE had levied fine of ₹1,16,60,760/- inclusive of taxes (Rs.58,30,380/- per exchange for the quarters ended September, 2018; December 2018, March 2019, June 2019, September 2019 and December 2019), 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, in the absence of Independent Directors on the Board of IFCI.

Our response in this regard has been communicated to BSE & NSE clarifying that, IFCI is a Government Company and the power to appoint the Independent Directors vests with the Administrative Ministry in charge i.e. Department of Financial Services, Ministry of Finance, Government of India. Accordingly, owing to the regulatory constraints, the Board of the Company cannot appoint Independent Directors on its own. It was also informed to the Stock Exchanges that several request letters have been sent to the Department of Financial Services, requesting appointment of Independent Directors. However, the appointments are still awaited. In view of the above, since the non-compliance of the Listing Regulations with respect to the composition of the Board and its Committees are absolutely outside the control of the Company and its Board of Directors, hence the Stock Exchange were requested to not impose the fine and any subsequent actions on the Company.

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. Thus, ₹1,16,60,760/-, for 6 quarters Sep, 2018, Dec 2018, March 2019, June 2019, September 2019 and December 2019 for both BSE & NSE may be considered as contingent liability. The letters for levying penalty for quarter ended March 31, 2020 not yet received.

(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	**As at 31 March 2020**	As at 31 March 2019
ICRA	**ICRA BBB- w.e.f 03/12/2019**	[ICRA] BBB+ w.e.f 30/05/2018
CARE	**CARE BBB- w.e.f 20/01/2020**	CARE BBB w.e.f 23/02/2019
Brickwork	**BWR BBB+ w.e.f 10/07/2019**	BWR A- w.e.f 27/06/2018

Short Term (Commercial Paper/Short term borrowings)

Ratings by	**As at 31 March 2020**	As at 31 March 2019
ICRA	**ICRA A3 w.e.f 03/12/2019**	[ICRA] A2+ w.e.f 30/05/2018
Brickwork	**BWR A2+ w.e.f 10/07/2019**	BWR A1 w.e.f. 18/06/2018

For Structured Secured NCD

Ratings by	**As at 31 March 2020**	As at 31 March 2019
CARE	**CARE BBB+ w.e.f. 13/09/2019**	CARE A- (SO) w.e.f 23/02/2019
Brickwork	**BWR A+(CE) w.e.f 14/09/2019**	BWR AA- (SO) w.e.f 27/06/2018

Note 55 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

Subordinate Bonds

Ratings by	As at 31 March 2020	As at 31 March 2019
CARE	**CARE BBB- w.e.f 21/01/2020**	CARE BBB-w.e.f 23/02/2019

(iv) Disclosures relating to Customer Complaints

Particulars	As at 31 March 2020	As at 31 March 2019
(a) No. of complaints pending at the beginning of the period	–	–
(b) No. of complaints received during the period	**3,011**	4047
(c) No. of complaints redressed during the period	**3,011**	4047
(d) No. of complaints pending at the end of the period	–	–

(v) Capital to Risk Assets Ratio (CRAR)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Capital to Risk Assets Ratio (CRAR)	**13.54%**	7.97%
(i) Core CRAR	**8.20%**	5.31%
(ii) Supplementary CRAR	**5.34%**	2.66%
(b) Subordinated debt raised, outstanding as Tier II Capital (Rs. crore)	**632.20**	440.65
(c) Risk-weighted assets (Rs. crore):		
(i) On-Balance Sheet Items	**11,225.38**	15,526.05
(ii) Off-Balance Sheet Items	**596.47**	1,069.98

(vi) Loans and advances availed, inclusive of interest accrued thereon but not paid

		As on 31/03/2020		As on 31/03/2019	
	Particulars	**Outstanding**	**Overdue**	Outstanding	Overdue
(a)	Debentures:				
(i)	Secured	**2,046.36**	–	2,857.26	–
(ii)	Unsecured	**818.19**	–	818.19	–
(b)	Deferred Credits	–	–	–	–
(c)	Term Loans	**2,781.16**	–	5,180.17	–
(d)	Inter Corporate loans & borrowing	–	–	–	–
(e)	CBLO/ Commercial Paper	–	–	–	–
(f)	Other Loans (incl. FC Loan)	–	–	426.12	–
(g)	Funds placed with IFCI	–	–	–	–
(h)	Bonds	**6,322.78**	–	6,908.36	–

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 31/03/2020		As on 31/03/2019	
		Market/ Break- up/ Fair Value/ NAV	**Book Value**	Market/ Break- up/ Fair Value/ NAV	Book Value
	Related Parties				
(a)	Subsidiaries	**1.632.01**	**1,546.41**	2.278.75	1,546.41
(b)	Companies in same group	**13.21**	**0.04**	22.03	0.04
(c)	Joint Venture	–	**0.01**	–	0.01
(d)	Other than Related Parties	**2,192.90**	**3.539.57**	3.724.67	3.982.54
	Total	**3,838.12**	**5.086.03**	6.025.45	5,529.00

Note 55 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(viii) Details of investment and movement in provision:

(₹ crore)

	Particulars	31-Mar-20	31-Mar-19
(A)	**Value of Investment in India**		
	Provisions for Depreciation		
	Net Value of Investments		
(B)	**Movement of provisions held towards depreciation on investments**	N.A. (Under Ind AS, investments have to be fair valued, hence not applicable)	
(i)	Opening balance		
(ii)	Add: Provisions made during the year		
(iii)	Less: Write-off / write-back of excess provisions during the year		
(iv)	Closing balance		

(ix)	**Particulars**	**31-Mar-20**	31-Mar-19
	Leased Assets and stock on hire and other assets counting towards Loan activities	–	–

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

	Category	**31-Mar-20**	31-Mar-19
1	Related Parties		
(a)	Subsidiaries	–	–
(b)	Companies in same group	–	–
2	Other than Related Parties	**8,188**	12,808
	Total	**8,188**	12,808

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 31/03/2020			As on 31/03/2019		
		Videocon Industries Ltd	**GTL Infrastructure Limited**	**Kalpataru Limited**	**Videocon Industries Ltd**	**Amtek Auto Ltd.**	**Kalpataru Limited**
(a)	Loan Total Outstanding	**395.00**	**0.00**	**353.00**	383.50	386.30	350.00
(b)	% of owned funds	**17.55%**	**0.00%**	**15.68%**	12.47%	12.56%	11.38%
(c)	Investment outstanding	**0.00**	**457.00**	**0.00**		0.00	0.00
(d)	% of owned funds	**0.00%**	**20.30%**	**0.00%**	0.00%	0.00%	0.00%
(e)	Total Exposure	**395.00**	**457.00**	**353.00**	394.58	386.30	350.00
(f)	% of owned funds	**17.55%**	**20.30%**	**15.68%**	12.83%	12.56%	11.38%

*For the computation of single and group borrower limit, Owned Fund (OF) is considered as at the end of immediate preceeding previous year. The percentage of OF for Mar-19 have been reinstated as percentage of OF of immediate preceeding previous year, i.e. 31-03-18.

(xii) Details of Group Borrower Limit - exceeded by the NBFC on the basis of Gross Exposure

		31-Mar-20	31-Mar-19
		Jaiprakash Group	ADA Group
(a)	Loan Total Outstanding	**548.73**	629.57
(b)	%of owned funds	**24.37%**	2047%
(c)	Investment outstanding	**0.00**	0.00
(d)	% of owned funds	**0.00%**	0.00%
(e)	Total Exposure	**588.73**	669.57
(f)	% of owned funds	**26.14%**	21.77%

* For the computation of single and group borrower limit, Owned Fund (OF) is considered as at the end of immediate preceeding previous year. The percentage of OF for Mar-19 have been reinstated as percentage of OF of immediate preceeding previous year, i.e. 31-03-18.

Note 55 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(xiii) Concentration of Advances

	31-Mar-20	31-Mar-19
Total Advances to top twenty largest borrowers / customers	**4,805.58**	5,606.50
Percentage of Advances to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	**38.28%**	31.87%

(xiv) Concentration of Exposures

	31-Mar-20	31-Mar-19
Total Exposure to top twenty largest borrowers / customers	**5,649.38**	6,296.98
Percentage of Exposures to top twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	**30.06%**	24.44%

(xv) Concentration of NPAs

	31-Mar-20	31-Mar-19
Total Exposure to top Four NPA Accounts	**1573.93 (8.37%)**	1334.01 (6.47%)

(xvi) Status of Non–Performing Assets

	Particulars	31-Mar-20	31-Mar-19
1	**Gross Non-Performing Assets**		
(a)	Related Parties	**–**	–
(b)	Other than Related parties	**7,774.68**	8,609.79
2	**Net Non-Performing Assets**		
(a)	Related Parties	**–**	–
(b)	Other than Related parties	**3,495.93**	4,069.33
	Assets acquired in satisfaction of debt	**–**	–

(xvii) Movement of NPA :

	Particulars	31-Mar-20	31-Mar-19
(i)	**Net NPAs to Net Advances (%)**	**42.70%**	31.77%
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	**8,609.79**	8,672.37
(b)	Additions during the year	**1,407.06**	2,125.94
(c)	Reductions during the year	**2,242.17**	2,188.52
(d)	Closing balance	**7,774.68**	8,609.79
(iii)	**Movement of Net NPAs**		
(a)	Opening balance	**4,069.33**	5,126.95
(b)	Additions during the year	**1,244.56**	1,722.78
(c)	Reductions during the year	**1,817.97**	2,780.40
(d)	Closing balance	**3,495.93**	4,069.33
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
(a)	Opening balance	**4,540.46**	3,545.42
(b)	Provisions made during the year	**1,206.86**	2,171.90
(c)	Write-off / write-back of excess provisions	**1,468.56**	1,176.86
(d)	Closing balance	**4,278.76**	4,540.46

(xviii) Sector–Wise NPA

		% of NPAs to Total Advances	
	Sector	**31-Mar-20**	31-Mar-19
1.	Agriculture and Allied Activities	**–**	–
2.	MSME	**–**	–
3.	Corporate Borrowers	**61.93%**	48.93%
4.	Services	**–**	–
5.	Unsecured Personal Loans	**–**	–
6.	Auto Loans	**–**	–
7.	Other personal loans	**–**	–

Note 55 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(xix) Provisions and contingencies made during the year

Break up of Provisions and Contingencies	31-Mar-20	31-Mar-19
Provisions for depreciation on Investment	**0.00**	148.87
Provision towards NPA	**–261.71**	961.47
Provision for Standard Assets	**–159.05**	–27.88
Provision made towards Income tax	**–**	–
Provision against trade receivables and other advances	**–**	–

(xx) Exposure to Real Estate Sector

	Category	31-Mar-20	31-Mar-19
(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)	**–**	–
(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.	**1,319.76**	1,411.29
(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

	Particulars	31-Mar-20	31-Mar-19
(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;	**3057.86**	3114.43
(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;	**1,117.30**	1584.26
(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;	**7.45**	24.97
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**–**	–
(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;	**50.11**	51.91
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	**115.32**	204.62
	Total Exposure to Capital Market	**4.468.43**	4,928.27

(xxii) Assets sold to Securitization Company/ Reconstruction Company (SC/ RC):

	Particulars	31-Mar-20	31-Mar-19
1.	Number of Accounts	**–**	5
2.	Aggregate outstanding of accounts sold to SC/ RC	**–**	722.96
3.	Aggregate consideration	**–**	436
4.	Additional consideration realized in respect of accounts transferred in earlier years	**–**	–
5.	Aggregate gain/ (loss) over net book value	**–**	(286.96)

Note 55 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(xxiii)

Particulars	31-Mar-20	31-Mar-19
Assignment transactions undertaken	–	–

(xxiv) Details of Non–performing financial assets purchased:

	31-Mar-20	31-Mar-19
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

Particulars	31-Mar-20	31-Mar-19
Non-performing financial assets sold to other than SC/RC	–	–

(xxvi) Exchange traded interest rate (IR) derivatives

Particulars	31-Mar-20	31-Mar-19
Exchange traded interest rate (IR) derivatives	–	–

(xxvii) Details of Forward rate agreement/ interest rate swap

	31-Mar-20	31-Mar-19
Details of Forward rate agreement/ interest rate swap	–	–

(xxviii) Quantitative Disclosures:

	Particulars	31-Mar-20	31-Mar-19
(i)	Currency Derivatives - Hedging	**817.40**	603.12
	Marked to Market Position		
(a)	Assets	**60.32**	28.51
(b)	Liability	**–13.73**	12.70
(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 2019-20	–	–	–	–	–
(ii)	FY 2018-19	–	–	–	–	–

(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, 2020

		No. of Accounts where S4A has been applied	Aggregate amount outstanding	Amount Outstanding		Provision Held
				In Part A	In Part B	
FY 2019-20						
(i)	Classified as Standard	1	20.28	5.71	14.57	5.71
(ii)	Classified as NPA	1	93.83	47.31	46.52	37.03
FY 2018-19						
(i)	Classified as Standard	2	118.18	57.09	61.09	37.58
(ii)	Classified as NPA	–	–	–	–	–

Note 55 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(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
FY2019-20	–	–	–	–	–	–	–	–	–
FY2018-19	–	–	–	–	–	–	–	–	–

(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
FY2019-20	–	–	–	–	–	–	–
FY2018-19	–	–	–	–	–	–	–

(xxxiv) Maturity Pattern of assets and liabilities:

As at 31 March 2020

Particulars	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	0	25.00	400.69	109.38	1.006.52	1.214.57	25.00	–	2.781.16
Market borrowings	0.45	5.00	164.54	167.40	476.39	3,208.02	1,623.59	3,541.94	9,187.33
TOTAL	**0.45**	**30.00**	**565.23**	**276.78**	**1,482.91**	**4,422.59**	**1,648.59**	**3,341.94**	**11,968.49**
ASSETS									
Advances	36.4	**0.88**	**270.21**	620.44	594.11	1,546.90	570.70	9,383.85	13,023.49
Investments	325.51	–	–		16.17	627.12	152.07	3,965.16	5,086.03
TOTAL	**361.91**	**0.88**	**270.21**	**620.44**	**610.28**	**2,174.02**	**722.77**	**13,349.01**	**18,109.52**

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**

Note 55 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(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		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
1	Restructured Accounts as on April, 1 of the FY (opening figures)*	No. of borrowers	–	2	–	–	**2**	–	–	–	–	–	1	–	11	–	**12**	**1**	–	**13**	–	**14**
		Amount outstanding	–	237.42	–	–	**237.42**	–	–	–	–	–	95.90	–	1633.86	–	**1729.76**	**95.9**	–	**1871.28**	–	**1967.18**
		Provision thereon	–	181.39	–	–	**181.39**	–	–	–	–	–	9.59	–	804.69	–	**814.28**	**9.59**	–	**986.08**	–	**995.67**
2	Fresh restructuring during the year #	No. of borrowers	–	–	–	–	–	–	–	–	–	–	1	–	–	–	**1**	**1**	–	–	–	**1**
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
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**	**0**		**1**
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	95.9	–	–	**95.9**	–	**95.9**	**0**		**95.9**
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	9.59	–	–	**9.59**	–	**9.59**	**0**		**9.59**
6	Write-offs of restructured accounts during the FY**	No. of borrowers	–	–	1	–	**1**	–	–	–	–	–	–	–	3	–	**3**	–	**0**	**4**	–	**4**
		Amount outstanding	–	–	–	–	–	–	–	–	–	–	–	–	21.13	–	**21.13**	–	**0**	**21.13**	–	**21.13**
		Provision thereon	–	–	–	–	–	–	–	–	–	–	–	–	13.32	–	**13.32**	–	**0**	**13.32**	–	**13.32**
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	–	–	147.00	–	**147.00**	–	–	–	–	–	–	100	1299.88	–	**1399.88**	–	**100**	**1446.88**	–	**1546.88**
		Provision thereon	–	–	123.83	–	**123.83**	–	–	–	–	–	–	18.63	851.13	–	**869.76**	–	**18.63**	**974.96**	–	**993.59**

There was no restructuring during the year , the case reported was inadvertently omitted in last year disclosures.

Note 55 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(xxxvi) As required by the RBI Notification no. "DOR (NBFC).CC.PD.No. 109/22.10.106/2019-20 dated 13th March 2020 in respect of Implementation of Indian Accounting Standard(IndAS) in NBFC, the company has appropriated the difference between the impairment allowance under Ind AS 109 and the provisioning required under RBI Prudential (IRACP) Norms (including standard assets provisioning), a sum of ₹22.98 crore has been taken to "Impairment Reserve".

Asset Classification as per RBI Norms	**Asset classification as per Ind AS 109**	**Gross Carrying Amount as per Ind AS**	**Loss Allowances (Provisions) as required under Ind AS 109**	**Net Carrying Amount**	**Provisions required as per IRACP norms**	**Difference between Ind AS 109 provisions and IRACP norms**
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	3,222.74	198.53	3,024.21	19.11	179.42
	Stage 2	1,494.76	320.01	1,174.75	87.19	232.82
	Stage 3	61.28	30.06	31.22	-	30.06
Subtotal		**4,778.77**	**548.60**	**4,230.18**	**106.30**	**442.30**
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,005.97	493.43	512.54	162.49	330.94
Doubtful - up to 1 year	Stage 3	1,306.61	640.89	665.72	500.24	140.65
1 to 3 years	Stage 3	4,511.35	2,212.82	2,298.53	2,792.41	(579.59)
More than 3 years	Stage 3	856.11	419.92	436.19	728.97	(309.05)
Subtotal for doubtful		**6,674.06**	**3,273.63**	**3,400.43**	**4,021.62**	**(747.99)**
Loss	Stage 3	94.65	46.43	48.23	94.65	(48.22)
Subtotal for NPA		**12,553.46**	**4,362.08**	**8,191.38**	**4,385.06**	**(22.98)**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	547.75	72.65		-	72.65
	Stage 2	-	-	-	-	-
	Stage 3	4,049.91	1,986.48	2,063.43	-	1,986.48
Accrued Income (Stage 1)	Stage 1	40.55	-	40.55	-	-
	Stage 1	3,811.04	271.18	3,064.76	19.11	252.07
	Stage 2	1,494.76	320.01	1,174.75	87.19	232.82
	Stage 3	11,885.87	5,830.02	6,055.85	4,278.76	1,551.26
	Total	**17,191.67**	**6,421.21**	**10,295.36**	**4,385.06**	**2,036.15**

56 Open interest in the Currency Futures as at 31/03/2020 - Nil
Position (as at 31/03/2019)

Particulars		**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 0.001 million (Previous Year ended March 2019: USD 0.073 million) and EUR 0.090 million (Previous Year ended March 2019: EUR 0.049 million), equivalent to ₹0.75 crore (Previous Year ended March 2019: ₹ 0.89 crore).

(All amounts are in Rupees crores unless otherwise stated)

58 Details of securities sold and purchased under Repos and Reverse Repos Transactions:

Particulars	**Maximum O/s during the period**	**Daily Average O/s during the period**	**O/s as on 31 March 2020**
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 **M.K. Aggarwal & Co**
Chartered Accountants
ICAI Firm registration No.: 01411N

For and on behalf of the Board of Directors of **IFCI Limited**

DR. E S RAO
Managing Director &
Chief Executive Officer
DIN 05184747

SUNIL KUMAR BANSAL
Deputy Managing
Director
DIN 06922373

Prof ARVIND SAHAY
Director
DIN 03218334

CA ATUL AGGARWAL
Partner
Membership No.: 099374

JHUMMI MANTRI
General Manager &
Chief Financial Officer

RUPA SARKAR
Company Secretary

Place: New Delhi
Dated: 26 June 2020

INDEPENDENT AUDITORS' REPORT

To the Members of IFCI Limited
Report on the audit of Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of **IFCI Limited** (hereinafter referred to as "Holding Company") and its subsidiaries (the holding company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entity, which comprises the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss (including Other Comprehensive Income), the consolidated cash flow 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 (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 (hereinafter referred to as "the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its Consolidated Loss, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA's) specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in "**Auditor's Responsibilities for the Audit of Consolidated Financial Statements**" section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act. We believe that the audit evidences obtained by us is sufficient and appropriate to provide a basis for our opinion.

1. **Emphasis of Matter**

A. **Emphasis of Matter reported in the main report**

1. We draw attention to Note No. 40.1(v) of the financial statements regarding, the provision of impairment allowance in respect of its loan assets. The basis of determination of impairment allowance, which we have relied upon, is arrived at a model in accordance with the accounting policy recognizing probable credit loss based on internally developed statistical models & other historical data which takes into account the economic activity and financial conditions including macroeconomic factors.

   Due to ongoing COVID-19, higher probability risk factor was noticed and accordingly 15% shock on GDP is taken in the said model for calculating ECL as against weighted average of base/best/worst case scenario +(–)10% resulting in higher provision in ECL Model over the base case ECL Model. The Financial statements of the Company has not been impacted due to this change as the provisions as per RBI Prudential Norms (IRACP) are higher, which has been accounted for determining the provisions for this year.

2. In accordance with the RBI circular no. **"DOR (NBFC). CC.PD.No.109/22.10.106/2019-20"**, dated 13th march 2020 the company has created a provision as per RBI Prudential Norms (IRACP) which is higher than the ECL Model and accordingly a sum of ₹22.98 crores has been taken to "Impairment Reserve"

3. We draw attention to Note No. 40.1(vii) of the financial statements regarding the entity's impact of COVID-19 pandemic on its financial statements. Management is of the view that there are no reasons to believe that the pandemic will have any significant impact on the ability of the entity to continue as a going concern. Nevertheless, the impact of pandemic in future period is uncertain and could impact the impairment allowance in future years.

4. We draw attention to Note No. 40.1(viii), where the company is recognizing interest income in respect of Stage 3 Loan Assets as per Ind AS accounting policy of the company till it is diminished due to repayment/write off/settled. However in case of seventeen borrowal accounts covered under NCLT, the net impact of recognition of interest in these cases amounts to Rs. 331.58 Crores which is credited to statement of profit & loss A/c in various years. In the opinion of the management, complete write off will be done on final settlement of all these cases and there are sufficient security cover available with the company as determined by the resolution professional and hence no reversal of interest is required.

   Our Opinion is not modified in respect of these matters.

B. **Emphasis of Matter reported in case of M/s IFCI Infrastructure Development Limited**

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. During the year, the company has forfeited an amount of ₹75,00,000/- as per agreement to sell dated 24.01.2013 and the balance amount of ₹6,75,00,000/- to be refunded to the party after sale of all the plots by IIDL.

C. **Emphasis of Matter in case of M/s Stock Holding Corporation of India Limited**

We draw attention to:

(*a*) Note No. 41.1 of the Consolidated Financial Statements related to the 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.

(*b*) With reference to the Consolidated Financial Statements of M/s Stock Holding Corporation of India Limited related to non-receipt of Direct confirmation in certain cases of receivables and payables:

In respect of Subsidiary "Stock holding Document Management Subsidiary" the statutory auditors have given below matter of emphasis:

1. We draw attention to Note 42.1 of the Consolidated Financial Statements regarding Company's liability to the third parties due to the fire occurred at Company's Premises.
2. We draw attention to the Consolidated Financial Statements of M/s Stock Holding Corporation of India Limited regarding impact of COVID-19 pandemic. The situation continues to

be uncertain and the Company is evaluating the situation on an ongoing basis with respect to the challenges faced.

D. **Emphasis of Matter in case of M/s IFCI Venture Capital Funds Limited**

We draw attention to the Financial Statements of M/s IFCI Venture Capital Funds Limited which fully describe that the company has estimated the provision for impairment on Loan to customers along with specific provision mandated by RBI in this regard to reflect the adverse business impact and the uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts & circumstances and may not necessarily reflect the impact of future uncertainties and events arising from COVID-19 pandemic.

2. Key Audit Matters reported in main report

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matters	How our matter was addressed in the audit
1.	**Impairment of Loan Assets—Expected Credit Loss (ECL)** [Refer Note No. 56 to the Consolidated Financial Statements read with accounting policy No. F(b)] The most significant areas where we identified greater levels of management judgment are: • ECL model–Impairment loss measurement requires use of statistical models to estimate the Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These models are key driver to measure ECL. • Individually assessed classification of various Stages—the carrying value of loans and advances to borrowers may be materially misstated if individual impairments are not appropriately identified and estimated. The effect of these matters is that, as part of our risk assessment, we determined that the value of ECL has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In the event of any improper application of assumptions, the carrying value of loan assets could be materially misstated either individually or collectively. In view of the significance of the amount of loan assets in the standalone Financial Statements, the impairment of loan assets thereon has been considered as Key Audit Matter in our audit.	**Our Audit Procedure includes:** We have obtained an understanding of the guidelines as specified in Ind AS 109 "Financial Instruments", various regulatory updates and the Company's internal instructions and procedures in respect of the expected credit loss and adopted the following audit procedures: 1. Evaluation and understanding of the key internal control mechanisms with respect to the loan assets, assessment of the loan impairment including assessment of relevant data quality, and review of the real data entered. 2. Verification/review of the documentations, operations/ performance of Loan asset accounts, on test check basis of the large and stressed loan assets, to ascertain any overdue, unsatisfactory conduct or weakness in any loan asset account. 3. Review of the reports of the internal audit and any other audit/inspection mechanisms to ascertain the loan assets having any adverse indication/ comments, and review of the control mechanisms of the Company to ensure the proper classification of such loan assets and expected credit loss thereof. 4. The accuracy of critical data elements input into the system used for computation of PD and LGD. 5. The completeness and accuracy of data flows from source systems into the ECL calculation. 6. Independent assessment of all Loan assets based on IRACP norms of RBI. **Our results:** We considered the credit impairment charge and provision recognized and the related disclosures to be acceptable & satisfactory However the model adopted is required to be reviewed in the light of present circumstances.
2.	**Valuation of financial instruments at Fair Value** [Refer Note No.55 to the Consolidated Financial Statements read with accounting policy No. F(b)] Company enters into derivative contracts in accordance with RBI guidelines to manage its currency and interest rate risk. These derivative contracts are categorized at FVTPL and certain derivative contracts are designated under cash flow hedge (Hedge Accounting). We consider the valuation of the derivative financial instruments and hedge accounting as a key audit matter due to its material exposure and the fact that the inappropriate application of these requirements could lead to a material effect on the income statement.	**Our Audit Procedure includes:** We involved our team to review the management's underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts and the possible outcome of the underlying contracts accruing any profit or loss to the company. Our team also considered general market practices and other underlying assumptions in arriving at such fair valuation of the financial derivative contracts as outstanding/pending for settlement as on March 31, 2020. Assessing whether the financial statement disclosures appropriately reflect the Company's exposure to derivatives valuation risks with reference to the requirements of the prevailing accounting standards and Reserve Bank of India Guidelines. **Our results:** We did not find any material misstatement in measuring derivative contracts at fair value and the related disclosures to be acceptable & satisfactory.
3.	**Assessment of Information Technology (IT)** The key financial accounting and reporting processes are highly dependent on the automated controls over the Company's IT systems. There is a risk that improper segregation of duties or user access management controls (in relation to key financial accounting and reporting systems) may undermine our ability to place some reliance thereon in our audit. We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management and regulators.	**Our Audit Procedure includes:** Evaluated sample of key controls operating over the information/ input in relation to financial accounting and reporting systems. **Our results:** We did not find any material deficiencies as per our analysis of reports emanating from IT systems on Financial Accounting and reporting.

3. **Other Matters**

A. **Other Matters reported in main report**

1. We did not audit the financial statements/financial information of six subsidiaries and seven step-down subsidiaries whose financial statements/financial information reflect total assets of ₹5497.66 crore as at 31 March, 2020, total revenues of ₹685.84 crore and net cash flows amounting to ₹159.98 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of the other auditors.

   Our opinion on the Consolidated Financial Statements 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/financial information certified by the Management.

B. **Other Matter reported in M/s IFCI Infrastructure Development Limited**

We did not audit the Financial Statements of Subsidiary namely IIDL Realtors Private Limited, whose Financial Statement as per Ind AS reflect total assets of ₹13,78,95,374/- as at 31st March, 2020 and the total revenue of ₹16,07,78,724/- and net Cash Flows amounting to ₹2,97,25,127/- for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These Financial Statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion in so far as it relates to the amounts and disclosures included in respect of Subsidiary, and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid Subsidiary is based solely on the report of other auditor.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position and consolidated financial performance, consolidated cash flow and consolidated changes in equity of the Group including its associates and jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under section 133 of the Act.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entity 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, 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 and jointly controlled entity are responsible for assessing the ability of the Group and of its associates and jointly controlled entity 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 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 and jointly controlled entity are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entity.

Auditor's Responsibilities for the Audit of Consolidated Financial Statements

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

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

– Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entity 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 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.

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 "A"**, 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 of the aforesaid Consolidated Financial Statements;

   (*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 the other auditors;

   (*c*) The consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement 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.

   (*e*) In terms of Notification No. GSR 463(E) dated 05.06.2015 issued by Ministry of Corporate Affairs, Government of India, provisions of Sub-section 2 of Section 164 of the Act, are not applicable to the Group and its associates & jointly controlled entity, being Government Companies;

   (*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 "B"**; 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 Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entity - Refer Note No. 37 to the Consolidated Financial Statements;;

   (ii) The group, its associates and its jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts;

   (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled company incorporated in India.

For **M/s M. K. Aggarwal & Co.**
Chartered Accountants
Firm Registration No: 01411N

CA Atul Aggarwal
Partner
Membership No. 099374

Place: New Delhi
Date: June 26, 2020

Annexure A 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 entries 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>22</td><td>2217.40</td></tr>
<tr><td>B.</td><td>Debtors write-offs</td><td>20</td><td>11.66</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>4664</td></tr>
<tr><td>3.</td><td>Tata Motors Limited</td><td>Demat</td><td>600</td></tr>
<tr><td>4.</td><td>Tata Steel Limited</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>24550</td></tr>
<tr><td>12.</td><td>Coromandel International Ltd</td><td>Demat</td><td>69220</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>3500</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>1785</td></tr>
<tr><td>21.</td><td>Hi-Tech Gears Ltd</td><td>Demat</td><td>2700</td></tr>
<tr><td>22.</td><td>Indian Metals & FerroAlloys 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>1125</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>64800</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 (Rswm Limited)</td><td>Demat</td><td>383</td></tr>
</table></td></tr>
</table>

Sl. No.	Sub–Directions	Reply			
		S.No	Company Name	Mode	No of shares
		30.	Reliance Capital Ltd	Demat	223
		31.	Reliance Communications Ltd	Demat	4482
		32.	Reliance Infrastructure Ltd	Demat	335
		33.	Reliance Power Ltd	Demat	1120
		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 Limited	Demat	483
		41.	Banswara Syntex Limited	Demat	100
		42.	Core Education & Technologies Ltd	Demat	3
		43.	Era Infra Engineering Ltd	Demat	27
		44.	Grasim Industries Limited	Demat	139
		45.	Indian Seamless Enterprises	Demat	1028
		46.	Jaykay Enterprises Limited	Demat	100
		47.	Kama Holdings Limited	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 Limited	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

<table>
<tr><th>Sl. No.</th><th>Sub–Directions</th><th>Reply</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td>91.</td><td>Tripati Woolens</td><td>Physical</td><td>59789</td></tr>
<tr><td>92.</td><td>Usha Forging and Stamping</td><td>Physical</td><td>45000</td></tr>
<tr><td>93.</td><td>Usha Forging and Stamping (Pref)</td><td>Physical</td><td>1968</td></tr>
<tr><td>94.</td><td>Rain Industries Ltd.</td><td>Physical</td><td>115000</td></tr>
<tr><td>95.</td><td>Usha Spinning and Weaving Mill Ltd.</td><td>Physical</td><td>2783</td></tr>
</table>
</td></tr>
<tr><td></td><td></td><td>
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.
<table>
<tr><th>S.No</th><th>Company Name</th><th>No of shares</th></tr>
<tr><td>1.</td><td>Ajanta Textiles Ltd (Pref Shares)</td><td>38219</td></tr>
<tr><td>2.</td><td>BST MFG Ltd (Pref Shares)</td><td>9920</td></tr>
<tr><td>3.</td><td>Chemco Steels Ltd</td><td>500000</td></tr>
<tr><td>4.</td><td>Digvijay Synthetics Ltd (Pref Shares)</td><td>170000</td></tr>
<tr><td>5.</td><td>Echon Industries Ltd</td><td>1400000</td></tr>
<tr><td>6.</td><td>G.R. Solvents & Allied Industries Ltd</td><td>125000</td></tr>
<tr><td>7.</td><td>Graham Firth Steel Products (I) Ltd</td><td>3</td></tr>
<tr><td>8.</td><td>Hermonite Associates Ltd</td><td>130000</td></tr>
<tr><td>9.</td><td>Hindustan Agro Chemicals Ltd</td><td>19300</td></tr>
<tr><td>10.</td><td>I C Textiles Ltd (Pref Shares)</td><td>952394</td></tr>
<tr><td>11.</td><td>LML LTD (Pref Shares)</td><td>2150912</td></tr>
<tr><td>12.</td><td>Minerva Holding Ltd</td><td>120</td></tr>
<tr><td>13.</td><td>Modern Syntex (I) Ltd</td><td>6000000</td></tr>
<tr><td>14.</td><td>Morepen Laboratories Ltd(Pref Shares)</td><td>87373</td></tr>
<tr><td>15.</td><td>Munak Chemicals Ltd</td><td>6</td></tr>
<tr><td>16.</td><td>Nutech Packaging Ltd</td><td>525000</td></tr>
<tr><td>17.</td><td>OCM India Ltd</td><td>589743</td></tr>
<tr><td>18.</td><td>Parasrampuria Synthetics Ltd (Pref Shares)</td><td>1389450</td></tr>
<tr><td>19.</td><td>Poddar Udyog Ltd (Pref Shares)</td><td>18000</td></tr>
<tr><td>20.</td><td>Pooja Granites And Marbles Pvt Ltd</td><td>276000</td></tr>
<tr><td>21.</td><td>Prag Bosmi Synthetics Ltd (Pref Shares)</td><td>2614577</td></tr>
<tr><td>22.</td><td>Punj Steel Machine Tools Pvt Ltd (Pref Shares)</td><td>150000</td></tr>
<tr><td>23.</td><td>Samcor Glass Ltd</td><td>2000000</td></tr>
<tr><td>24.</td><td>Shree Maheswar Hydel Power Company Ltd.</td><td>8387028</td></tr>
<tr><td>25.</td><td>Southern Wind Farms Pvt. Ltd.</td><td>100000</td></tr>
<tr><td>26.</td><td>Steel & Allied Products Ltd (Pref Shares)</td><td>5980</td></tr>
<tr><td>27</td><td>Triveni Metal Tubes Ltd (Pref Shares)</td><td>449</td></tr>
<tr><td>28</td><td>West Bengal Consultancy Orgn. Ltd</td><td>12700</td></tr>
<tr><td>29</td><td>YUIL Measure (I) Ltd (Pref Shares)</td><td>39500</td></tr>
</table>
</td></tr>
<tr><td>2.</td><td>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.</td><td>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 as per accounting policy of the company.</td></tr>
</table>

$ 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 **M/s M. K. Aggarwal & Co.**
Chartered Accountants
Firm Registration No: 01411N

CA Atul Aggarwal
Partner
Membership No. 099374

Place: New Delhi
Date: June 26, 2020

Annexure-"B" to the Independent Auditors' Report on the Audit of the Consolidated Financial Statements

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Company as of and for the year ended 31 March, 2020, We have audited the internal financial controls with reference to consolidated financial statements of IFCI Limited (hereinafter referred to as "the Holding Company"), its subsidiary companies, its associate companies and jointly controlled entity, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company, its subsidiary companies, its associate companies and jointly controlled entity, which are companies incorporated in India are 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 with reference to financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 and the audit evidence obtained by the other auditor 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 with reference to financial statements.

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, Holding Company, its subsidiary companies, its associate companies and jointly controlled entity, which are companies incorporated in India have, in all material respects, an internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the areas of improvement identified which needs further strengthening as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March 2020 Consolidated financial statements of the Group and its jointly controlled entity. However, these areas of improvement do not affect our opinion on the operating effectiveness of the Internal Financial Control over financial reporting of the Group and its jointly controlled entity.

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 in so far 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 **M/s M. K. Aggarwal & Co.**
Chartered Accountants
Firm Registration No: 01411N

CA Atul Aggarwal
Partner
Membership No. 099374

Place: New Delhi
Date: June 26, 2020

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

(All amounts are in Rupees crores unless otherwise stated)

	Note	As at 31 March 2020	As at March 31, 2019
I. ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	3	**1,527.72**	729.25
(b) Bank balance other than (a) above	4	**1,052.86**	938.95
(c) Derivative financial instruments	5	**50.04**	14.66
(d) Trade receivables	6	**192.67**	175.14
(e) Loans	7	**10,767.31**	13,713.52
(f) Investments	8	**3,962.55**	5,580.09
(g) Other financial assets	9	**1,039.15**	920.58
TOTAL FINANCIAL ASSETS		**18,592.30**	22,072.20
(2) Non-financial Assets			
(a) Inventories		**118.53**	155.05
(b) Current tax assets (Net)		**276.31**	208.17
(c) Deferred tax assets (Net)	11	**1,635.93**	1,767.82
(d) Investment property	12	**206.01**	209.58
(e) Property, plant and equipment	13	**1,017.73**	1,040.35
(f) Capital work-in-progress		**4.28**	1.20
(g) Intangible assets under development		**0.01**	0.06
(h) Goodwill	14	**446.64**	446.64
(i) Other intangible assets	15	**49.82**	4.51
(j) Other non-financial assets	16	**79.96**	78.63
TOTAL NON-FINANCIAL ASSETS		**3,835.22**	3,912.00
Assets held for sale	17	**11.28**	57.94
TOTAL ASSETS		**22,438.80**	26,042.14
II. LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial Liabilities			
(a) Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		**4.88**	23.99
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	18	**242.72**	229.29
(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		**192.50**	126.40
(b) Debt securities	19	**7,971.84**	9,331.96
(c) Borrowings (other than debt securities)	20	**3,281.20**	5,748.99
(d) Subordinated liabilities	21	**1,313.30**	1,313.30
(e) Other financial liabilities	22	**2,850.14**	2,610.32
TOTAL FINANCIAL LIABILITIES		**15,856.58**	19,384.26
(2) Non-Financial Liabilities			
(a) Provisions	23	**193.96**	141.56
(b) Other non-financial liabilities	24	**61.21**	48.86
TOTAL NON-FINANCIAL LIABILITIES		**255.17**	190.42
(3) Equity			
(a) Equity Share capital	25	**1,695.99**	1,695.99
(b) Other Equity	26	**3,553.04**	3,660.68
Equity attributable to equity holders of the parent		**5,249.03**	5,356.67
Non-controlling interest		**1,078.02**	1,110.79
Total equity		**6,327.05**	6,467.46
TOTAL LIABILITIES AND EQUITY		**22,438.80**	26,042.14

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 **M.K. AGGARWAL & Co**
Chartered Accountants
ICAI Firm registration No.: 01411N

Dr. E S Rao
Managing Director &
Chief Executive Officer
DIN 05184747

SUNIL KUMAR BANSAL
Deputy Managing
Director
DIN 06922373

Prof ARVIND SAHAY
Director
DIN 03218334

CA ATUL AGGARWAL
Partner
Membership No.: 099374
Place: New Delhi
Dated: 26 June 2020

JHUMMI MANTRI
General Manager &
Chief Financial Officer

RUPA SARKAR
Company Secretary

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Rupees crores unless otherwise stated)

	Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
I.	**Revenue from operations**			
	Interest income	27	**2,254.92**	2,199.72
	Dividend income		**63.21**	70.18
	Rental income		**28.17**	25.59
	Fees and commission Income	28	**42.53**	31.04
	Net gain on fair value changes	29	**–**	–
	Sale of products (including Excise Duty)		**13.84**	14.90
	Sale of services		**471.23**	480.03
	Total revenue from operations		**2,873.90**	2,821.45
II.	**Other income**	30	**31.78**	313.03
III.	**Total Income**		**2,905.68**	3,134.49
IV.	**Expenses**			
	Finance Costs	31	**1,451.27**	1,802.70
	Fees and commission expense		**37.09**	49.19
	Net loss on fair value changes	29	**245.92**	132.46
	Impairment on financial instruments	32	**472.29**	1,146.32
	Cost of materials consumed		**37.35**	48.63
	Purchases of Stock-in-trade		**13.28**	14.36
	Employee Benefits Expenses	33	**326.06**	293.41
	Depreciation and Amortization	34	**81.34**	63.46
	Others expenses	35	**331.36**	277.93
	Total expenses		**2,995.96**	3,828.46
V.	**Profit / (loss) before exceptional items and tax (III- IV)**		**(90.28)**	(693.98)
	Exceptional items		**3.96**	1.66
VI.	**Profit/(Loss) before tax**		**(94.24)**	(695.64)
VII.	**Tax Expense:**			
	- Current Tax	11	**3.70**	(0.96)
	- Taxation for earlier years	11	**44.38**	(0.26)
	- Deferred Tax (Net)	11	**80.89**	(218.43)
	Profit/(loss) for the period		**(223.21)**	(475.99)
	"Share of net profit of associates and joint ventures accounted for using the equity method"		**–**	–
VIII.	**Profit/(Loss) for the period**		**(223.21)**	(475.99)
IX.	**Other Comprehensive Income**			
A.	(i) **Items that will not be reclassified to profit or loss**			
	– Fair value changes on FVTOCI - Equity securities		**(119.94)**	38.00
	– Gain/(loss) on sale of FVTOCI - Equity securities		**(5.12)**	(117.71)
	– Actuarial gain/(loss) on Defined benefit obligation		**(4.46)**	49.92
	(ii) **Income tax relating to items that will not be reclassified to profit or loss**			
	– Tax on Fair value changes on FVTOCI - Equity securities		**(15.37)**	32.52
	– Tax on Actuarial gain/(loss) on Defined benefit obligation		**19.76**	(17.78)
	Subtotal (A)		**(125.13)**	(15.06)
B.	**(i) Items that will be reclassified to profit or loss**			
	– Debt securities measured at FVTOCI - net change in fair value		**(10.76)**	(16.17)
	– Debt securities measured at FVTOCI - reclassified to profit and loss		**–**	(0.35)
	– Exchange differences in translating the financial statements of a foreign operation		**1.16**	(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		**18.72**	5.77
	Subtotal (B)		**9.12**	(10.90)
	Other comprehensive income (A + B)		**(116.01)**	(25.96)
X.	**Total Comprehensive Income for the period**		**(339.22)**	(501.96)
XI.	**Profit for the year attributable to Equity holders of the parent**		**(230.44)**	(488.67)
	Non-controlling interest		**7.23**	12.68
XII.	**Total comprehensive income for the year attributable to Equity holders of the parent**		**(310.65)**	(521.00)
	Non-controlling interest		**(28.56)**	19.04
XIII.	**Earnings per equity share**			
	Basic Earnings per share of ₹10 each		**(1.36)**	(2.88)
	Diluted Earnings per share of ₹10 each		**(1.36)**	(2.88)

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 **M.K. AGGARWAL & Co**
Chartered Accountants
ICAI Firm registration No.: 01411N

Dr. E S RAO
Managing Director & Chief Executive Officer
DIN 05184747

SUNIL KUMAR BANSAL
Deputy Managing Director
DIN 06922373

Prof ARVIND SAHAY
Director
DIN 03218334

CA ATUL AGGARWAL
Partner
Membership No.: 099374
Place: New Delhi
Dated: 26 June 2020

JHUMMI MANTRI
General Manager & Chief Financial Officer

RUPA SARKAR
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Rupees crores unless otherwise stated)

		For the year ended March 31, 2020	For the year ended March 31, 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before Tax	**(94.24)**	(695.64)
	Adjustments for:		
	Depreciation and amortisation	**81.34**	63.46
	Impairment provision/ write offs	**472.29**	1,146.32
	Unrealised gain/(loss) on investments	**(252.78)**	(255.04)
	Impairment on Assets held for sale	**-**	(81.49)
	(Profit)/Loss on Sale of Assets	**(7.41)**	(6.72)
	Interest cost on preference shares		8.86
	Operating Profit before Working Capital Changes & Operating Activities	**199.20**	179.75
	Adjustments for Operating Activities:		
	(Increase)/ decrease in Investments	**1,734.49**	1,928.87
	(Increase)/ decrease in Inventory	**36.52**	43.24
	(Increase)/ decrease in Loans & Advances	**2,473.92**	1,792.87
	(Increase)/ decrease in Derivative Financial Instruments	**(35.38)**	6.27
	Increase/ (decrease) in Trade Payables	**60.42**	82.63
	(Increase)/ decrease in Receivables	**(17.53)**	(37.62)
	Increase/ (decrease) in Debt Securities	**(1,360.12)**	(398.77)
	Increase/ (decrease) in Borrowings	**(2,467.79)**	(3,670.55)
	Operating Profit before Working Capital Changes	**623.73**	(73.31)
	Adjustments for:		
	(Increase)/ decrease in Other Financial Assets	**(118.57)**	(134.97)
	Increase/ (decrease) in Other Non-financial Asset	**3.98**	5.92
	Increase/ (decrease) in Other Financial Liability	**175.11**	121.82
	Increase/ (decrease) in Other Non-financial Liability	**12.35**	(10.01)
	Increase/ (decrease) in Provision	**47.94**	(106.59)
	Increase/ (decrease) in other bank balances	**(113.91)**	139.77
	Increase/ (decrease) in assets held for sale	**46.66**	595.54
	Cash Flow before taxation	**53.57 **	611.47
	Income Tax (paid)/ refund - Net	**(42.12)**	(94.58)
	Net cash flow from Operating Activities	**635.18**	443.58
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of / Advance for property, plant and equipments (including Leased property)	**(41.79)**	(43.92)
	Proceeds from sale of investment property	**3.29**	2.76
	Sale of investment in associates and joint ventures	**-**	12.86
	Purchase of/ Advance for Intangible Asset	**(1.00)**	(1.57)
	Proceeds from sale of property, plant and equipments (including leased property)	**6.99**	6.72
	Net cash flow from Investing Activities	**(32.50)**	(23.15)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Share application money received	**200.00**	–
	Redemption of Preference Shares	**–**	(225.09)
	Dividend paid	**(4.21)**	(9.23)
	Net cash flow from Financing Activities	**195.79**	(234.33)
	Net Increase/ (Decrease) in Cash and Cash Equivalent Flow (A+B+C)	**798.46**	186.11
	Opening Cash and Cash Equivalent	**729.25**	543.15
	Closing Cash and Cash Equivalent	**1,527.72**	729.25

Details of Cash and Cash Equivalents at the end of the year:

Particulars	As at 31 March 2020	As at 31 March 2019
Cash in hand (including postage stamps)	0.69	6.35
Balances with banks		
– Bank balance	725.73	335.05
– Bank deposits	801.30	81.59
Collaterised borrowings lending operations (CBLO)	–	299.84
Cheques on hand & under collection and remittances in transit	–	6.42
Total Cash and Cash Equivalents at the end of the year	1,527.72	729.25

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For **M.K. AGGARWAL & Co**
Chartered Accountants
ICAI Firm registration No.: 01411N

For and on behalf of the Board of Directors of **IFCI Limited**

Dr. E S RAO
Managing Director &
Chief Executive Officer
DIN 05184747

SUNIL KUMAR BANSAL
Deputy Managing Director
DIN 06922373

Prof ARVIND SAHAY
Director
DIN 03218334

CA ATUL AGGARWAL
Partner
Membership No.: 099374
Place: New Delhi
Dated: 26 June 2020

JHUMMI MANTRI
General Manager &
Chief Financial Officer

RUPA SARKAR
Company Secretary

IFCI LIMITED
आई एफ सी आई लिमिटेड

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in Rupees crores unless otherwise stated)

(a) Equity Share Capital

Balance as at 01 April 2018	Changes in equity share capital during the year	Balance as at 31 March 2019	Changes in equity share capital during the year	Balance as at 31 March 20209
1695.99	–	1,695.99	–	1,695.99

(b) Other Equity

Particulars	Reserves and Surplus													Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Foreign currency translation reserve	Remeasurements of the defined benefit plans	Total attributable to equity holders of the parent	Total noncontrolling interest	Total
	Deemed equity contribution– Shareholders	Share application money pending allotment	Reserve u/s 45IC of RBI Act	Special reserve under Section 36(1) (viii) of the income Tax Act, 1961	Capital reserve	Contingency reserve	Securities premium Reserve	Capital redemption reserve	Debenture redemption reserve	Amalgamation reserve	General reserve	Impairment Reserve	Retained earnings							
Balance as at 01 April 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	–	–		–	–	–	–	–	–	–	–	–	(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**
Total comprehensive income for the year	–	–		–	–		–	–	–		–		(230.44)	7.96	(105.47)	0.61	16.68	(310.66)	(28.56)	(339.22)
Transfer to/from retained earnings	–	–	0.10	–	–	11.90	–	–	–		3.31	111.56	(126.87)	–	–	–	–	–	–	–
Application money received during the year	–	200.00	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	200.00	–	200.00
Impact on transition to Ind AS 116	–	–	–	–	–	–	–	–	–	–	–	–	1.13	–	–	–	–	(1.13)	–	(1.13)
Dividends paid including tax	–	–	–	–	–	–	–	–	–	–	–	–	4.16	–	–	–	–	–	(4.21)	(4.21)
Others	(9.79)	–		–	–		–	–	–		–		–	–	–	–	–	4.16	–	4.16
Balance as at 31 March 2020	**335.82**	**200.00**	**923.67**	**136.74**	**0.85**	**23.50**	**1,032.06**	**300.05**	**260.08**	**(0.60)**	**369.92**	**111.56**	**(187.05)**	**17.48**	**(22.76)**	**0.53**	**51.18**	**3,553.04**	**1,078.02**	**4,631.06**

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 **M.K. AGGARWAL & Co**
Chartered Accountants
ICAI Firm registration No.: 01411N

Dr. E S RAO
Managing Director &
Chief Executive Officer
DIN 05184747

SUNIL KUMAR BANSAL
Deputy Managing Director
DIN 06922373

Prof ARVIND SAHAY
Director
DIN 03218334

CA ATUL AGGARWAL
Partner
Membership No.: 099374

Place: New Delhi
Dated: 26 June 2020

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 STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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. IFC'I 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 arc 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, 2020 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 lime to time, in this regard.

For periods up to and including the year ended March 31, 2019. 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 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 26 June 2020.

(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 crorcs 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 fiar 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 arc prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions arc reviewed on an ongoing basis. Revisions to accounting estimates arc recognised prospectively.

(e) Principles of consolidation and equity accounting

(a) **Subsidiaries**

Subsidiaries arc 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 4 direct the relevant activities of the entity. Subsidiaries arc fully consolidated from the dale on which control is transferred to the group. They arc 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 arc eliminated Unrealised losses arc 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 arc shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

(b) **Associates**

Associates arc all entities over which the group has significant influence but not control or joint control. This is generally the ease where the group holds between 20% and 50% of the voting rights. Investments in associates arc accounted for using the equity method of accounting after initially being recognised at cost.

(c) **Joint ventures**

Interests in joint ventures arc accounted for using the equity method (sec (d) below), after initially being recognised at cost in the consolidated balance sheet.

(d) **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

(All amounts are in Rupees crores unless otherwise stated)

income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures arc recognised as a reduction in the carrying amount of the investment.

(f) Significant accounting policies

The Group has consistently applies the following accounting policies to all periods presented in these financial statements,

(a) **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 oilier premiums or discounts paid or received between parties to the contract that arc 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-unpaired, 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 arc 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 arc appropriated due date-wise towards other debits, interest overdue and principal overdue, in that order, across the due dates, except in the ease 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 a income when the right to receive the dividend established.

(vi) LC Commission is recognised over time as the services arc rendered as per the terms of the contract.

(vii) The dividend unclaimed on account of shares sold and outstanding in the books arc 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 arc 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 arc amortised on time proportion basis over the period of contract.

(xii) Charges collected on cheques dishonored/ bounced arc recognised on actual basis.

(xiii) Income from digitisation and software sen ices is recognised over a period of lime. 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

(xvi) Selling price is determined on the basis of published rack rate less discount offered to customers

(xvii) Income in foreign exchange: The bills for services rendered arc 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.

(xviii) 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.

(c) The entity's performance docs 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.

(xix) Project cost includes cost of land, estimated cost of construction and development of such properties. The estimates of the saleable area and costs arc reviewed periodically and effect of any changes in such estimates recognised in the period such changes arc 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 arc not met.

(ii) Revenue from sale of property held as stock-in-trade is recognised upon transfer of control of the said property.

(xx) 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 arc accounted on an over time basis.

(All amounts are in Rupees crores unless otherwise stated)

(g) 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 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 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.

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 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.

(All amounts are in Rupees crores unless otherwise stated)

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 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 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 dc-rccognises a financial liability when its contractual obligations arc discharged or cancelled, or expired.

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.
- 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.

(All amounts are in Rupees crores unless otherwise stated)

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 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 dependants subject to certain limits for hospitalization and normal medical treatment.

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, arc 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.

(All amounts are in Rupees crores unless otherwise stated)

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 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.

(k) Property, plant and equipment and Investment property

Recognition and measurement

Property , plant and equipment held for use or for administrative purposes, arc slated 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 (lie acquisition and installation of the respective assets.

Investment Property consists of building let out to cam 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 ease of other assets 'Nil'.

The estimated useful lives, residual values and depreciation method arc review ed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 y ears
Mobiles	2 y ears	5 years
Vehicles	3 years	8 years
Building	58 y ears	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.

(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.

(All amounts are in Rupees crores unless otherwise stated)

(m) 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 ease of IFIN, the computer software has been amortised at the rate of 40% following written down value method

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) 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.

(v) Borrowing Cost

General and specific borrowing costs that arc directly attributable to the acquisition, construction or production of a qualifying asset arc capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets arc 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 arc expensed in the period in which they are incurred

(w) Stock in trade

(a) Inventory comprises of lands (with or without removable structure) inch 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 arc valued at lower of Cost or net realizable value Costs arc determined by adding all considerations./ costs which arc 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 arc 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 arc valued at lower of cost or net realisable value.

(d) Securities on Deposit receipts received as collateral or directly deposited by clients with stock exchanges arc not recorded in the accompanying financial statements.

(All amounts are in Rupees crores unless otherwise stated)

3 CASH AND CASH EQUIVALENTS

	As at 31 March 2020	As at March 2019
Cash in hand (including postage stamps)	**0.69**	6.35
Balances with Banks		
– Bank balance	**725.73**	335.05
– Bank Deposits	**801.30**	81.59
Collateralised borrowings lending operations (CBLO) (secured against Treasury Bills)	**–**	299.84
Cheques on hand & under collection and remittances in transit	**–**	6.42
Total	**1,527.72**	729.25

4 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Bank Deposits against fund placed with Company under Credit Guarantee Enhancement Scheme		
– Bank balance	**0.06**	0.13
– Bank Deposits	**738.10**	646.25
Unclaimed dividend Account	**10.69**	12.55
Balances with Banks held as margin money against guarantees	**66.26**	53.46
Others restricted bank balances (Lien marked Fixed Deposits)	**6.10**	6.41
Bank Deposits under directions of Court & Tribunal etc.	**231.66**	220.15
Total	**1.052.86**	938.95

5 DERIVATIVE FINANCIAL INSTRUMENTS:

	As at 31 March 2020		As at 31 March 2019	
	Notional amounts	**Fair Value - Assets**	Notional amounts	Fair Value - Assets
Part I				
Currency derivatives:				
– Spot and forwards	**817.40**	**50.04**	603.12	14.66
Total DerivatiVe Financial Instruments-Part I	**817.40**	**50.04**	603.12	14.66
Part II				
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:				
Undesignated derivatives	**81740**	**817.40**	603.12	14.66
Total Derivative Financial Instruments - Part II	**817.40**	**50.04**	603.12	14.66

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. 56 for management of risk arising from derivatives.

6 RECEIVABLES:

	As at 31 March 2020	As at 31 March 2019
(A) Secured		
– considered good	**2.58**	13.01
– considered doubtful	**–**	–
(B) Unsecured		
– considered good	**191.46**	14.62
– considered doubtful	**23.45**	4.27
– others	**13.92**	164.56
	231.40	196.46
Less: Allowance for bad and doubtful debts	**38.74**	21.32
Total	**192.67**	175.14

For terms and conditions of trade receivables owing from related parties and transactions with related parties, see Note 50.
The Group's exposure to credit and currency risks, and loss allowances related to trade receivables arc disclosed in Note 56.

(All amounts are in Rupees crores unless otherwise stated)

7 LOANS

	As at 31 March 2020	As at 31 March 2019
At Amortised cost		
(A)		
(i) Term loans	**15,968.78**	20,497.72
(ii) Leasing	**0.04**	0.04
(iii) Factoring	**501.74**	555.54
(iv) Debentures	**1,069.14**	1,372.54
Total (A) -Gross	**17,539.70**	22,425.85
Less: Impairment loss allowance	**6,772.39**	8,712.33
Total (A) - Net	**10,767.31**	13,713.52
(B)		
(i) Secured by tangible assets	**11,225.88**	17,084.78
(ii) Covered by Bank/Government guarantees	**205.04**	551.91
(iii) Unsecured	**6,108.78**	4,789.16
Total (B)– Gross	**17,539.70**	22,425.85
Less: Impairment loss allowance	**6,772.39**	8,712.33
Total (B)-Net	**10,767.31**	13,713.52
(C)		
(i) Public Sectors	**421.75**	374.60
(ii) Others	**17,117.95**	22,051.25
Total (C)– Gross	**17,539.70**	22,425.85
Less: Impairment loss allowance	**6,772.39**	8,712.33
Total (C)–Net	**10,767.31**	13,713.52

The Group's exposure to credit and currency risks, and loss allowances related to loans are disclosed in Note 56

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	Other	Total
As at 31 March 2020							
(A)							
(i)	Mutual funds	–	–	90.70	–	–	90.70
(ii)	Government securities	91.50	032.47	–	–	–	723.97
(iii)	Debt securities	–	179.66	–	–	–	179.66
(iv)	Equity instrument	–	1,939.93	436.10	–	–	2,376.03
(v)	Others	–	–	–	–	–	–
	Venture capital	–	–	117.68	–	–	117.68
	Security receipts	–	–	447.06	–	–	447.06
	Certificate of deposit	–	198.16	–	–	–	–
	Preference shares	–	–	27.46	–	–	27.46
	Total – Gross (A)	**91.50**	**2,752.05**	**1,119.00**	**–**	**–**	**3,962.55**
(B)							
(i)	Investments in India	91.50	2,752.05	1,119.00	–	–	3,962.55
(ii)	Investments outside India	–	–	–	–	–	–
	Total – Gross (B)	**91.50**	**2,752.05**	**1,119.00**	**–**	**–**	**3,962.55**
(C)	Less: Allowance for Impairment loss		–	–	–		–
(D)	**Total – Net (A-C)**	**91.50**	**2,752.05**	**1,119.00**	**–**	**–**	**3,962.55**

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	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	2,567.61	–	–	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**

The Group's exposure to credit and currency risks, and loss allowances related to loans are disclosed in Note 56.

9 OTHER FINANCIAL ASSETS

	As at 31 March 2020	As at 31 March 2019
Security Deposits	**155.35**	78.48
Accrued Income		
– Interest on Investments	**27.43**	28.94
– Other income	**26.99**	35.97
Unbilled revenue	**16.61**	18.38
Amounts due on settlement from Clearing I-louse	**22.52**	77.76
Fixed Deposits with companies	**38.34**	31.00
Amounts recoverable from government towards stamp duty payments	**0.03**	6.41
Amounts due on settlement from Clients and Brokers , Others	**645.05**	503.16
Other advances receivable	**19.74**	21.31
Loans to employees	**28.98**	23.23
Other Deposits	**68.09**	65.14
Other doubtful deposits	**12.12**	12.12
Other recoverables	**51.37**	83.80
	1,112.63	985.69
Less: Impairment loss allowance	**73.48**	65.10
Total	**1,039.15**	920.58

* The Group's exposure to credit and currency risks, and loss allowances related to loans are disclosed in Note 56.

(All amounts are in Rupees crores unless otherwise stated)

10 INVESTMENT ACCOUNTED USING EQUITY METHOD

	As at 31 March 2020	As at 31 March 201
Investment in subsidiaries	–	–
Less: Allowance for impairment loss	–	–
Total	**0.00**	0.00

11 DEFERRED TAX ASSETS AND LIABILITIES

Particulars	As at 01 April 2019	At Fair Value: Recognised in equity	At Fair Value: Recognised in profit or loss during the year	At Fair Value: Recognised in OCI during the year	As at 31 March 2020
Deferred tax assets:	–	–	–	–	–
Loans	2,051.29		(332.55)		1,718.74
Minimum alternate tax credit entitlement	75.39		(75.39)		-
Others	298.40		(236.56)	19.76	81.60
	2,425.08		(644.50)	19.76	1,800.34
Deferred tax liabilities:					
Property, plant and equipment	330.01		(83.71)		246.30
Investments	248.11		(404.50)	3.35	(153.04)
DTL on Special Reserve u/s 36(i)(viii)	46.72		-		46.72
Borrowings	32.42		(7.99)		24.43
	657.26	–	**(496.20)**	**3.35**	**164.41**
Net deferred tax assets	**1,767.82**		**(148.30)**	**16.41**	**1,635.93**

12 INVESTMENT PROPERTY

Particulars	Gross Block: As at 1 April 2019	Gross Block: Additions / Adjustments	Gross Block: Disposals / Adjustment	Gross Block: As at 31 March 2020	Depreciation: As at 1 April 2019	Depreciation: For the year	Depreciation: Disposals/ Adjustment	Depreciation: As at 31 March 2020	Net Block: As at 31 March 2020	Net Block: As at 31 March 2019
Owned Assets										
Freehold Land	9.84	–	–	9.84	–	–	–	–	9.84	9.84
Buildings	201.25	–	–	201.25	9.47	4.70	1.28	12.89	188.35	191.78
Flats	8.30	–	–	8.30	0.36	0.15	–	0.51	7.79	7.93
Assets under finance lease										
Leasehold land	0.02	–	–	0.02	–	–	–	–	0.02	0.02
Total	**219.41**	–	–	**219.41**	**9.83**	**4.85**	**1.28**	**13.40**	**206.01**	**209.58**

(All amounts are in Rupees crores unless otherwise stated)

Particulars	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**

Fair value of investment property

Particulars	Year ended 31 March 2020*	Year ended 31 March 2019
Freehold Land	12.60	12.60
Leasehold Land	**0.73**	0.73
Buildings	**311.85**	311.85

* Considering the present Real Estate market situation, the FV as on 31st March, 2019 has been considered for 31st March, 2020 also.

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 salers, 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 2019	Additions / Adjustments	Disposals / Adjustment	**As at 31 March 2020**	As at 1 April 2019	For the year	Disposals / Adjustment	**As at 31 March 2020**	As at 31 March 2020	As at 31 March 2019
Owned Assets										
Freehold Land	114.67	–	–	**114.67**	–	–	–	–	114.67	114.67
Buildings	602.78	22.46	27.14	**598.10**	31.31	15.02	9.67	**36.66**	561.44	571.47
Leasehold Improvement	2.44	0.67	0.77	**2.34**	0.38	0.51	0.23	**0.66**	1.68	2.06
Plant & Machinery	84.75	17.24	6.99	**95.00**	13.77	8.80	2.36	**20.21**	74.79	70.98
Furniture & Fixtures	24.04	2.07	0.02	**26.09**	12.35	7.27	0.01	**19.61**	6.48	11.68
Vehicles	2.27	1.20	0.07	**3.40**	1.17	0.64	0.14	**1.67**	1.73	1.11
Office Equipments	37.92	11.13	0.61	**48.44**	19.91	11.08	0.51	**30.48**	17.96	18.01
Electrical Installations and Equipments	11.46	0.38	–	**11.84**	6.38	2.72	0.06	**9.04**	2.80	5.08
Assets under Lease	0.02	–	–	**0.02**	–	–	–	–	0.02	0.02
Leasehold Land	264.06	0.36	–	**264.42**	18.77	9.49	0.01	**28.25**	236.18	245.29
Total	1,144.40	55.50	35.60	**1,164.30**	104.04	55.52	12.99	**146.57**	1,017.73	1,040.35

(All amounts are in Rupees crores unless otherwise stated)

	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 1 April 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

14 GOODWILL

	As at 31 March 2020	As at 31 March 2019
Gross Block		
(i) Opening Balance	**446.64**	446.64
(ii) Additions	–	–
(iii) Acquisitions through business combinations	–	–
(iv) Disposals	–	–
(v) Other adjustments	–	–
(vi) **Closing Balance**	**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

(All amounts are in Rupees crores unless otherwise stated)

15 OTHER INTANGIBLE ASSETS

	Gross Block				Amortisation				Net Block	
	As at 1 April 2019	Additions	Disposals	**As at 31 March 2020**	As at 1 April 2019	For the year	Disposals	**As at 31 March 2020**	**As at 31 March 2020**	As at 31 March 2019
Computer software	11.10	2.84	–	**13.94**	6.67	3.34	–	**10.00**	**3.93**	4.43
Right of use Lease Assets		71.68	0.12	**71.56**		26.28	0.04	**26.23**	**45.33**	–
Licenses and franchises	0.72	0.60	–	**1.32**	0.65	0.12	–	**0.77**	**0.55**	0.07
Total	11.82	75.12	0.12	**86.83**	7.32	29.73	0.04	**37.01**	**49.82**	4.51

	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 1 April 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

16 OTHER NON-FINANCIAL ASSETS

	As at 31 March 2020	As at 31 March 2019
Capital advances	**7.47**	4.85
Pre-paid expenses	**14.95**	3.81
Employee advance	**20.95**	4.79
Statutory Dues	**17.12**	0.65
Other	**25.56**	70.61
	86.05	84.72
Less: Provision for impairment	**6.09**	6.09
Total	**79.96**	78.63

17 ASSETS HELD FOR SALE

	As at 31 March 2020	As at 31 March 2019
Freehold Land	**3.77**	0.01
Leasehold Land	**–**	0.02
Buildings	**–**	1.31
Associates	**–**	12.52
Assistance under development financing (AUF) - Associates	**7.50**	44.08
Total	**11.28**	57.94

18 TRADE PAYABLES

	As at 31 March 2020	As at 31 March 2019
Total outstanding dues to micro, small and medium enterprises	**4.88**	23.99
Total outstanding dues of creditors other than micro, small and medium enterprises	**242.72**	229.29
Total	**247.61**	253.28

The amount overdue to the suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2020 is ₹4.88 crores (Previous Year: ₹23.99 crores). 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.

(All amounts are in Rupees crores unless otherwise stated)

19 DEBT SECURITIES

	As at 31 March 2020	As at 31 March 2019
(A)		
(i) Non-Convertible Debentures		
– 6.00% LIC - Redeemable on 28.12.2021	**185.61**	180.19
– 6.00 % SBI - Redeemable on 25.01.2022	**184.96**	176.09
– 9.37% LIC - Redeemable on 01.04.2022	**418.18**	418.19
(ii) Bonds		
– Privately Placed Bonds	**3,979.96**	4,574.62
– Privately Placed Zero Coupon Bonds	**247.79**	225.70
– Infrastructure Bonds	**1,256.61**	1,298.15
– Others	**257.24**	259.21
– Less: Interest accrued but not due	**(549.88)**	(578.41)
(iii) Tax-free Bonds (secured by floating charge on receivables of IFCI Ltd.)		
– held by others	**265.00**	265.00
(iv) Public issue of NCDs		
Secured Redeemable Non Convertible Debentures(secured by floating charge on receivables of IFCI Ltd.)		
– held by others	**1,199.37**	2,001.40
– Less: Interest accrued but not due	**(48.00)**	(63.18)
(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
Total (A)	**7,971.84**	9,331.96
(B)		
(i) *Debt securities in India*	**7,971.84**	9,331.96
(ii) *Debt securities outside India*	**–**	–
Total (B)	**7,971.84**	9,331.96

Privately placed Bonds includes Rs. 663.21 cr 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 2020 above.

20 BORROWINGS (OTHER THAN DEBT SECURITIES)

	As at 31 March 2020	As at 31 March 2019
At Amortised cost		
(A)		
(i) *Term loans*		
– from banks and other parties	**2,709.65**	5,191.77
– from others parties		
– from financial institutions	**90.74**	87.72
– from KfW Line	**424.84**	426.12
(ii) Loans repayable on demand from Banks	**55.97**	43.38
(iii) Others	**–**	–
Total (A)	**3,281.20**	5,748.99
(B)		
(i) Borrowings in India	**2.856.36**	5,322.87
(ii) Borrowings outside India	**424.84**	426.12
Total (B)	**3,281.20**	5,748.99

Term loan of ₹59.73 crore (PY ₹100.00 crore) are secured by way of hypothecation of factored debt of IFCI Factors Ltd. on pari pasu basis.

Loan from banks payable on demand of ₹29.04 crore (PY ₹20.15 crore) are secured by way of hypothecation of pari-passu charge on factored receivables of IFCI Factors Ltd and ₹24.19 (PY ₹14.24 crore) secured by way of pledge of fixed deposit, cash & cash equivalents by Stock Holding Corporation of India Ltd.

(All amounts are in Rupees crores unless otherwise stated)

21 SUBORDINATED LIABILITIES

	As at 31 March 2020	As at 31 March 2019
At Amortised cost		
(A)		
(i) Subordinate - Tier II Bonds	**1,441.03**	1,419.91
– Less: Interest accrued but not due	**(127.73)**	(106.61)
Total (A)	**1,313.30**	1,313.30
(B)		
(i) Subordinated Liabilities in India	**1,313.30**	1,313.30
(ii) Subordinated Liabilities outside India	**–**	–
Total (B)	**1,313.30**	1,313.30

22 OTHER FINANCIAL LIABILITIES

	As at 31 March 2020	As at 31 March 2019
Interest accrued but not due on bonds & borrowings	**1,173.32**	1,141.08
Other Liabilities (trade deposits and other payables)	**13.28**	11.01
Security Deposits-Estate	**10.96**	13.32
Unpaid Matured Debentures & interest	**0.24**	0.24
Scheduled Cast Credit Guarantee Enhancement Scheme (placed by Govt, of India)	**281.75**	267.39
Unclaimed redemption proceeds and interest on Relief and Saving Bonds	**20.00**	20.74
Amounts due on settlement to Clearing House, Clients and Brokers	**662.93**	562.95
Amounts payable to Government on account of stamp duty collection	**2.55**	30.86
Amounts payable to Reserve Bank of India on account of distribution of Relief Bonds/Inflation indexed bonds (net)	**14.72**	–
Advance Depository Participant charges .Advances from Customers, Statutory dues including Provident Fund and Taxes (includes amount due on settlement)	**214.03**	160.46
Contractual liability against Factoring	**50.38**	51.93
Unclaimed Dividend	**0.02**	0.02
Right of use lease Liabilities	**50.78**	–
Other Payables	**355.18**	350.31
	2,850.14	2,610.32

23 PROVISIONS

	As at 31 March 2020	As at 31 March 2019
Impairment provision on off balance sheet exposure	**72.65**	52.99
Employee Benefits	**86.23**	54.44
Provisions for others expenses	**10.61**	9.67
Provision for Claims-Long term Provisions	**24.46**	24.46
Total	**193.96**	141.56

Refer Note No. 49 for detailed disclosure on employee benefits

24 OTHER NON-FINANCIAL LIABILITIES

	As at 31 March 2020	As at 31 March 2019
Income received in Advance	**34.58**	41.71
Grant in Aid received for trainings	**2.46**	2.02
Statutory Dues	**0.83**	1.33
Other	**23.34**	3.80
Total	**61.21**	48.86

(All amounts are in Rupees crores unless otherwise stated)

25 EQUITY

	As at 31 March 2020	As at 31 March 2019
Authorised		
2,00,00,00,000 Equity Shares of ₹10/- each	**2,000.00**	2,000.00
	2,000.00	2,000.00
Issued		
1,76,32,40,546 Equity Shares of ₹10/- each	**1,763.24**	1,763.24
	1,763.24	1,763.24
Subscribed		
1,69,73,09,792 Equity Shares of ₹10/- each	**1,697.31**	1,697.31
	1,697.31	1,697.31
Paid up		
1,69,59,93,092 Equity Shares of ₹10/- each	**1,695.99**	1,695.99
	1,695.99	1,695.99

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 Further, the Company has received ₹200 crores from GOl. Department of Financial Services, Ministry of Finance, on March 23, 2020, towards subscription to the share capital of the Company. The same has been classified under Other Equity (Share application money pending allotment) as on 31st March 2020 The Company has subsequently allotted 20 crore number of equity shares @ ₹10 each to the President of India (Government of India) on May 21, 2020.

	As at 31 March 2020		As at 31 March 2019	
Particulars	**Number**	**Amount**	Number	Amount
Equity shares				
Outstanding at beginning of the period	**1,69,59,93,092**	**1,695.99**	1,69,59,93.092	1,695.99
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 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 2020		As at 31 March 2019	
Name of the shareholder	**Number of shares**	**Shareholding %**	Number of shares	Shareholding %
President of India	**95,69,55,857**	**56.42%**	95,69,55,857	56.42%

26 OTHER EQUITY

	As at 31 March 2020	As at 31 March 2019
(i) Share application money pending allotment		
Opening balance	**–**	–
Add: Application money received during the year	**200.00**	–
Closing balance	**200.00**	–
(ii) Reserve u/s 451C of RBI Act		
Opening balance	**923.57**	923.57
Add: Transfer from retained earnings	**0.10**	–
Closing balance	**923.67**	923.57
(iii) Special Reserve under Section 36(l)(viii) of the Income Tax Act, 1961		
Opening balance	**136.74**	136.74
Closing balance	**136.74**	136.74

(All amounts are in Rupees crores unless otherwise stated)

		As at 31 March 2020	As at 31 March 2019
(iv)	**Capital Reserve**		
	Opening balance	**0.85**	0.85
	Sale of associate	**–**	–
	Closing balance	**0.85**	0.85
(v)	**Securities Premium Reserve**		
	Opening balance	**1,032.06**	1,032.06
	Add: Transfer from retained earnings	**–**	–
	Closing balance	**1,032.06**	1,032.06
(vi)	**Capital Redemption Reserve**		
	Opening balance	**300.05**	250.05
	Add: Transfer from retained earnings	**–**	50.00
	Closing balance	**300.05**	300.05
(vii)	**Debenture Redemption Reserve**		
	Opening balance	**260.08**	260.08
	Add:	**–**	–
	Closing balance	**360.08**	360.08
(viii)	**General Reserve**		
	Opening balance	**366.61**	360.03
	Add:	**3.31**	6.58
	Closing balance	**369.92**	366.61
(ix)	**Deemed equity contribution**		
	Opening balance	**335.82**	345.61
	Less: Early redemption of preference shares	**–**	(9.79)
	Closing balance	**335.82**	335.82
(x)	**Impairment Reserve**		
	Opening balance	**111.56**	–
	Add: Transfer from retained earnings	**–**	–
	Closing balance	**111.56**	–
(xi)	**Retained Earnings**		
	Opening balance	**167.2**	725.54
	Add: profit/(loss) during the year	**(230.44)**	(488.67)
	Less: Transfer to capital redemption reserve	**–**	(50.00)
	Less: Transfer to reserve u/s 45IC of RBI Act	**(0.10)**	–
	Less: Transfer to general reserve	**(3.31)**	(6.58)
	Less: Transfer to impairment reserve	**(111.56)**	–
	Less: Transfer to contingency reserve	**(11.90)**	(11.60)
	Less: Impact on transition to Ind AS 116	**(1.13)**	–
	Less: Dividends (incl dividend distribution tax)	**–**	(1.47)
	Add: Others	**4.16**	–
	Closing balance		
		(187.05)	167.24

Note 26 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

		As at 31 March 2020	As at 31 March 2019
(xii)	**Debt instruments through Other Comprehensive Income**		
	Opening balance	**9.52**	20.27
	Add: other comprehensive income during the year	**7.96**	(10.74)
	Closing balance	**17.48**	9.52
(xiii)	**Equity instruments through Other Comprehensive Income**		
	Opening balance	**82.71**	136.62
	Add: other comprehensive income during the yea	**(105.47)**	(53.91)
	Closing balance	**(22.76)**	82.71
(xiv)	**Remeasiirements of the defined benefit plans**		
	Opening balance	**34.50**	2.11
	Add: other comprehensive income during the year	**16.68**	32.39
	Closing balance	**51.18**	34.50
(xv)	**Contingency reserve**		
	Opening balance	**11.60**	–
	Add: other comprehensive income during the year	**11.90**	11.60
	Closing balance	**23.50**	11.60
(xvi)	**Foreign currency translation reserve**		
	Opening balance	**(0.08)**	–
	Add: other comprehensive income during the year	**0.61**	(0.08)
	Closing balance	**0.53**	(0.08)
(xvii)	**Amalgamation reserve**		
	Opening balance	**(0.60)**	(0.60)
	Add: other comprehensive income during the year	**(0.60)**	(0.08)
	Closing balance		
	Total balance	**3553.04**	3,660.68

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 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 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.

(All amounts are in Rupees crores unless otherwise stated)

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 55 of the Companies Act, 2013.

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

Represnets as at date accumulated surplus/(deficiet) 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 continegencies arising.

Foreign currency translation reserve

Foreig currecny 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 2020		For the year ended 31 March 2019	
	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	**–**	**2,119.89**	–	2,055.29
Interest income from investments	**80.27**	**11.67**	95.57	14.51
Interest on deposits	**–**	**39.61**	–	4.90
Other Interest Income	**–**	**3.47**	–	29.44
Total	**80.27**	**2,174.65**	95.57	2,104.14

28 FEES AND COMMISSION INCOME

	Year ended 31 March 2020	Year ended 31 March 2019
Fund Management Fees	**6.49**	6.24
Business Services Fees and Commission (including guarantee commission)	**34.90**	22.17
Application and Administration Charges	**0.72**	1.39
Others	**0.41**	1.24
Total	**42.53**	31.04

(All amounts are in Rupees crores unless otherwise stated)

29 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	**(216.12)**	(65.70)
– Derivatives	**(3.34)**	(0.06)
– Security Receipts	**(34.34)**	(89.34)
– Preference Shares	**(18.24)**	(13.67)
– Units of Venture Capital Funds	**(1.94)**	(18.29)
– Units of Mutual Funds	**23.34**	48.53
(B) Net gain on derecognition of financial instruments at fair value through other comprehensive income	**4.72**	6.06
(C) Total Net gain/(loss) on fair value changes	**(245.92)**	(132.46)
Fair value changes:		
– Realised	**689.45**	122.58
– Unrealised	**(935.38)**	(255.04)
(D) Total Net gain/(loss) on fair value changes	**(245.92)**	(132.46)

30 OTHER INCOME

	Year ended 31 March 2020	Year ended 31 March 2019
Net gain/(loss) on derecognition of property, plant and equipment	**7.41**	6.72
Foreign exchange gain/loss	**(0.01)**	4.76
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	**5.25**	3.04
Profit on sale of associates	**–**	–
Sundry balances written back (net)	**3.29**	3.19
Others	**15.84**	30.88
Total	**31.78**	313.03

31 FINANCE COSTS

Interest on borrowings		1,424.74	1,775.44
Interest on debt securities	–	10.72	2.57
Interest on subordinated liabilities		–	4.45
Other interest expenses		10.79	20.13
Interest on Right of Use Lease Liability		4.86	–
Bank charges		0.16	0.12
Total		1,451.27	1,802.70

32 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	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	**–**	**344.01**	–	1,077.31
Investments	**108.80**	**–**	(0.07)	–
Provision for doubtful debts/ advances	**–**	**18.43**	–	68.91
Other assets		**1.04**		0.17
Total	**108.80**	**363.49**	(0.07)	1,146.39

* Refer note 56 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 2020	For the year ended 31 March 2019
Salaries and bonus / incentives	**229.08**	226.83
Contribution to provident and other funds	**74.64**	50.96
Staff welfare expenses	**22.07**	15.44
Others	**0.26**	0.20
Total	**326.06**	293.41

34 DEPRECIATION AND AMORTISATION

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment	**55.54**	55.16
Depreciation on Investment Property	**4.85**	4.87
Amortisation of intangible assets	**20.95**	3.43
Total	**81.34**	63.46

35 OTHER EXPENSES

	Year ended 31 March 2020	Year ended 31 March 2019
Rent	**3.50**	31.94
Rates and Taxes	**6.91**	4.55
Insurance	**4.23**	3.16
Repairs and Maintenance		
– Buildings	**17.52**	21.30
– Plant and Machinery	**12.42**	11.99
– IT	**2.18**	4.31
– Others	**7.95**	1.05
Electricity & Water Charges	**16.54**	8.41
Security expenses	**9.09**	8.33
Payment to Auditors *	**1.58**	1.42
Directors' Fee & Expenses	**0.42**	0.31
Publications, Advertisement	**1.41**	1.65
Legal and Professional charges	**31.85**	21.88
Travelling & Conveyance	**8.35**	9.22
Training & Development	**1.84**	2.73
Postage & Telephone	**5.22**	4.30
Printing & Stationery	**8.02**	6.92
Listing/ Filing/ Custody Fee	**2.23**	2.59
Library/ Membership Subscription	**1.32**	0.91
Expenses on CSR Activity	**0.99**	6.42
Impairment loss on assets held for sale	**29.11**	–
Advertising & Business Promotion	**4.88**	4.44
Communication Costs	**7.44**	9.23
Outsourcing Expenses and Feet on Street	**39.95**	37.72
Technical Know-how Fees	**54.32**	35.16
Software Expenses	**12.38**	9.98
Foreign exchange gain/loss	**8.43**	–
Miscellaneous Expenses	**31.29**	27.97
Total	**331.36**	277.93

* Refer note 36 for details on payment to auditors.

(All amounts are in Rupees crores unless otherwise stated)

36 PAYMENT TO AUDITORS

	Year ended 31 March 2020	Year ended 31 March 2019
Audit Foes	**1.45**	1.20
Certification and other services	**0.08**	0.17
Reimbursement of Expenses	**0.05**	0.05
Total (d)	**1.58**	1.42

37 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

		As at 31 March 2020	As at 31 March 2019
A.	**Contingent Liabilities**		
(i)	Claims not acknowledged as debts	**61.44**	93.00
(ii)	Guarantees excluding financial guarantees	**3.27**	3.26
(iii)	Export obligations under EPCG Licenses	**–**	4.89
(iv)	Tax Mailers		
	Income Tax	**3.69**	5.03
	Service tax / GST	**–**	8.29
Total		**68.40**	114.47

* IFCI has filed application/declarations under Sabka Vishwas (Legal Dispute Resolution) Scheme. 2019. The Discharge Certificate is pending to he issued In the Designated Committee in these cases are pending with the authorities.

** Considering the current status of the pending litigation eases, no material financial impact is expected on the financial statements as on March 31, 2020.

		As at 31 March 2020	As at 31 March 2019
B.	**Commitments**		
(i)	Estimated amount of contract (including lease contract) remaining to be executed on capital account (net of advances)	**29.96**	1.77
(ii)	Undrawn Commitments	**838.73**	1,580.87
Total		**868.69**	1,582.64
C.	**Contingent assets**	**Nil**	Nil

37.1 TAX EXPENSE

Particulars	**Year ended 31 March 2020**	**Year ended** 31 March 2019
A. Amounts recognised in profit or loss		
Current tax (a)	**–**	–
Current tax expense	**3.70**	(0.96)
Current tax expense/ (benefit) pertaining to earlier years	**44.38**	(0.26)
Sub-total (a)	**48.08**	**(1.22)**
Deferred tax (b)		
Deferred tax expense/(credit)	**80.89**	(218.43)
Sub-total (b)	**80.89**	(218.43)
Tax expense (a)+(b)	**128.97**	(219.65)

B. Reconciliation of effective tax rate

Particulars	**Year ended 31 March 2020**		Year ended 31 March 2019	
	%	**Amount**	%	Amount
Profit before tax		**(94.24)**		(695.64)
Tax using the Group's domestic tax rate of 34.944%	**34.94%**	**(32.93)**	34.94%	(243.08)
Effect of:				
Tax exempt income	**16.03%**	**(15.11)**	4.69%	(32.61)
Non-deductible expenses	**(2.89%)**	**2.72**	(0.27%)	1.86
Changes in estimates related to prior years for current tax	**(47.09%)**	**44.38**	0.92%	(6.39)
Current year depreciation for which no deferred tax asset was recognised	**10.12%**	**(9.54)**	1.35%	(9.37)
Others	**(147.97%)**	**139.45**	(10.05%)	69.94
Effective tax rate	**(136.85%)**	**128.97**	31.57%	(219.65)

(All amounts are in Rupees crores unless otherwise stated)

38.1 Certain balances appearing under trade receivables and payables are subject to confirmation.

39.1 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 Unavailable 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.

40.1 In case of IFCI Limited

(i) During the FY 2019-20, the Company has received ₹200 crores from GOI, Department of Financial Services, Ministry of Finance, on March 23, 2020, towards subscription to the share capital of the Company. The same has been classified under Other Equity (Share application money pending allotment) as on 31st March 2020. The Company has subsequently allotted 20 crore number of equity shares @ ₹10 each to the President of India (Government of India) on May 21, 2020.

(ii) During the current year, the company has realised ₹984.25 crore by sale of equity shares of National Stock Exchange of India Ltd (NSE) , which was valued at fair value as per Ind AS in earlier financial statements. This resulted in net loss of ₹1.48 crore, which has been accounted for in the financial statements for the current quarter/year ended 31st March 2020.

(iii) 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, 2020, the Company had investment in 27,91,54,700 no. of Equity shares in its subsidiary, IFCI Factors Ltd. (IFL). 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 ₹143.48 crore using the generally accepted valuation methodologies against breakup value, in line with Indian Accounting Standards and accordingly, the resultant impairment loss has been charged in the Profit & Loss Account.

(iv) For the purpose of computation of Loss Given Default (LGD), the company till March 31, 2019, considered the recovery rate of accounts which got closed prior to the reporting date or continued to remain in books as non-performing accounts for 3 years or more as on the reporting date out of the non-performing accounts during the period seven years preceding the reporting date. Based on recovery data analysis during 3 years vs. 5 years for the past 10 years, it was observed that present value of recovery in 5 years constituted 98.64 % of present value of total recovery till reporting date. Hence as a refinement of management estimate, the 3 years of deemed closure has been changed to 5 years for LGD calculation. This has resulted in decline in LGD to 49.05 % from 65.23 % and lesser amount of ECL by Rs.2070 crore.

(v) The basis of determination of impairment allowance, is arrived at a model in accordance with the accounting policy recognizing expected credit loss (ECL) based on internally developed statistical models & other historical data which takes into account the economic activity and financial conditions including macroeconomic factors (GDP) .GDP is utilized as macroeconomic variable for the computation of Probability of Default, Since impact of ongoing COVID-19 is unascertainable, worst case scenario by giving 15% shock on GDP is adopted in the said model for calculation of PD as against existing ECL on weighted average of base/best/worst case scenario at +(-)10% GDP. Accordingly the net impact on provisioning is Rs. 230 crores.

(vi) As required by the RBI Notification no. "DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 in respect of Implementation of Indian Accounting Standard(IndAS) in NBFC, the company has appropriated the difference between the impairment allowance under Ind AS 109 and the provisioning required under RBI Prudential (IRACP) Norms (including standard assets provisioning), a sum of ₹22.98 crore has been taken to "Impairment Reserve".

(vii) The outbreak of Coronavirus (Covid-19) pandemic globally and in India is causing significant disturbance in the financial Markets. On 11.03.2020, the Covid-19 outbreak was declared a global pandemic by the World Health Organization (WHO). It has resulted in significant disruption in global and Indian economic activities. The situation has been under close watch by the Company to take prompt actions for continuity of business operation is optimized manner. The Company believes that impact of this outbreak will not be significant on its business and financial position.

(viii) The company is recognizing interest income in respect of Stage 3 Loan Assets as per the Ind AS accounting policy of the company till it is diminished due to repayment/write off/settlement. However in case of 17 borrowers undergoing NCLT/settlement, the net accumulated recognition of income in these cases amounts to ₹331.58 crores which has been credited to statement of profit & loss A/c in various years. In the opinion of the management, complete write off will be done on final settlement/NCLT approval in these cases and there is sufficient security cover available with the company as determined by the resolution professional and hence no reversal of interest is required.

(ix) In the context of reporting business/geographical segment as required by Ind AS 108—"Operating Segments", the Company operations comprise of only one business segment of financing . Hence, there is no reportable segment as per Ind AS 108.

(x) On all the secured bonds and debentures issued by the Company and outstanding as on 31st March 2020, 100% security cover has been maintained against principal and interest, by way of floating charge on receivables of the Company and/or Government Securities owned by the Company.

(xi) The financial statements 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.

(xii) The preference shares of ₹225 crore (along with the dividend of ₹0.90 crore) was redeemed in Q2FY19. Since there were insufficient profits during the year ended 31st March 2019 and 31st March 2020, the transfer of ₹225 crore to Capital Redemption Reserve, as required under Section 55(2)(c) of the Companies Act 2013, could not be carried out.

(All amounts are in Rupees crores unless otherwise stated)

41.1 "Stockholding 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 ₹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, 2019. 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 Special Leave petition has been converted into a Civil Appeal on February 08,2017 and the matter was listed on March 17, 2020. Currently, the matter is pending and is listed in the Supreme Court for final disposal. 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 the year ending March 2020.

42.1 "In case of Stock Holding Documents Management Services Ltd (a step down subsidiary of SHCIL), a fire incident occurred on December 11, 2017 at Mahape premise of the company The Insurance company has not yet settled the claim. The company has written off fixed assets of galvanized containers (93400 nos) and the corresponding amount net of depreciation viz ₹3.75 crore has been debited to expenditure in the statement of profit and loss.

In case of Stock Holding Documents Management Services Ltd has been receiving claims for loss of documents from Its clients. Majority of the clients have completed audit while others are in various stages of conducting audit through their auditors to assess damage to their documents for the final claims. 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 March 31, 2020 However, ₹0.05 crore have been settled upon 4 clients and same has been shown as expense."

43.1 In case of SHCIL Services Limited, the Company has received summons dated 6th March 2018 from Court of Additional Chief Metropolitan Magistrate, 4th court, Girgaon, Mumbai) for violation of provisions of section 81, 193 and 285 of Companies Act 1956 which took place prior to financial year 2008-09. SHCIL Services Limited had earlier filed the compounding applications with Regional Director, Mumbai. However on follow up it was understood that the compounding applications are not traceable. Now on the advice of legal consultants we have filed a fresh compounding application dated September 11, 2018 with ROC. The Compounding fee is the prerogative of Court, however based on past compounding orders, penal provision and as discussed with Advocates, the liability on account of Compounding application will not be a material amount and the same is un ascertainable at the present.

43.2 "In case of Stock Holding Corporation of India Ltd (SHCIL), there were certain unreconciled Items amounting to ₹3.50 crore grouped in trade receivable as on 31st March 2019. On further Investigation It has been revealed that one of the employee of the company had fraudulently made payments to the non-clients amounting to ₹2.94 crore (net after recovery) from client bank accounts. The company has filed a First Information Report to the Rabale police station. Company can determine the amount of fraudulent payments to prior accounting periods however it cannot determine the amount of period specific loss as required under IndAS 8, as amounts recoverable from the employee and that from the Insurance claim is not fully determinable at this stage. Therefore it falls under the exception to Ind AS 8 which stales that If the quantum of loss cannot be ascertained clearly during the current period the accounting effects can be taken prospectively. The company on a conservative assessment, has provided for the entire recoverable of ₹2.94 crore from the employee in the profit & loss account for the year ended 31st March 2020. Also the company had appointed an outside agency to prepare the bank reconciliation of the said bank account from FY 2014-15 to FY 2018-19. Rectification entries have been passed on receipt of revised bank reconciliation statement in the current financial statements.

The company has appointed a forensic auditor to conduct detailed analysts of the fraud. The final report has been submitted by Forensic Auditor. Based on report management believes that there is no material financial Impact of the same on the financial statements. The company has filed an Insurance claim to National Insurance Company limited for the matter as stated above."

(All amounts are in Rupees crores unless otherwise stated)

44. 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 rigourously following up with the respective authoriteis for getting the registration to get the clear title of the property.

45. In case of IFCI infrastructure development Ltd. (IIDL):

(a) Inventory includes one property against which the Regional Provident 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 before High Court of Punjab and Haryana at Chandigrah 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.

(b) The Company has received a notice from AIG Stamp Ghaziabad, for short payment of stamp duty amounting to ₹1.50 crore. The Hon'ble high court has granted stay in favour of the company & the case is pending for the final judgement.

(c) 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 amount of ₹4.00 crore has been deposited in the court as per the direction of Honable High Court."

(d) The Company is contesting several matters pertaining to its project 21st Milestone Residency at Ghaziabad before Real Estate Regulatory Authority/Real Estate Appellate Tribunal. In two of the matter i.e. Vinay Kumar Balyan and Rajesh Kumar Singh, an attachment order was passed by the RERA authority against which the company has filed an appeal before REAT. Further, the company has filed appeal before REAT wherein as per the direction of the tribunal the company was required to deposit an amount of ₹88.04 Lakhs and the same was deposited.

46. IIDL has constructed a campus for MDI Gurgaon at Jangipur, District - Murshidabad, 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	0.75

– Cost-plus contract method has been used to determine the contract revenue recognized in the period.

– The stage of completion has been determined on the basis of Work Completion Certificate obtained from engineer / architect.

47. IIDL is developing residential complex at Ghaziabad & Kochi, revenue from construction contract recognized during the year is ₹7.23 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.

48. MPCON has continued to act as Nodal Agency for the implementation of various government programmes i.e. National Handicapped Finance & Development Corp., National Backward Class Finance & Development Corporation, MP Council of Employment & Trainings (MPCET), M.P State open School Bhopal,Entrepreneurship Development Institute of India. The Government of India has sanctioned grant amounting to ₹10.74 crore in 2019-20 (March 2019: ₹12.17 crores).

49. 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 2020	For the year ended 31 March 2019
Contribution to Pension Fund	0.01	0.01
Contribution to Employees' Provident Fund	7.07	6.21
Contribution to Employees' Superannuation Fund	3.90	3.55

(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

Note 49 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

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 2020. 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 2020	As at 31 March 2020
Net defined benefit liability	9.65	4.73

(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 2020			As at 31 March 2019		
	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	**69.61**	**64.88**	**4.73**	63.81	40.23	23.58
Current service cost	**4.74**	–	**4.74**	4.16	–	4.16
Past service cost including curtailment Gains/Losses	–	–	–	–	–	–
Interest cost (income)	**5.31**	**(4.98)**	**0.33**	4.97	(3.10)	1.87
	10.05	**(4.98)**	**5.07**	9.14	(3.10)	6.03
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
– demographic assumptions	**(0.03)**	–	**(0.03)**	(0.01)	–	(0.01)
– financial assumptions	**3.23**	–	**3.23**	0.73	–	0.73
– experience adjustment	**2.36**	–	**2.36**	(0.33)	–	(0.33)
– on plan assets	–	**0.65**	**0.65**	–	(0.24)	(0.24)
	5.56	**0.65**	**6.21**	0.39	(0.24)	0.16
Contributions paid by the employer	–	**6.31**	**(6.31)**	–	24.99	(24.99)
Benefits paid	**(5.04)**	**(4.99)**	**(0.05)**	(3.73)	(3.68)	(0.05)
	(5.04)	**1.32**	**(6.36)**	(3.73)	21.32	(25.04)
Balance at the end of the year	**80.18**	**70.54**	**9.65**	69.61	64.88	4.73

Note 49 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(c) Plan assets

	As at 31 March 2020	As at 31 March 2019
Investment with Life insurance Corporation	**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 2020	As at 31 March 2019
Discount rate	**6.69%**	7.00-8.00%
Future salary growth	**6.00%**	5.00-10.00%
Withdrawal rate:		
Up to 30 years	**1.00%**	3.00%
From 31 to 44 years	**1.00%**	2.00%
Above 44 years	**1.00%**	1.00%
Retirement Age (in year)	**60**	60
Expected rate of return on plan assets	**7.61%**	7.00-8.00%
Mortality	**IALM (2012-14)**	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 2020		As at 31 March 2019	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% movement)	**(1.23)**	**1.31**	0.48	(0.21)
Future salary growth (0.50% movement)	**1.32**	**(1.26)**	2.21	(2.14)

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 2020	As at 31 March 2019
0 to 1 Year	**4.26**	2.05
2 to 6 Year	**14.95**	9.38
6 Year onwards	**11.40**	10.89
Total	**43.61**	31.44

As at 31 March 2020, the weighted-average duration of the defined benefit obligation was 12.88 years (31 March 2019: 13.44 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 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.

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 49 (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 gratuity plan and the amounts recognised in the Group's financial statements as at balance sheet date:

	As at 31 March 2020	As at 31 March 2019
Net defined benefit liability	**27.28**	9.73

(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 2020	As at 31 March 2019
Balance at the beginning of the year	**9.73**	9.24
Current service cost	**0.18**	0.16
Past service cost including curtailment Gains/Losses	**16.38**	0.71
	16.56	0.87
Remeasurements loss (gain)		
– Actuarial loss (gain) arising from:		
– demographic assumptions		-
– financial assumptions	**1.22**	0.06
– experience adjustment	**0.28**	(0.09)
	1.50	(0.03)
Benefits paid	**(0.50)**	(0.36)
Balance at the end of the year	**27.28**	9.73

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 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.

(c) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March 2020	As at 31 March 2019
Discount rate	**6.69%**	7.61%
Future medical cost increase	**3.00%**	3.00%
Withdrawal rate:		
Up to 30 years	**1.00%**	1.00%
From 31 to 44 years	**1.00%**	1.00%
Above 44 years	**1.00%**	1.00%
Retirement Age (in year)	**60**	60
Mortality	**IALM (2006-08)**	IALM (2006-08)

Note 49 (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 2020		As at 31 March 2019	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% movement)	**(0.89)**	**0.88**	(0.32)	0.32

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 2020	As at 31 March 2019
0 to 1 Year	**0.22**	0.78
1 to 2 Year	**0.17**	0.82
2 to 3 Year	**0.17**	0.85
3 to 4 Year	**0.15**	0.90
4 to 5 Year	**0.16**	0.97
5 to 6 Year	**0.13**	1.02
6 Year onwards	**1.73**	4.39
Total	**2.73**	9.73

As at 31 March 2020, the weighted-average duration of the defined benefit obligation was 7.62 years (31 March 2019: 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 Group is exposed to various risks as follow:

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.

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 2020	As at 31 March 2019
Net defined benefit liability/ (asset)	**(12.76)**	1.83

(a) Funding

During the Financial 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 ₹1.41 crore.

Note 49 (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 2020			As at 31 March 2019		
	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	**75.96**	**77.79**	**(1.83)**	116.51	-	116.51
Current service cost	**6.33**	**6.33**	**–**	1.26		1.26
Past service cost including curtailment Gains/Losses	**1.27**	**–**	**1.27**			
Interest cost (income)	**–**	**–**	**–**	9.01	(6.04)	2.96
	7.60	**6.33**	**1.27**	10.27	(6.04)	4.22
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
– demographic assumptions						
– financial assumptions	**–**	**–**	**–**	–	–	-
– experience adjustment	**0.07**	**–**	**0.07**	0.01		0.01
– on plan assets	**0.11**	**1.78**	**(1.67)**	(47.23)	2.72	(49.95)
	0.19	**1.78**	**(1.60)**	(47.22)	2.72	(49.94)
Contributions paid by the employer						
Benefits paid	**5.41**	**5.41**	**–**	4.25	4.25	–
Employer contribution	**(7.40)**	**(7.40)**	**–**	(7.90)	(7.90)	–
Settlements/transfers	**–**	**1.27**	**(1.27)**	–	1.26	(1.26)
	–	**9.33**	**(9.33)**	0.05	71.41	(71.36)
	(1.99)	**8.61**	**(10.60)**	(3.60)	69.02	(72.62)
Balance at the end of the year	**81.76**	**94.51**	**(12.76)**	75.96	77.79	(1.83)

(c) Plan assets

	As at 31 March 2019	As at 31 March 2018
Investment in earmarked securities	**100.00%**	100.00%

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.

(d) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March 2020	As at 31 March 2019
Discount rate	**6.69%**	7.61%
Expected statutory interest rate on the ledger balance	**8.50%**	8.65%
Expected year/Current short fall in interest earnings on the fund	**0.30%**	0.30%
Mortality	**IALM (2012-14)**	IALM (2006-08)
Disability	**None**	None
Withdrawal Rate (Age related)		
Up to 30 Years	**1.00%**	1.00%
Between 31 - 44 Years	**1.00%**	1.00%
Above 44 Years	**1.00%**	1.00%
Normal Retirement Age	**60**	60

Note 49 (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 2020		As at 31 March 2019	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.50% movement)	**(0.04)**	**0.04**	(0.05)	0.05

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
1 year	**11.01**	10.68
Between 2-5 years	**28.79**	23.23
Between 6-10 years	**14.93**	16.35
Over 10 years	**27.02**	25.70
Total	**81.75**	**75.96**

As at 31 March 2020, the weighted-average duration of the defined benefit obligation was 12.88 years (31 March 2019: 13.44 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 follow:-

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 fair 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 2020	Year ended 31 March 2019
Amount recognised in Statement of Profit and Loss		
Leave encashment	**5.15**	2.35
Leave fair concession	**7.13**	0.47
Medical benefits	**3.37**	2.31

50 RELATED PARTY DISCLOSURE

(i) Name of the related party and nature of relationship:-

Nature of Relationship	**Name of the Related Party**
Associates*	IFCI Social Foundation
	Management Development Institute
	Institute of leadership development
	Associates held for sale
	– Athena Chattisgarh Power Pvt. Ltd.
	– Gati Infrastructure Bhasmey Power Pvt. Ltd.
	– KITCO Ltd.
	– Nagai Power Pvt. Ltd.
	– Shiga Energy Private Ltd.
	– Vadraj Cements Ltd.
	– Vadraj Energy (Gujarat) Ltd.

* The accounts of Associates have not been consolidated in the Consolidated Financial Statements for the year ending March 31, 2020. However, the names of the Associates have been disclosed in the related party for meeting the Ind AS requirements.

Note 50 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

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 RN Dubey (upto 1 April 2018) Dr. Bhushan Kumar Sinha (w.e.f. 21 May 2018) Shri Anshuman Sharma (upto 09 September 2019) Ms. Kiran Sahdev (upto 29 November 2019) Prof. N Balakrishnan (w.e.f. 30 October 2017) Prof. Arvind Sahay (w.e.f. 30 October 2017) Shri. Anand Madhukar (w.e.f. 18 September 2019)
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 2020	For the year ended 31 March 2019
A.	**Associates**				
	KITCO	(i)	Dividend Received	**–**	0.30
	IFCI Social Foundation Trust	(i)	Contribution for CSR activities	**0.05**	4.38
		(ii)	Salaries/ Other Estt. Exp. recovered/ recoverable for employees deputed by IFCI	**–**	–
B.	**Entities under the control of same government**				–
	CEGSSC, GOI		Agency Commission - Credit Guarantee Fund For SC/ST	**0.13**	0.30
	Ministry Of Electronics & Information Technology, GOI		Commission - M Sips	**3.53**	2.32
	SDF, Ministry Of Consumer Affairs, Food & Public Distribution, GOI		Agency Commission - Sugar Development Fund	**9.90**	10.00
	Steel Authority of India Ltd.		Advisory & Appraisal Fee received	**0.05**	0.05
	Central Government		Interest Income on G Sec	**46.62**	53.34
	State Bank Of India		Rental Income	**0.02**	0.02
	Registrar Of Companies		Rental Income	**2.58**	2.58
	ONGC Tripura Power Company Ltd.		Rental Income	**2.60**	2.60
	Power System Operation Corporation Ltd.		Rental Income	**7.65**	7.22
	Syndicate Bank (1st and 2nd floor)		Rental Income	**–**	0.26
	United India Insurance		Rental Income	**0.22**	0.22
	Canara Bank		Rental Income	**0.36**	–
C.	**Compensation of key managerial personnel**				
	Short-term employee benefits			**2.60**	1.22
	Post-employment defined benefit			**0.27**	1.35
	Compensated absences			**0.20**	–
	Sitting fees			**0.13**	0.07

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)

51 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 2020	For the year ended 31 March 2019
(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	**0.29**	16.28
	(b) Later than one year but not later than five years	**–**	22.76
	(c) Later than five years	**–**	2.03
(ii)	**Amounts recognised in profit or loss**	**6.03**	27.73

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.

		For the year ended 31 March 2020	For the year ended 31 March 2019
(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	**47.57**	24.37
	(b) Later than one year but not later than five years	**28.71**	30.95
	(c) Later than five years	**19.46**	21.47
(ii)	**Amounts recognised in profit or loss**	**36.19**	32.08

52 EARNINGS PER SHARE (EPS)

			Units	**As at 31 March 2020**	As at 31 March 2019
(i)	(a)	Profit Computation for Equity shareholders			
		Net profit as per Statement of Profit & Loss	₹ in crores	**(230.44)**	(488.67)
		Net profit for Equity Shareholders	₹ in crores	**(230.44)**	(488.67)
	(b)	Weighted Average Number of Equity Shares outstanding*	Nos	**1,695,993,092**	1,695,993,092
(ii)	(a)	Profit Computation for Equity shareholders (including potential shareholders)			
		Net profit as per Statement of Profit & Loss	₹ in crores	**(230.44)**	(488.67)
		Net profit for equity shareholders (including potential shareholders)	₹ in crores	**(230.44)**	(488.67)
	(b)	Weighted Average Number of Equity Shares outstanding *	Nos	**1,695,993,092**	1,695,993,092
		Earnings Per Share			
		(Weighted Average)			
		Basic	₹	**(1.36)**	(2.88)
		Diluted	₹	**(1.36)**	(2.88)

53 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.

Note 53 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(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.

54 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)

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 vehecle. 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 one financial asset transferred that is not derecognised in 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 2020	**90.77**	**–**	**178.18**	**–**	**178.18**
As at 31 March 2019	70.47	–	196.00	–	196.00

B. Transferred financial assets that are derecognised in their entirety

Sale of NPA loans to asset reconstruction companies (ARCs)

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.

During the year the group has recognised a fair value gain/(loss) of ₹ –245.92 crore (₹ –132.46 crore in 2018-19). The cumulative fair value gain/(loss) on the security receipts as on 31 March 2020 is ₹ –34.34 crore (31 March 2019 - ₹ –89.34 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**	**Liabilities**
Sale of NPA loans to asset reconstruction companies (ARCs)			
As at 31 March 2020	**447.06**	**447.06**	**–**
As at 31 March 2019	528.36	528.36	–

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.

(All amounts are in Rupees crores unless otherwise stated)

55 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 2020		
Particulars	**FVTPL**	**FVTOCI**	**Amortised cost**
Financial assets:			
Cash and cash equivalents	**–**	**–**	**1,527.72**
Bank balance other than above	**–**	**–**	**1,052.86**
Derivative financial instruments	**50.04**	**–**	**–**
Receivables	**–**	**–**	**192.67**
Loans	**–**	**–**	**10,767.31**
Investments	**1,103.92**	**2,767.13**	**91.50**
Other financial assets	**–**	**–**	**1,039.15**
	1,153.96	**2,767.13**	**14,671.21**
Financial liabilities:			
Trade payables	**–**	**–**	**247.60**
Other payables	**–**	**–**	**192.50**
Debt securities	**–**	**–**	**7,971.84**
Borrowings (other than debt securities)	**–**	**–**	**3,281.20**
Subordinated liabilities	**–**	**–**	**1,313.30**
Other financial liabilities	**–**	**–**	**2,850.14**
	–	**–**	**15,856.58**

	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
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

Note 55 (contd..) (All amounts are in Rupees crores unless otherwise stated)

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.

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 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 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 2020	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments	–	50.04	–	50.04
Investments	475.77	1,011.55	2,475.23	3,962.55
	475.77	1,061.59	2,475.23	4,012.59
Financial liabilities:				
Derivative financial instruments	–	–	–	–

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March 2020	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Loans	10,767.31	–	–	10,767.31	10,767.31
	10,767.31	–	–	10,767.31	10,767.31
Financial liabilities:					
Debt securities	7,971.84	–	–	7,971.84	7,971.84
Borrowings (other than debt securities)	3,281.20	–	3,281.20	–	3,281.20
Subordinated liabilities	1,313.30	–	–	1,313.30	1,313.30
	12,566.34	–	3,281.20	9,285.14	12,566.34

Note 55 (contd..) (All amounts are in Rupees crores unless otherwise stated)

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	–	–	9,331.96	9,331.96
Borrowings (other than debt securities)	5,748.99	–	5,748.99	–	5,748.99
Subordinated liabilities	1,313.30	–	–	1,313.30	1,313.30
	16,394.25	–	5,748.99	10,645.26	16,394.25

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

Note 55 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(ii) **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 31 March 2019	32.46	–	3,540.79
Total gain or losses:	–	–	–
– in profit or loss	(18.24)	–	(1,950.70)
– in OCI	–	–	–
Purchases	–	–	–
Settlement	13.24	–	857.68
Transfers into Level 3	–	–	–
Balance as at 31 March 2020	**27.46**	**–**	**2,447.77**

Total gain or losses for the year in the above table are presented in the statement of profit or loss and OCI as follows:

Particulars	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	(18.24)	–	(1,950.70)
Other revenue			
Total gain or losses recognised in OCI:			
– Fair value reserve (equity instruments) - net change in fair value	–	–	–
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	(31.48)		(17.02)

Particulars	Investment in preference shares	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		
Purchases	4.18	-
Settlement	(76.28)	(1.27)
Balance as at 31 March 2019	**32.46**	**3,540.79**

Total gain or losses for the year in the above table are presented in the statement of profit or loss and OCI as follows:

Particulars	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	1.41	(43.34)
Other revenue		
Total gain or losses recognised in OCI :		
– Net fair value change from financial instruments carried at fair value	77.69	(40.44)

(All amounts are in Rupees crores unless otherwise stated)

56 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.

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 historical probability of default, transition matrix approach has been applied using IFCI internal obligor ratings.

(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
- On asset being more than 90 days past dues.

(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.

Note 56 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

(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 5 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 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
- On asset overdue beyond 60 days past dues.

(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 2020				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances at amortised cost					
Grade 1-6 : Low-fair risk	**2,406.09**	**139.86**	–	–	**2,545.95**
Grade 7-8 : Higher risk	–	**910.79**	–	–	**910.79**
Grade 9-10 : Loss	–	–	**9,798.04**	–	**9,798.04**
Others	**131.67**	**74.86**	**689.26**	–	**895.79**
	2,537.76	**1,125.51**	**10,487.29**	–	**14,150.57**
Loss allowance	**(191.04)**	**(218.38)**	**(5,147.41)**	–	**(5,556.83)**
Carrying value	**2,346.72**	**907.13**	**5,339.88**	–	**8,593.74**

	As at 31 March 2020				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances at amortised cost-Greenfield					
Rating -1 to 6	331.14	–	–	–	331.14
Rating - 7 to 8	526.06	444.11	–	–	970.17
Rating - 9 to 10	–	–	2,087.83	–	2,087.83
	857.20	444.11	2,087.83	–	3,389.13
Loss allowance	(64.77)	(126.71)	(1,024.08)	–	(1,215.55)
Carrying value	**792.43**	**317.40**	**1,063.75**	**–**	**2,173.58**

Trade receivables at amortised cost

	Lifetime	**Credit Impaired**	**Total**
Less than 6 months	73.91	–	73.91
More than 6 months less than 1 year	1.73	–	1.73
More than 1 year less than 2 years	1.81	–	1.81
More Than 2 years less than 3 years	1.18	–	1.18
Above 3 years	–	0.08	0.08
Others	115.36	37.33	152.69
	193.99	37.41	231.40
Loss allowance	(1.32)	(37.41)	(38.73)
Carrying value	**192.67**	**–**	**192.67**

Note 56 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

Other financial assets at amortised cost

	Lifetime	Credit Impaired	Total
Less than 6 months	143.76	–	143.76
More than 6 months less than 1 year	0.01	–	0.01
More than 1 year less than 2 years	0.00	–	0.00
More Than 2 years less than 3 years	1.07	–	1.07
Above 3 years	–	52.02	52.02
Others	673.79	241.98	915.77
	818.63	294.00	1,112.63
Loss allowance	(12.16)	(61.32)	(73.48)
Carrying value	**806.47**	**232.68**	**1,039.15**

Investment in debt securities at FVTOCI

	Stage 1	Stage 2	Stage 3	Total
BBB - to AAA	780.13	–	–	780.13
BB- to BB+	–	–	–	–
B- to B+	–	–	–	–
C to CCC+	–	–	–	–
D	–	–	98.72	98.72
	780.13	–	98.72	878.85
Loss allowance	(0.19)	–	(46.97)	(47.16)
Amortised cost	779.94	–	51.75	831.68
Fair value	814.18	–	21.41	835.59

	As at 31 March 2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments & Financial Guarantee Contracts-Greenfield					
Grade 1-6 : Low-fair risk	**46.69**	–	–	–	**46.69**
Grade 7-8 : higher risk	**52.33**	–	–	–	**52.33**
Grade 9-10 : Loss	–	–	–	–	–
	99.01	–	–	–	**99.01**
Loss allowance	**(8.28)**	–	–	–	**(8.28)**
Carrying value	**90.73**	–	–	–	**90.73**
Loan commitments & Financial Guarantee Contracts-Others					
Grade 1-6 : Low-fair risk	**222.68**	–	–	–	**222.68**
Grade 7-8 : higher risk	**142.16**	–	–	–	**142.16**
Grade 9-10 : Loss	**83.90**	–	–	–	**83.90**
	448.74	–	–	–	**448.74**
Loss allowance	**(64.37)**				**(64.37)**
Carrying value	**384.37**	–	–	–	**384.37**

	As at 31 March 2019				
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**

Note 56 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

	As at 31 March 2019				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances at amortised cost-Other					
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**	**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
Others	77.47	111.76	189.23
	80.43	116.03	196.46
Loss allowance	(7.08)	(14.25)	(21.32)
Carrying value	**73.36**	**101.78**	**175.14**

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
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**

	Stage 1	**Stage 2**	**Stage 3**	Total
Investment in debt securities at FVTOCI				
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
Carrying value	**1,145.46**	**–**	**–**	**1,145.46**

	As at 31 March 2019				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loan commitments & Financial Guarantee Contracts-Greenfield					
Grade 1-6 : Low-fair risk	162.92	–	–	–	162.92
Grade 7-8 : Higher risk	328.56	–	–	–	328.56
Grade 9-10 : Loss	-	–	–	–	-
	491.48	–	–	–	491.48
Loss allowance	(12.62)	–	–	–	(12.62)
Carrying value	**478.86**	**–**	**–**	**–**	**478.86**

Note 56 (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 & Financial Guarantee Contracts-Others					
Grade 1-6 : Low-fair risk	1,045.33	–	–	–	1,045.33
Grade 7-8 : Higher risk	175.92	–	–	–	175.92
Grade 9-10 : Loss	58.90	–	–	–	58.90
	1,280.15	–	–	–	1,280.15
Loss allowance	(40.37)	–	–		(40.37)
Carrying value	**1,239.78**	**–**	**–**	**–**	**1,239.78**

(h) 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 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	–	0.00	1.95	1.95
Loss allowance on 31 March 2019	**369.49**	**158.99**	**6,773.84**	**7,302.31**
Transfer to Stage 1	6.60	(6.60)	–	–
Transfer to Stage 2	(19.44)	19.44	–	–
Transfer to Stage 3	(13.10)	(42.06)	55.16	–
Net remeasurement of loss allowance	(37.62)	121.30	(3,761.35)	(3,677.67)
New financial assets originated or purchased	17.66	17.11	10.16	44.93
Financial assets that have been derecognised	(68.53)	(29.84)	(167.42)	(265.78)
Write offs	–	–	2,217.40	2,217.40
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	–	–
Loss allowance on 31 March 2020	**255.07**	**238.34**	**5,127.79**	**5,621.19**

The contractual amount outstanding on loans and advances measured at amortised cost that were written off during the year ended 31 March 2020 and are still subject to enforcement activity is ₹1,479. 42 Crore (for the year ended 31 March 2019 - ₹1,237. 97 Crore).

Note 56 (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 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**
Transfer to Stage 1	–	– -	–	–
Transfer to Stage 2	(6.52)	52.35	(45.83)	–
Transfer to Stage 3	–	(59.41)	59.41	–
Net remeasurement of loss allowance	29.92	53.93	(199.99)	(116.14)
New financial assets originated or purchased	–	–	–	–
Financial assets that have been derecognised	(18.97)	(3.38)	(100.67)	(123.02)
Write offs		–	–	–
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	–	–
Loss allowance on 31 March 2020	**73.05**	**126.71**	**1,024.08**	**1,223.84**

Investment in Debt securities at FVTOCI

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at 12 month 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	Total
Loss allowance on 1 April 2018	**0.15**	**–**	**–**	**0.15**
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Net remeasurement of loss allowance	0.01	–	–	0.01
New financial assets originated or purchased	0.05	–	–	0.05
Financial assets that have been derecognised	(0.13)	–	–	(0.13)
Write offs	–	–	–	–
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	–	–
	–	–	–	–
Loss allowance on 31 March 2019	**0.08**	**–**	**–**	**0.08**
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	(0.01)	–	–	–
Transfer to Stage 3	–	–	0.01	–
Net remeasurement of loss allowance	0.18	–	–	–
New financial assets originated or purchased	(0.06)	–	46.96	47.14
Financial assets that have been derecognised	–	–	–	(0.06)
Write offs	–	–	–	–
Unwind of discount	–	–	–	–
Changes in risk parameters	–	–	–	–
Loss allowance on 31 March 2020	**0.19**	**–**	**46.97**	**47.16**

Note 56 (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 company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

1. Mortgage of Immovable properties
2. Hypothecation of Movable property
3. Bank and Government Guarantees
4. Pledge of instruments through which promoter's contribution is infused in the project
5. Pledge of Promoter Shareholding
6. Corporate and Personal Guarantees of Promoters.

(j) **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 Troubled Debt Restructuring (TDR). 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. Loans, for which the terms have been modified, and for which the borrower is experiencing financial difficulties, are considered TDRs.

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.

There were no modified assets which were forborne during the period and accordingly no loss were suffered by the Group.

(k) **Governance Framework**

As required by the RBI Notification no. "DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020, where provision requirement as per extant RBI norms is higher than ECL as computed under IndAS, the provision as per RBI norms shall be adopted, on portfolio basis. Further, in accordance with RBI Guidelines, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), the difference shall be appropriated from the net profit or loss after tax to a separate 'Impairment Reserve'.

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.

The Group has initiated an exercise to identify its High Quality Liquid Investments and compute Liquidity Coverage Ratio.

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 Company maintains the following lines of credit:

– ₹128.3 crore overdraft facility that is secured. Interest would be payable between 7.75 percent and 8.21 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 9.57 percent (weighted average rate)

Note 56 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

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 2020	**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	**3,281.20**	**3,028.18**	**624.48**	**1,006.52**	**1,214.57**	**182.61**	**–**
Debt securities issued	**7,971.84**	**7,975.77**	**337.40**	**477.55**	**2,625.29**	**1,644.61**	**2,890.91**
Subordinated liabilities	**1,313.30**	**1,313.30**	**–**	**–**	**662.27**	**-**	**651.04**
Derivative financial liabilities							
Forwards and spots	**50.04**	**50.04**	**50.04**	**–**	**–**	**–**	**–**
Non-derivative financial assets							
Loans and advances	**10,767.31**	**13,495.55**	**1,156.36**	**644.07**	**1,611.43**	**619.37**	**9,464.33**
Investment securities	**3,962.55**	**5,161.95**	**325.51**	**18.28**	**677.28**	**157.07**	**3,983.80**

		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 liabilities							
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

Contractual cash flows	**As at 31 March 2020**	As at 31 March 2019
Other financial assets		
– within 12 months	**744.23**	548.15
– after 12 months	**431.02**	372.43
Gross nominal inflow/(outflow)	**1,175.25**	920.58
Other financial liabilities		
– within 12 months	**1,357.36**	2,331.84
– after 12 months	**1,257.94**	278.48
Gross nominal inflow/(outflow)	**(2,615.29)**	(2,610.32)

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.

Note 56 (contd..) (All amounts are in Rupees crores unless otherwise stated)

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 year	2-5 year	More than 5 years	Total
As at 31 March 2020							
Other undrawn commitments to lend	838.73	–	–	–	–	–	838.73
As at 31 March 2019							
Other undrawn commitments to lend	1,580.87	–	–	–	–	–	1,580.87

D. Market risk

Market the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Group classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately. Such risks the 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 analyses. All such transactions are carried out within the guidelines set by the Risk Management Committee.

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 2020		31 March 2019	
	INR	**EURO**	INR	EURO
Borrowings	**424.84**	**5.13**	426.12	5.49
Net exposure in respect of recognised assets and liabilities	**424.84**	**5.13**	**426.12**	**5.48**

Note 56 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

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 2020	**42.48**	**(42.48)**	**27.64**	**(27.64)**
EURO (10% movement)				
31 March 2019	**42.61**	**(42.61)**	**27.72**	**(27.72)**
EURO (10% movement)				

(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 undertsand 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:

Particulars	**31 March 2020**	31 March 2019
Fixed rate instruments		
Financial assets	**538.60**	655.27
Financial liabilities	**9,285.14**	10,799.30
Variable rate instruments		
Financial assets	**10,767.31**	13,290.53
Financial liabilities	**3,281.20**	5,553.71

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 daytes 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 2020				
Variable rate instruments	**32.81**	**(32.81)**	**21.35**	**(21.35)**
Cash flow sensitivity (net)				
31 March 2019				
Variable rate instruments	55.54	(55.54)	36.13	(36.13)
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.

(All amounts are in Rupees crores unless otherwise stated)

57 INTEREST IN OTHER ENTITIES

(a) **Interest in subsidiaries**

(i) The group's subsidiaries at 31 March 2020 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 2020	31 March 2019	**31 March 2020**	31 March 2019	
Direct subsidiaries						
IFCI Venture Capital funds Ltd (IVCF)	India	98.59%	98.59%	1.41%	1.41%	Promoting enterpreneurship by providing institutional support
IFCI Infrastructure Development Ltd (IIDL)	India	100.00%	100.00%	0.00%	0.00%	Infrastructure and real estate sector
IFCI Factors Ltd (IFL)	India	99.90%	99.88%	0.10%	0.12%	Factoring services, allied products, general purpose loan
IFCI Financial Services Ltd (IFIN)	India	94.78%	94.78%	5.22%	5.22%	Merchant banking business
Stock Holding Corporation of India Ltd (SHCIL)	India	52.86%	52.86%	47.14%	47.14%	Custodian and depository participant
MPCON Ltd	India	79.72%	79.72%	20.28%	20.28%	Consultancy services
Step down subsidiaries						
Subsidiary of IFIN						
IFIN Commodities Limited - Wholly owned subsidiary of IFIN	India	94.78%	94.78%	5.22%	5.22%	Exchanged based Commodity Trading
IFIN Credit Limited - Wholly owned subsidiary of IFIN	India	94.78%	94.78%	5.22%	5.22%	No business activity
IFIN Securities Finance Limited - Wholly owned subsidiary of IFIN	India	94.78%	94.78%	5.22%	5.22%	Marging 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%	0.00%	0.00%	Real Estate
Subsidiary of SHCIL						
SHCIL Services Limited - wholly owned subsidiary of SHCIL	India	52.86%	52.86%	47.14%	47.14%	Broking Advisory Services
Stockholding Document Management Services Ltd- Wholly owned subsidiary of SHCIL	India	52.86%	52.86%	47.14%	47.14%	Physical Custody Services,digitization and sale of software, product and services.
Stockhoding Securities IFSC Ltd. - wholly owned subsidiary of SHCIL	India	52.86%	52.86%	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

Particulars	Stock Holding Corporation of India Ltd (Consolidated)		MPCON Ltd	
	As at 31 March 2020	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019
Current Assets	**1,342.42**	1,136.73	**11.28**	10.01
Current liabilities	**1,325.20**	1,042.11	**16.09**	12.65
Net current assets	**17.22**	94.61	**(4.81)**	(2.63)
Non-current assets	**2,766.73**	2,749.86	**11.43**	9.05
Non-current liabilities	**512.94**	503.01	**0.04**	0.02
Net non current assets	**2,253.79**	2,246.86	**11.39**	9.03
Net Assets	**2,271.01**	2,341.47	**6.58**	6.40

Note 57 (contd..)

(All amounts are in Rupees crores unless otherwise stated)

Summarised statement of profit and loss

Particulars	Stock Holding Corporation of India Ltd (Consolidated)		MPCON Ltd	
	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operation	**376.45**	360.43	**55.68**	46.09
Profit for the year	**15.44**	28.91	**0.31**	(1.18)
Other Comprehensive income	**(75.92)**	**13.47**	**(0.01)**	**0.07**
Total Comprehensive income	**(60.48)**	42.38	**0.30**	(1.11)
Total Comprehensive income attributable to non-controlling interest	**(28.51)**	19.98	**0.06**	(0.22)

(b) Interest in associates and joint venture

(i) Set out below are the associates and joint ventures of the group as at 31 March 2020 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 20120		As at 31 March 2019	
						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
Institute of Leadership Development	India	Nil	Associate	Providing skill development	Equity accounting	**Nil**	**Unquoted**	Nil	Unquoted
IFCI Social Foundation	India	Nil	Associate	Trust under income tax act for CSR activities	Equity accounting	**Nil**	**Unquoted**	Nil	Unquoted

(i) 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.

The summarised financial information for the below associates were not available for FY 2019-20. However, information for FY 2018-19 and FY 2017-18 are available with the management and has been represented below.

Particulars	Management Development Institute		Institute of Leadership Development		IFCI Social Foundation	
	As at 31 March 2019	As at 31 March 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Liabilities						
Corpus Fund	16.54	16.34	1.25	1.25	0.11	0.11
Surplus Fund	103.82	96.04	(5.30)	(5.28)	–	–
Earmarked Funds	256.60	209.60	–	–	–	–
General fund	–	–	–	–	3.27	3.13
Special fund u/s 11(2) of Income Tax	–	–	–	–	1.80	2.76
Campus and fixed assets fund	3.25	2.09	12.41	11.86	–	–
Gratuity Reserve Fund	9.96	9.68	–	–	–	–
Cumulative leave fund	13.82	12.60	–	–	–	–
Other funds	4.44	4.07	–	–	–	–
Current liabilities and provisions	28.35	29.52	1.00	1.03	0.01	0.01
	436.78	**379.94**	**9.36**	**8.86**	**5.19**	**6.01**
Assets						
Assets funded by grants from IFCI and other agencies	3.23	3.40	–	–	–	–
Assets other than those funded from grants	159.07	153.14	–	–	–	–
Investments	234.69	166.63	4.19	3.84	4.45	5.95
Non-Current Assets	–	–	3.09	3.24	–	–
Current assets, loans and advances	39.79	56.74	2.08	1.78	0.74	0.06
MDI-Murshidabad	–	0.03	–	–	–	–
	436.78	**379.94**	**9.36**	**8.86**	**5.19**	**6.01**

Statement of profit and loss

Particulars	As at 31 March 2019	As at 31 March 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Revenue	157.89	120.02	3.75	3.22	5.60	7.46
Profit after tax	56.09	24.51	(0.01)	(0.66)	0.15	1.12
Other Comprehensive income	–	–	–	–	–	–
Total Comprehensive income	56.09	24.51	(0.01)	(0.66)	0.15	1.12
Dividends received	–	–	–	–	–	–

Note 57 (contd..) (All amounts are in Rupees crores unless otherwise stated)

(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
KITCO Ltd.	Investment classified as asset held for sale
Nagai Power Pvt. 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
Joint ventures	
IFCI Sycamore Capital Advisors Pvt. Ltd.	Under voluntary liquidation

(d) Additional disclosure under Schedule III of Companies Act 2013.

Name of the Entity	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-20	64.92%	4,107.77	124.49%	(277.88)	34.18%	(39.65)	93.61%	(317.53)
31-Mar-19	65.33%	4,225.30	93.24%	(443.83)	151.56%	(39.35)	96.26%	(483.18)
Subsidiary Company (Indian)								
IFCI Venture Capital Funds Ltd.								
31-Mar-20	2.64%	166.99	-0.27%	0.60	0.11%	(0.12)	-0.14%	0.48
31-Mar-19	2.51%	162.57	6.92%	(32.93)	0.04%	(0.01)	6.56%	(32.94)
IFCI Factors Ltd								
31-Mar-20	1.99%	126.20	2.41%	(5.38)	0.30%	(0.35)	1.69%	(5.73)
31-Mar-19	2.04%	132.18	4.37%	(20.78)	0.14%	(0.04)	4.15%	(20.82)
MPCON Ltd								
31-Mar-20	0.10%	6.58	-0.14%	0.31	0.01%	(0.01)	-0.09%	0.30
31-Mar-19	0.10%	6.42	0.24%	(1.16)	-0.26%	0.07	0.22%	(1.10)
IFCI Infrastructure Development Ltd. (including step down subsidiary)								
31-Mar-20	8.14%	514.74	-1.53%	3.41	-0.04%	0.04	-1.02%	3.46
31-Mar-19	8.12%	525.43	-2.09%	9.95	0.40%	(0.11)	-1.96%	9.85
Stock Holding Corporation of India Ltd.(including step down subsidiary)								
31-Mar-20	35.89%	2,270.99	-6.92%	15.44	65.45%	(75.92)	17.83%	(60.49)
31-Mar-19	36.20%	2,341.47	-6.07%	28.91	-51.88%	13.47	-8.44%	42.38
IFCI Financial Services Ltd.(including step down-subsidiary)								
31-Mar-20	1.07%	67.61	0.96%	(2.14)	0.00%	-	0.63%	(2.14)
31-Mar-19	1.07%	69.24	0.78%	(3.70)	0.00%	-	0.74%	(3.70)
Non-controlling interest								
31-Mar-20	17.04%	1,078.02	-3.24%	7.23	30.85%	(35.79)	8.42%	(28.56)
31-Mar-19	17.18%	1,110.79	-2.66%	12.68	-24.51%	6.36	-3.79%	19.04
Consolidation adjustment								
31-Mar-20	-31.80%	(2,011.85)	-15.77%	35.20	-30.85%	35.79	-20.93%	71.00
31-Mar-19	-32.56%	(2,105.95)	5.28%	(25.13)	24.51%	(6.36)	6.27%	(31.49)
Total								
31-Mar-20	100.00%	6,327.05	100.00%	(223.21)	100.00%	(116.01)	100.00%	(339.22)
31-Mar-19	100.00%	6,467.46	100.00%	(475.99)	100.00%	(25.96)	100.00%	(501.96)

(All amounts are in Rupees crores unless otherwise stated)

58 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.

In terms of our Report of even date

For and on behalf of the Board of Directors of **IFCI Limited**

For **M.K. Aggarwal & Co**
Chartered Accountants
ICAI Firm registration No.: 01411N

DR. E S RAO
Managing Director &
Chief Executive Officer
DIN 05184747

SUNIL KUMAR BANSAL
Deputy Managing Director
DIN 06922373

Prof ARVIND SAHAY
Director
DIN 03218334

CA ATUL AGGARWAL
Partner
Membership No.: 099374

JHUMMI MANTRI
General Manager &
Chief Financial Officer

RUPA SARKAR
Company Secretary

Place: New Delhi
Dated: 26 June 2020

(All amounts are in Rupees crores unless otherwise stated)

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(All amounts are in Rupees crores unless otherwise stated)

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(All amounts are in Rupees crores unless otherwise stated)

NOTES

OFFICES OF IFCI

As on 31st March, 2020

Registered Office
IFCI Limited

IFCI Tower, 61 Nehru Place, New Delhi-110019
Tel: +91-11-4179 2800, 4173 2000, 2648 7444, 2648 7622
Fax No.: +91-11-2623 0201
Website : www.ifciltd.com
CIN: L74899DL1993GOI053677

REGIONAL OFFICES

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501, IFCI Bhawan
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C G Road, Navrangpura
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Tel: +91-79-2640 5984, 2646 8433

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No.2, Cubbonpet Main Road, N R Square
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Tel: +91-80-2221 0882, 2221 1623
Fax: +91-80-2227 1802

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Nungambakkam
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Tel: +91-44-2833 4110-11
Fax: +91-44-2833 4109

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PIN-500 004
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Fax: +91-40-2324 1138

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Chatterjee International Center
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Jawaharlal Nehru Road
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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 Limited
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)
KFin Technologies Private Limited

Corporate Office:
Selenium Tower B,
Plot number 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad -500 032
E-mail : einward.ris@kfintech.com
Phone : 040-6716 2222 / 040-67161589 / 040- 6716 1672

CIN NO.U72400TG2017PTC117649
Registered Office: Selenium Tower B,
Plot number 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad -500 032
E-mail : einward.ris@kfintech.com
Phone : 040-6716 2222 / 040-67161589 / 040- 6716 1672

For Subordinate Bonds (Series I & III) :
Link Intime India Pvt Limited
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 Limited
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 Limited
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