Financial Statement
2019

Infrastructure Leasing & Financial Services Limited

Infrastructure Leasing & Financial Services Limited
Balance Sheet as at March 31,2019

(Rs. in million)

		Note	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
	Assets				
(1)	Financial Assets				
(a)	Cash and cash equivalents	3	535.46	5,706.43	3,179.74
(b)	Bank Balances other than (a) above	4	2,145.29	19,297.82	11,076.88
(c)	Derivative financial instruments	5	337.79	161.97	207.79
(d)	Trade Receivables	6	207.43	1,948.23	1,125.38
(e)	Loans	7	12,455.67	60,886.37	40,958.61
(f)	Investments	8	8,241.06	121,284.44	137,576.57
(g)	Other financial assets	9	346.39	11,824.16	6,366.61
(2)	Non-financial Assets				
(a)	Current Tax Assets (Net)	10	7,746.95	2,371.78	4,604.86
(b)	Deferred Tax Assets (Net)	11	-	617.39	591.46
(c)	Investment Property	11	8,290.62	8,482.87	8,664.50
(d)	Property, Plant and Equipment	12	532.71	608.06	636.59
(e)	Capital work-in-progress	12	0.53	3.15	2.33
(f)	Other Intangible Assets	13	7.05	14.95	19.60
(g)	Other non-financial assets	14	718.51	363.30	348.54
	Total assets		41,479.19	238,684.22	195,680.45
	Liabilities and Equity				
(1)	Financial Liabilities				
(a)	Derivative financial instruments	5	-	-	36.20
(b)	Payables				
	Trade Payables				
	(i) total outstanding dues of micro enterprises and small enterprises		0.28	0.72	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		282.42	283.67	259.51
(c)	Debt securities	15	110,441.72	101,929.47	81,473.30
(d)	Borrowings (Other than Debt Securities)	16	90,416.32	60,185.66	33,066.41
(e)	Subordinated liabilities	17	16,225.62	16,214.63	14,831.40
(f)	Other financial liabilities	18	2,974.23	3,137.09	2,552.48
(2)	Non-financial liabilities				
(a)	Current tax liabilities (Net)	10	-	41.38	544.74
(b)	Provisions	19	127.50	369.85	520.06
(c)	Deferred tax liabilities (Net)	10	-	-	-
(d)	Other non financial liabilities	20	362.64	550.37	564.32
	Total Liabilities		210,830.76	182,763.71	142,948.69
(3)	Equity				
(a)	Equity share capital	2	1,284.03	1,284.03	1,284.02
(b)	Other equity	2A	(190,635.60)	54,636.18	51,447.73
	Equity attributable to owners of the Company		(149,351.57)	55,920.51	53,131.76
	Total equity		(169,351.57)	55,920.51	53,131.76
	Total liabilities and equity		41,479.19	238,684.22	195,680.45

Notes 1 to 46 forms part of the Standalone Financial Statements

In terms of our report attached.

For S R B C & Co LLP
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

Bharath N S
Partner
Membership No 210994

Mumbai
December 4, 2019

For and behalf of the Board

Uday Kotak
Chairman
(DIN: 00007467)

Vineet Nayyar
Vice Chairman
(DIN: 00018243)

C S Rajan
Managing Director
(DIN: 00126063)

Bijay Kumar
Deputy Managing Director
(DIN: 07262627)

Kand Kishore
Director
(DIN: 08267502)

Dr Malini Shankar
Director
(DIN: 01602529)

N Srinivasan
Director
(DIN: 05123536)

G C Chaturvedi
Director
(DIN: 00110996)

Mahendra Wagle
Chief Financial Officer

Shekhar Prabhudesai
Company Secretary

Mumbai
December 4, 2019

Infrastructure Leasing & Financial Services Limited
Statement of Profit and Loss for the year ended 31st March, 2019

(Rs. in million)

	Particulars	Note No.	Year Ended March 31, 2019	Year Ended March 31, 2018
	Revenue from operations			
(i)	Interest Income	21	5,158.51	17,193.96
(ii)	Dividend Income		102.38	2,101.08
(iii)	Rental Income		1,181.31	1,109.45
(iv)	Fees and commission Income	22	397.35	2,124.79
(v)	Net gain on fair value changes	23A	-	1,807.39
(vi)	Net gain on derecognition of financial instruments under amortised cost category	23B	72.24	112.53
(I)	**Total Revenue from operations**		6,951.81	17,514.38
(II)	Other Income	24	1,185.14	26.88
(III)	**Total Income (I+II)**		8,136.97	17,541.26
	Expenses			
(i)	Finance Costs	25	10,566.12	13,927.51
(ii)	Fees and commissions expense		199.35	236.51
(iii)	Net loss on fair value changes	23A	24,693.49	-
(iv)	Impairment on Financial Assets and Investment (Net)	26	194,308.31	525.87
(v)	Employee Benefits Expenses	27	108.70	209.55
(vi)	Depreciation and amortisation	28	269.07	319.29
(vii)	Other expenses	29	617.26	472.44
(IV)	**Total Expenses (IV)**		235,059.40	15,403.17
(V)	**Profit/(loss) before tax (III-IV)**		(224,822.43)	558.09
(VI)	**Tax Expense:**			
	(1) Current Tax		-	1,255.13
	(2) Deferred Tax		617.39	(25.93)
	(3) Current Tax (Prior Year)	10.3		(1,603.40)
			617.39	(2,373.18)
(VII)	**Profit / (loss) for the period (V-VI)**		(225,440.22)	3,312.27
(VIII)	**Other Comprehensive Income**			
	A. Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans Gain / (Loss)		14.82	24.50
	Tax impact on above		-	(5.36)
	Subtotal (A)		14.82	24.54
	B. Items that will be reclassified to profit or loss			
	The effective portion of gains and (loss) on hedging instruments in a cash flow hedge		152.87	(8.42)
	Tax impact on above		-	1.51
	Subtotal (B)		152.87	(6.90)
	Other Comprehensive Income (A+B)		167.69	17.63
(IX)	**Total Comprehensive Income for the year**		(225,272.53)	3,336.90
(X)	**Earnings per equity share**			
	Basic (Rs.)	31	(1,755.72)	25.83
	Diluted (Rs.)	31	(1,755.72)	25.83

Notes 1 to 46 forms part of the Standalone Financial Statements

In terms of our report attached

For S R B C & Co LLP
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

Bharath N S
Partner
Membership No.210534

Mumbai
December 4, 2019

For and Behalf of the Board

Uday Kotak
Chairman
(DIN: 00007467)

Vineet Nayyar
Vice Chairman
(DIN: 00018243)

C S Rajan
Managing Director
(DIN:00126063)

Bijay Kumar
Deputy Managing Director
(DIN: 07262622)

Nand Kishore
Director
(DIN: 06267502)

Dr Malini Shankar
Director
(DIN:01602529)

N Sivaravadan
Director
(DIN:00123338)

G C Chaturvedi
Director
(DIN: 00110994)

Mr. Mahendra Wagle
Chief Financial Officer

Mr. Shekhar Prabhudesai
Company Secretary

Mumbai
December 4, 2019

Statement of Changes in Equity of Infrastructure Leasing & Financial Services Limited for the year ended March 31, 2019

1. Equity Share Capital

Balance at the beginning of the period and at the end of the period (Rs in million)	Number of shares
1,284.03	128,403,276

1A. Other equity

(Rs. in million)

	Reserves and surplus							Other comprehensive income		Total
	General Reserve	Share Premium Account	Equity component of compound financial instrument	Retained Earnings	Capital Redemption Reserve	Preference Share Premium Redemption Reserve	Special Reserve	Re-measurements of net defined benefit plans	Cash flow hedge reserve	
Balance as at April 1, 2017	1,702.13	18,454.27	33.46	25,448.64	520.00	1,182.13	9,585.67	-	21.36	51,847.73
Dividend paid including dividend distribution tax				(542.71)						(545.78)
Transfer to special reserve				(1,190.64)			1,190.64			-
Transfer to preference share premium redemption reserve		(618.64)		(562.71)		1,182.13				(0.44)
Income tax on the above										-
Profit/ Loss for the year after income tax				3,117.27						3,117.27
Other Comprehensive Income for the year before income tax (Net of tax)								24.54	(6.91)	17.63
								-		-
Total Comprehensive Income for the year	-	-	-	3,117.27	-	-	-	24.54	(6.91)	9,586.40
Balance as at March 31, 2018	1,702.13	10,835.44	33.48	26,465.87	520.00	2,366.25	10,776.33	24.54	14.47	54,636.48
Profit/ Loss for the year after income tax				(225,440.22)						(225,440.22)
Other Comprehensive Income for the year before income tax (Net of tax)								14.87	152.87	167.69
										-
Total Comprehensive Income for the year	-	-	-	(225,440.22)	-	-	-	14.87	152.87	(225,272.53)
Balance as at March 31, 2019	1,702.13	10,835.44	33.48	(199,074.35)	520.00	2,366.25	10,776.33	39.79	167.34	(170,635.60)

In terms of our report attached

For S R B C & Co LLP
Chartered Accountants
K Alfaran Registration Number 324982E/E300002

Bharath N S
Partner
Membership No 212934

Mumbai
December 4, 2019

For and behalf of the Board

Uday Kotak
Chairman
(DIN: 00007467)

Vineet Nayyar
Vice Chairman
(DIN: 00018243)

C S Kaan
Managing Director
(DIN:00126063)

Bijay Kumar
Deputy Managing Director
(DIN: 07262627)

Nand Kishore
Director
(DIN: 05267502)

Dr Malini Shankar
Director
(DIN:01602029)

N Srinivasan
Director
(DIN:00123338)

G C Chaturvedi
Director
(DIN: 00110996)

Maharudra Wagle
Chief Financial Officer

Sheldur Prabhudesai
Company Secretary

Mumbai
December 4, 2019

Infrastructure Leasing & Financial Services Limited
Cash Flow Statement for the year ended

(Rs. in million)

	Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
(A)	CASH FLOW FROM OPERATING ACTIVITIES		
	(Loss) / Profit Before tax	(271,872.84)	[illegible]
	Adjustments for		
	Depreciation and amortisation	269.07	219.25
	Impairment on Financial Assets and Investments (Net)	194,018.54	335.87
	Net gain/loss on Fair value changes	25,693.99	(2,800.13)
	Rent Income	(1,181.34)	(1,279.83)
	Profit on sale of investments	-	(71.67)
	Profit on sale of fixed assets	(13.45)	(0.42)
(B)	OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(45,094.92)	(3,358.82)
	Adjustments for changes in Working capital		
	Decrease in Receivables	(81.34)	(92.15)
	Decrease in Other Financial Assets	1,277.50	720.01
	Increase in Other Non-Financial Assets	(385.24)	(16.75)
	Increase in Loans	(16,995.30)	(21,395.66)
	(Decrease) / Increase in Payables	(84.20)	1,366.93
	(Decrease) / Increase in Other Financial Liabilities	(163.95)	586.65
	Decrease in Other Non-Financial Liabilities	(187.60)	(17.05)
	Decrease in Provisions	(227.06)	(350.21)
	Cash Used in Operations	(61,935.99)	(26,048.23)
	Income Tax Paid (Refer Note-2)	(216.54)	(1,120.85)
	NET CASH USED IN OPERATING ACTIVITIES	(62,152.53)	(27,169.08)
(B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Disposal / (Acquisition) of PPE	23.11	174.86
	Acquisition of intangible	(5.34)	
	Investment in Subsidiaries	-	(1,411.34)
	Proceeds from Sale / Redemption of Investment	9.81	2,176.01
	Rental income	1,181.34	1,279.83
	Increase in Advance towards Investment	-	(1,358.97)
	NET CASH GENERATED /USED IN/ FROM INVESTING ACTIVITIES	1,210.12	(889.46)
(C)	CASH FROM FINANCING ACTIVITIES		
	Repayment / Proceeds from Debt security (Net)	(1,537.75)	17,505.65
	Proceeds from Borrowings (Net)	30,249.66	21,530.35
	Dividend paid to shareholders	-	(545.71)
	Proceeds / (Investments) in fixed deposits (net)	17,062.53	(8,139.54)
	NET CASH GENERATED FROM FINANCING ACTIVITIES	45,774.44	30,349.25
	Net (Decrease) / Increase in Cash and Cash Equivalents	(5,167.97)	2,531.69
	Cash and Cash Equivalents at the beginning of Year	5,206.43	3,152.74
	Cash and Cash Equivalents at the end of the year	938.46	5,206.43
	Net (Decrease) / Increase in cash and cash equivalents	(5,167.97)	2,531.69

Foot Note

1) Under IAS 7 Interest is treated as arising from operating activities and dividend between Investment and Financing activities

Notes 1 to 36 form part of the Standalone Financial Statements

In terms of our report attached

For S R B C & Co LLP
Chartered Accountants
ICAI Firm Registration Number 324982E/E300005

Bharath NS
Partner
Membership No.210994

Mumbai
December 4, 2019

For and behalf of the Board

Uday Kotak
Chairman
(DIN: 00007467)

Vineet Nayar
Vice Chairman
(DIN: 02015243)

C S Rajan
Managing Director
(DIN: 00126068)

Dilip Kumar
Deputy Managing Director
(DIN: 07262627)

Sunil Kalra
Director
(DIN: 05267502)

Dr. Malini Shankar
Director
(DIN: 01602529)

N Sivaraman
Director
(DIN: 01123339)

G C Chaturvedi
Director
(DIN: 00110996)

Mallanadra Wagle
Chief Financial Officer

Shekhar Pednekar
Company Secretary

Mumbai
December 4, 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 1

1.1. Background and general information

Infrastructure Leasing & Financial Services Limited ("IL&FS" or the "Company"), is a Public Limited Company incorporated in India having its registered office at The IL&FS Financial Centre, Plot C-22, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.

IL&FS is registered with the Reserve Bank of India ("RBI") as a Systemically Important Non Deposit Accepting Core Investment Company (CIC-ND-SI). As per the RBI CIC framework, the Company invests in and provides loans to its subsidiaries, associates and joint venture. The Company's preference shares and debentures are listed on the Bombay stock exchange.

1.2. Significant developments at IL&FS subsequent to the year ended March 31, 2018

Infrastructure Leasing & Financial Services Limited ("IL&FS" or the "Company") reported defaults on its borrowing obligations during the financial year 2018-19. Further, the credit rating of IL&FS was downgraded to 'D' (lowest grade) in September 2018.

Pursuant to a report filed by the Registrar of Companies, Mumbai ("RoC") under Section 208 of the Companies Act, 2013, the Government of India vide their Order dated September 30, 2018, directed that the affairs of the Company be investigated by the Serious Fraud Investigation Office("SFIO"). SFIO commenced investigation of affairs of the Company. SFIO submitted an interim report under Section 212(11) of the Companies Act, 2013, on November 30, 2018.

The Union of India on October 1, 2018 filed a petition with the National Company Law Tribunal ("NCLT") seeking an order under section 242(2) and section 246 read with section 339 of the Companies Act, 2013 on the basis of the interim reports of the RoC and on the following grounds:

I. The precarious and critical financial condition of IL&FS and its group companies and their inability to service their debt obligations had rattled the money market
II. On a careful consideration of the Union of India, it was of the opinion that affairs of IL&FS and its group companies were conducted in a manner contrary to the public interest due to its mis-governance; and
III. The intervention of the Union of India is necessary to prevent the downfall of IL&FS and its group companies and the financial markets.

It was felt that the governance and management change is required to bring back the IL&FS Group from Financial collapse, which may require, among other things, a change in the existing Board and management and appointment of a new management.

Based on the above petition, the NCLT vide its order dated October 1, 2018 suspended the erstwhile Board and appointed the New Board proposed by the Union of India with seven persons namely:

I. Mr Uday Kotak
II. Mr Vineet Nayyar
III. Mr G N Bajpai
IV. Mr G C Chaturvedi
V. Dr Ms Malini Shankar
VI. Mr Nand Kishore
VII. Mr C S Rajan

The present constitution of the New Board is as follows:

I. Mr Uday Kotak, Chairman
II. Mr Vineet Nayyar, Vice Chairman (Managing Director till March 31, 2019)
III. Mr C S Rajan, Director (Managing Director from April 2, 2019)
IV. Mr Bijay Kumar, Deputy Managing Director
V. Mr Nand Kishore
VI. Dr Ms Malini Shankar
VII. Mr N Srinivasan
VIII. Mr G C Chaturvedi

Further applications were made by the Union of India and others, to the NCLT and the National Company Law Appellate Tribunal ("NCLAT") on various matters. The NCLAT, on October 15, 2018, ordered a stay until further orders on the following matters:

I. The institution or continuation of suits or any other proceedings by any party or person or bank or Company against IL&FS and its group companies in any court of law/tribunal/arbitration panel or arbitration authority.

II. Any action by any party or person or bank or company etc to foreclose, recover, enforce any security interest created over the assets of IL&FS and its group companies including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002.

III. The acceleration, premature, withdrawal, or other withdrawal, invocation of any term loan, corporate loan, bridge loan, commercial paper, debentures, fixed deposits, guarantees, letter of support, commitment or comfort and other financial obligations availed by IL&FS and its group companies.

IV. Suspension of temporarily any term loan, corporate loan, bridge loan, commercial paper, debentures, fixed deposits, and any financial liability taken by IL&FS and its group companies.

V. Any and all banks, financial institutions from exercising the right to set off or lien against any amount lying with any creditor against any dues whether principal or interest or otherwise against the balance lying in any the bank account and deposits whether current, savings or otherwise of IL&FS and its group companies.

1.3. Resolution process proposed by new Board of Directors of the Company

The New Board of Directors of the Company (hereinafter, "New Board"), as part of the resolution process, has submitted several progress reports to the NCLT. This includes framework for a resolution plan and process, steps undertaken for monetization of assets, appointment of consultants, and classification of group entities based on their abilities to meet various financial and operational obligations, measures for cost optimization and protocol for making payments beyond certain limits.

As discussed earlier, the NCLAT had given a moratorium to IL&FS and its group entities and that no creditors can proceed against it except under article 226 of the Constitution.

The resolution plan seeks a fair and transparent resolution for the Company while keeping in mind larger public interest, financial stability, various stakeholders' interest, compliance with legal framework and commercial feasibility. It is proposed to have a timely resolution process which in turn mitigate the fallout on the financial markets of the country and restore investor confidence in the financial markets thereby serving larger public interest. The Company being a holding company and registered as a Core Investment Company (CIC) with RBI, depends on its group entities to continue operating as a going concern. The resolution plan and processes for various verticals are under way and options of restructuring business, as well as exits are planned. The plan of the management is to sell/exit from assets at the group entity as a going concern.

The New Board is pursuing vertical level, SPV level and asset level resolution plan. The assessment of the New Board, based on analysis of the current position of and challenges facing the IL&FS group, is that an Asset Level Resolution Approach serves the best interest of all stakeholders to achieve final resolution. Further, the stakeholders' interests will be protected adequately since the framework and asset sale will be subject to NCLAT approval. The agreed resolution plan would be made public for the knowledge of all concerned stakeholders through an affidavit filed by the Union of India before Hon'ble NCLAT.

As discussed above, the New Board has submitted five progress reports to the NCLT on the resolution plans and latest of which were submitted on August 9, 2019.

Strategic actions taken include:

(a) Appointing Legal, Transaction and Resolution Advisors
(b) Securing a moratorium order from third party actions
(c) Setting up 'Operating Committee' of senior executives for managing daily operations
(d) Developing are solution framework for managing unprecedented group in solvency using an umbrella resolution approach
(e) Active recovery actions on external lending portfolio of IL&FS Financial Services (IFIN)
(f) Working with central and state government authorities to resolve outstanding claims

The entities in the IL&FS group, have been classified into Indian and offshore entities. Further, the Indian IL&FS entities have been classified by an independent third party, into three categories of entities based on a 12-month cash flow based solvency test viz "Green", "Amber" and "Red", indicating their ability to repay both financial and operating creditors, only operating creditors, or only going concern respectively.

Based on this classification of "Green", "Amber" and "Red", the New Board has put in place a payment protocol for the IL&FS group during the resolution process. The classification of the entities, the payment protocol and the resolution framework has been filed with the NCLAT and the NCLAT has directed the appointment of Justice D K Jain (Retd) to supervise the resolution process for the IL&FS group.

IL&FS is classified as a "Red" entity, indicating that it is not able to meet all obligations (financial and operational) including the payment obligations to senior secured financial creditors. Accordingly, the Company is permitted to make only those payments necessary to maintain and preserve the going concern status.

1.4. Significant Accounting Policies and critical accounting estimates and judgments

1.4.1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Financial Statements are presented in INR, which is also the Company's functional currency and all values are rounded to the nearest millions (INR 000,000), except share, per share and otherwise indicated. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

1.4.2 Compliance with Ind AS

The Financial Statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act.

For all periods up to and including the year ended 31 March 2018, the Company had prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP)

These are the Company's first Ind AS Financial Statements prepared in accordance with Ind-AS read with Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Company is provided in the Notes to the stand-alone financial statements.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act except that certain disclosures are omitted or incomplete in these financial statements particularly relating to borrowings such terms of repayment, dues to related parties, foreign currency expenditure. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

The Company's compliance with the measurement and recognition and presentation and disclosure requirements of the Ind AS are subject to the matters described in Notes 1.6 to Note 1.18 to these financial statements.

1.4.3 Historical Cost Convention

The Financial Statements have been prepared on a historical cost basis, except for the following asset and liabilities which have been measured at fair value:

I. Derivative financial instruments,
II. Certain financial assets and liabilities measured at fair value
III. Plan Assets of Defined Benefit Plans which are measured at fair value at the end of each reporting period as explained in the accounting policy.

1.4.4 Order of Liquidity

Pursuant to Ind AS 1 - 'Presentation of Financial Statements' and amendment to Division III of Schedule III to the Companies Act, 2013 dated October 11, 2018, the Company presents its balance sheet in the order of liquidity. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

1.4.5 Significant accounting judgements, estimates and assumptions

The preparation of Financial Statements requires the Company to make estimates and assumptions considered in the reported amounts of Assets and Liabilities (including Contingent Liabilities) as of the date of the Financial Statements and the reported Income and Expenses during the reporting year. The Company believes that the estimates used in the preparation of the Financial Statements are prudent and reasonable. Actual results could differ from these estimates. Any change in such estimates is recognised prospectively. Further, the Company has applied the principles of prudence and substance over form for recognition and measurement of its assets and liabilities in view of the matters stated in the Notes 1.6 to 1.18 to the financial statements.

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year in case of following:

I. Expected Credit Loss (ECL) on loans and
II. Impairment of Investment

Refer Note 1.10 for the basis of recording adjustment in respect of the above matters.

Revenue Recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, the Company recognizes as revenue the amount of the service rendered (excluding estimates of variable consideration) that is allocated to that performance obligation.

The Company applies the five-step approach for recognition of revenue:

I. Identification of contract(s) with customers;
II. Identification of the separate performance obligations in the contract;
III. Determination of transaction price;
IV. Allocation of transaction price to the separate performance obligations; and
V. Recognition of revenue when (or as) each performance obligation is satisfied.

Interest Income

The Company recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

I. The Company calculates interest income by applying the EIR to the gross carrying amount of material financial assets other than credit-impaired assets

II. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

III. Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

Refer Note 1.12 for the basis of interest income recorded in the year ended March 31, 2019.

Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend

Investment Income

The gain / losses on sale of investments are recognised in the Statement of Profit and Loss. Gain or loss on sale of investment is determined after consideration of cost on a weighted average basis.

Lease Rental Income

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit or loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned

Sales of Services

Revenue from services is recognised as per the terms of the contract and on rendering of services.

Advisory fees and Consultancy fees

Revenue from contract with customer is recognised point in time when performance obligation is satisfied. These include consultancy fees which is charged per transaction executed.

Brand Fees

Brand fees is charged to group entities for the usage of brands and are recognized on accrual basis based on the terms of the contract. For periods beyond September 30, 2018 no brand fee has been recognized in view of the matters discussed in Notes 1.2 and 1.3 to these stand-alone financial statements.

Guarantee Fees

Guarantee fees is charged to group entities towards guarantee provided to the entities and are recognized on accrual basis based on the terms of the contract. The guarantee fee represents the fair value of the guarantee.

Property, Plant and Equipment

Property, plant and equipment are initially recognised at cost. Cost comprises the purchase price and any directly attributable cost to bring the asset to its working condition for its intended use

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

All assets are depreciated on a Straight-Line Method (SLM) of Depreciation, over the useful life of assets as prescribed under Schedule II of the Companies Act, 2013 other than assets specified in para below

Following assets are depreciated over a useful life which is shorter than the life prescribed under Schedule II of the Companies Act, 2013 based on internal technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc :

Asset	Useful Life (years)
Data Processing Equipment (Server & Networking)	4
Mobile Phones and I pad / Tablets	Fully depreciated in the year of Purchase
Specialized office equipment's	3
Vehicles	5
Assets provided to employees	3
Leasehold improvement costs	Amortised over Primary period of Lease
All categories of assets costing less than ` 5,000/- each	Fully depreciated in the year of purchase
Software	4 years or the useful life of the software, whichever is shorter

The residual value of all fully depreciated assets is retained at Rs. 1 each to identify the assets in Fixed Asset Register.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

On transition to Ind AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as of April 1, 2017 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with requirements of Ind AS 16 for cost model.

Depreciation is recognized using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013 or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined

Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

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An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

On transition to Ind AS, the Company has elected to continue with the carrying value of its investment property recognised as of April 1, 2017 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Intangible Assets:

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. 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. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised

Estimated useful life of the intangible asset is as follows:

Asset	Useful life (years)
Software	4 years or the useful life of the software, whichever is shorter

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2017 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Impairment of Tangible and Intangible Assets other than Goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment on an annual basis, and whenever there is an indication that the asset may be impaired

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial Instruments

Recognition of Financial Instruments

Financial assets and financial liabilities are recognized, with exception of borrowing when the Company becomes a party to the contractual provisions of the financial instruments. Loans & advances and all other regular way purchases or sales of financial assets are recognised and derecognised on the trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The Company recognises borrowings when funds reach the Company.

Initial Measurement of Financial 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 FVTPL) are added to or deducted from their respective fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Financial Assets

Investment In Equity Shares

Investment in the equity shares of the subsidiaries, associates and joint ventures are carried at cost less impairment.

The Company subsequently measures all other equity investments at fair value through profit or loss, unless the Company has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

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Classification and Subsequent Measurement

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

I. Amortised cost
II. Fair Value Through Other Comprehensive Income,
III. Fair Value Through Profit and Loss

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

I. the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and;
II. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Financial Assets carried at Amortised Cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets at Fair Value through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Revenue from operations' line item.

Effective Interest Method:

The Effective Interest Method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The Effective Interest Rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

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For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Impairment of Financial Assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other financial asset, and financial guarantees not designated as at FVTPL. Impairment has been done based on management estimates and past experience.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and lease receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Considering that the loans are to group entities most of which are rated by external rating agencies. The proxy PDs of the external rating is used for similar external facilities granted to the borrowing entities. In case of multiple ratings lowest rating is considered. In case of unrated securities two class down rating is considered as compared to average rating of the portfolio of IL&FS. Further management overlay is provided where the Company's estimate is more conservative than the external rating. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the receivables. However, if receivables contain a significant financing component, the Company chooses as its accounting policy to measure the loss allowance by applying general approach to measure ECL.

For all other financial assets on which ECL to be recognised, the Company does staging of the loans basis of below methodology.

- Stage I (Performing): For exposures which have not been assessed as credit-impaired or where there has not been a significant increase in credit risk since initial recognition. For these assets, 12-month ECL are recognized and interest revenue is calculated on the gross carrying amount of the asset.

- Stage II (Under Performing): For exposures where there has been a significant increase in credit risk (SICR) since initial recognition but are not credit-impaired, a lifetime ECL are to be recognised, but interest revenue is still calculated on the gross carrying amount of the asset.

- Stage III (Non-Performing): Financial assets will be assessed as credit impaired when one or more events having a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will need to be recognised.

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- Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

- The measurement of ECL is a function of the probability of default (PD), loss given default (LGD) (i.e. the magnitude of the loss if there is a default) and the exposure at default (EAD). The assessment of the PD and LGD is based on historical data adjusted by forward-looking information. As for the EAD, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the borrowers, and other relevant forward-looking information.

For financial assets, ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. The Company recognises an impairment loss or reversal of impairment loss in the profit and loss statement with a corresponding adjustment to their carrying amount through a loss allowance account

If a financial instrument includes both a loan (i.e. financial asset) and an undrawn commitment (i.e. loan commitment) component and the Company cannot separately identify the ECL on the loan commitment component from those on the financial asset component, the ECL on the loan commitment have been recognised together with the loss allowance for the financial asset. To the extent that the combined ECL exceed the gross carrying amount of the financial asset, the ECL have been recognised as a provision. Also, for other loan commitments and all financial guarantee contracts, the loss allowance has been recognised as a provision

The company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised as provisions.

For the year ended March 31, 2019, the Company has not been able to follow the above methodology as per the accounting standards in view of various uncertainties involved and has therefore elected the following methodology to provide for loans on a prudent basis

The following basis of calculation of Expected Credit Loss (ECL) has been laid down:

In case of Entities classified as Red & Loans unsecured: PD @ 100% & LGD @ 100% of the loans amount. Hence, to be provided fully

Red Entities & Secured: PD @ 100% & LGD @ 55% of the loans amount. Provision to be done based on the value of security estimated to be realized

Amber Entities: LGD & PD @ 100% of the loans amount. Hence, to be provided fully. In case of any other information being available on realization of loans based on bids, the same should be considered

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Green: LGD – 65% for unsecured (as per RBI Norms) / 55% for secured (as per RBI Norms); PD as per rating/ and where rating is not available 'BBB'

ECL = (Principal + Interest) x PD x LGD
PD = Probability of Default
LGD – Loss Given Default

The Company has made assumptions to arrive at the PD and LGD for the year ended March 31, 2019 in the absence of information to support these estimates.

Derecognition of Financial Assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset accounted under Ind AS 109 in its entirety, the difference between the asset's carrying amount and the sum of consideration received and receivable is recognized in profit or loss.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised and the part that is derecognised, on the basis of the relative fair values of those parts on the date of the transfer.

Modification/ revision in estimates of cash flows of financial assets

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with Ind AS 109, The Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

Various quantitative and qualitative factors are considered to determine whether the renegotiated terms are substantially different and whether the same would amount to extinguishment of financial asset and recognition of a new financial asset. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred are adjusted to the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains / losses (including impairment gains or losses) or interest.

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Financial Liabilities and Equity Instruments

Classification as Debt or Equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An Equity Instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial Liabilities

A financial liability is any liability that is:

I. Contractual obligation
II. to deliver cash or another financial asset to another entity; or
III. to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
IV. a contract that will or may be settled in the entity's own equity instruments

All Financial Liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. Company has not designate any financial liabilities at FVTPL.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and initial fair value is amortised over the life of the guarantee or the commitment, if not designated as at FVTPL, are subsequently measured at the higher of.

I. the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
II the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

For the year ended March 31, 2019, as discussed in Note 1.11 below the Company is in the process of making this assessment and has accordingly not recorded any of these guarantee contracts.

Derecognition of Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing financial liability are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability. The difference between the carrying value of the original financial liability and the consideration paid, including modified contractual cash flow recognised as new financial liability, would be recognised in profit or loss.

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Derivative Financial Instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded Derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts are measured at FVTPL. The host contracts are not measured at FVTPL.

Hedge Accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in Cash flow hedging reserve relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

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Offsetting of Financial Assets and Financial Liabilities

The Company offsets financial assets and financial liabilities in the balance sheet when the Company currently has a legally enforceable right to offset the amounts, and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The terms of a master netting arrangements entered into by the Company meets the above-mentioned offsetting criteria, and accordingly, offsetting is done in the balance sheet for the related financial assets and financial liabilities.

Loan Commitment

Undrawn loan commitments are commitments under which, the Company is required to provide a loan with pre-specified terms to the customer during the duration of commitment.

Write-off

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

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Fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

I. Level 1 financial instruments where inputs used in the valuation are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of identical assets or liabilities and there are binding and exercisable price quotes available on the balance sheet date

II. Level 2 financial instruments are those where the inputs that are used for valuation and are significant are derived from directly or indirectly observable market data over the entire period of the instrument life . Such inputs include quoted prices for similar assets or liabilities in active markets,quoted prices for identical instrument in inactive markets and observable input other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads . In addition, adjustment may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument and

III Level 3 financial instrument are those that include one or more unobservable input that is significant to the measurement as whole

Investments in subsidiaries, associates and joint ventures

Investment in subsidiaries, associates and joint ventures are measured at cost as per Ind AS 27

If there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in a subsidiary, associate or a joint venture (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated, then it is necessary to recognize impairment loss with respect to the Company's investment in a subsidiary, associate or a joint venture.

The entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount at each reporting date.

Any impairment loss recognized is reduced from the carrying amount of the investment and recognized in the profit or loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases but the increase is restricted to the amounts that would arise had no impairment loss been recognized in previous years.

For the year ended March 31, 2019, the Company has adopted the following accounting policies for determination of impairment in the absence of the information make an impairment test of its investments in subsidiaries, associates and joint ventures as more fully discussed in Note 1.10.

I. Wherever binding bids are available for direct investment, that value should be considered

II Companies/entities classified as **Red** to provide 100% of the investment amount

III. Companies/entities classified as **Amber** to provide 100% of the investment amount

IV. In case of any information such as valuation report / FS being available for Red and Amber Companies then to use that

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V. Where Companies/entities are classified as **Green** no impairment to be considered; Audit evidence in the form of audited FS / valuation reports / etc. to be available. In case evidence indicates, impairment to provide

VI. Where Covered Warrant are Issued against the investments, no impairment should be considered. This covers the Equity Value and hence no impairment is considered.

VII. Additionally, if loans from the Group Companies are provided fully then all of the investments also need to be impaired

VIII. All the above is subject to the overall understanding that there is no Discounted Cash flow information is available and accordingly are not fully in strict compliance with the IND AS accounting standard on impairment- IND AS 36.

Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Employee Benefits

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries and annual leave in the period, the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by The Company in respect of services provided by employees up to the reporting date.

Retirement Benefit costs and Termination Benefits

Defined Contribution Plans

Contributions to Provident Fund and Superannuation Fund are considered as defined contribution plans and are charged to the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees

Defined Benefit Plans

The Company has subscribed to a Group Gratuity cum Life Assurance Scheme of an insurance Company for gratuity payable to the employees. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods

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Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Also refer Note 1.12 to the financial statements

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

Current Tax is determined at the amount of tax payable in respect of taxable profit for the year as per the Income-tax Act, 1961. Taxable profit differs from 'profit before tax' as reported in the financial statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period

Deferred Tax

The Entity's deferred tax is calculated using tax rate that has been substantially enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets are also recognised with respect to carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised

It is probable that taxable profit will be available against which a deductible temporary difference, unused tax loss or unused tax credit can be utilised when there are sufficient taxable temporary differences which are expected to reverse in the period of reversal of deductible temporary difference or in periods in which a tax loss can be carried forward or back. When this is not the case, deferred tax asset is recognised to the extent it is probable that the entity will have sufficient taxable profit in the same period as reversal of deductible temporary difference or periods in which a tax loss can be carried forward or back; or tax planning opportunities are available that will create taxable profit in appropriate periods.

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Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability.

Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

Cash Flow Statement

The statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, impairment of property, plant and equipment and intangible assets, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. Interest received or paid is classified as operating cash flows The cash flows from investing and financing activities are determined by using the direct method

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Operating Leases

Leases where the Lessor effectively retains substantially all the risks and benefits of ownership over the Leased Assets are classified as an Operating Lease. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, in which case lease payments are recognized based on contractual terms. Contingent rental payable is recognized as an expense in the period in which it is incurred

Earnings Per Equity Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

Standard issued but not effective

The following amendment, which is issued but not yet effective and not being early adopted by the Company.

Appendix C to Ind AS 112 – "Uncertainty over Income tax treatments".

This Appendix explains how to recognise and measure over a tax treatment. It provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. This Appendix is applicable for annual periods beginning on or after April 1, 2019. The Company is evaluating the impact of the amendment on the financial position and results of operation. There are no other standards or amendments that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Ind AS 116 Leases

Leases was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after April 1, 2019. Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under Ind AS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company is the in the process of evaluation of the impact.

1.5. First-time adoption mandatory exceptions, optional exemptions:

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2017 by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Derecognition of Financial Assets and Financial Liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2017.

Classification of all Instruments

The Company has determined the classification of all instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria or FVTPL criteria based on the facts and circumstances that existed as of the transition date.

Impairment of Financial Assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, impairment has been done based on management estimates and past experience.

Investments in Subsidiaries, Joint Ventures and Associates

The Company has measured investments in subsidiaries, Joint Ventures and Associates at deemed cost i.e. the previous GAAP carrying amount at the date of transition.

Property, Plant and Equipment

For transition to Ind AS, the Company has measured all property, plant and equipment's as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Investment Property

The Company has elected to continue with the carrying value of its investment property recognised as of April 1, 2017 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date

Intangible Assets

The Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2017 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date

Business Combinations

The Company has elected to apply Ind AS 103 Business Combinations prospectively from 1 April 2017. There are no business combinations subsequent to that date.

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1.6. Order of NCLT for reopening and recasting of accounts

The NCLT, vide order dated January 1, 2019, has allowed a petition filed by the Union of India, for reopening of the books of accounts and recasting the accounts under the provisions of Section 130 of the Companies Act, 2013 for the financial years from 2013-14 to 2017-18, of Infrastructure Leasing & Financial Services Limited, and its subsidiaries IL&FS Financial Services Limited ("IFDN") and IL&FS Transportation Networks Limited ("ITNL"). The process of such reopening and recasting of accounts is currently in progress, pending which, it is not possible to determine the consequential effects arising therefrom, including their effects on (a) the business transactions in those financial years; (b) the balance sheets as at March 31, 2017 (being the date of transition of the Company to the requirements of Ind-AS), March 31, 2018 (comparative period end date) and the current year ended March 31, 2019; and (c) the Statement of Profit and Loss for the years ended March 31, 2018 and March 31, 2019.

1.7. Status of New Board of Directors initiated investigations

As a consequence of the matter described in Note 1.2 above and various other matters discussed in these standalone Ind-AS financial statements, the Board of Directors of the Company, in January 2019, have initiated a forensic examination for the period from April 2013 to September 2018, in relation to certain companies of the Group, and has appointed an independent third party for performing the forensic audit and to report their findings to the Board of Directors of the Company. Pending completion of such examination, no adjustments have been recorded in these standalone Ind-AS financial statements for any consequential effects / matters that may arise in this regard.

1.8. Claims management and reconciliation of claims received

Pursuant to the "Third Progress Report – Proposed Resolution Framework for the IL&FS Group" dated December 17, 2018 and the "Addendum to the Third Progress Report – Proposed Resolution Framework for IL&FS Group" dated January 15, 2019 ("Resolution Framework Report") submitted by the Company to the Ministry of Corporate Affairs, Government of India which, in turn, was filed with the Hon'ble National Company Law Appellate Tribunal ("NCLAT"), the creditors of the Company were invited (via advertisement(s) dated May 22, 2019) to submit their claims as at October 15, 2018 with proof, on or before 5 June, 2019 (subsequently extended till September 22, 2019) to a Claims Management Advisor ("CMA") appointed by the IL&FS group. The amounts claimed by the financial and operational creditors are assessed for admission by the CMA.

The CMA have submitted their report on the status of the claims received and its admission status, indicating a total value of claims received of Rs 213,755.69 million in respect of the Company. The report is subject to update based on additional information / clarification that may be received from the creditors in due course.

Management of the Company is in the process of reviewing such claims, and reconciliation of such claims with the corresponding amounts as per the Company's books of account (as at March 31, 2019, the Company has liabilities and provisions aggregating Rs 210,830.69 million). Having regard to the nature, volume and value of claims received, management is of the view that due process will need to be applied to all such claims, in order to finally determine the level of present and possible obligations that would need to be recognised by the Company as liabilities. Accordingly, no adjustments have currently been made in this regard to these standalone Ind-AS financial statements, and all such claims received have been disclosed as part of contingent liabilities (refer Note 1.20)

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1.9. Assessment of various legal cases, suits, etc

As a result of the events up to September 30, 2018, as more fully described in Note 1.2, there have been various legal cases and suits files against the Company following the default of borrowings made by the Company, as described in that note. Further, the Company is undergoing a resolution process (refer Note 1.3) under the order of the National Company Law Tribunal ("NCLT"), pending which the management is in the process of making assessments and determinations as to liabilities, provisions and contingent liabilities, as per Ind-AS 37, *Provisions, Contingent Liabilities and Contingent Assets*. Pending final outcome of such process, no adjustments have been made to the standalone Ind-AS financial statements in this regard. Also refer Note 1.19 for contingent liability disclosures.

1.10. Impairment of loans, receivables and investments to / from / in group companies

As a result of the various events during the financial year 2018-19 which are more fully discussed in Note 1.2 to these standalone Ind-AS financial statements, there is significant uncertainty around the recoverable amounts and valuations, and related provisions for impairment, of the various loans given to, receivables from, and investments in, group companies. All group companies in India have been classified as "Red", "Amber" or "Green" categories, based on various factors more fully discussed in note 1.3 to these Ind-AS financial statements.

Management has, in consultation with the New Board, assessed and determined that the amounts of investments in and loans to entities classified as "Red" and "Amber" are wholly not recoverable (also refer note 1.3). Management's approach in this regard does not consider the requirements of the relevant Ind-AS standards in entirety as the Company does not presently have the necessary and/or complete information to support cash flow based tests over its investments, and assumptions for certain aspects of the expected credit loss model in respect of loans and receivables. On this basis, provision has been made in respect of the balance of loans, receivables and investments, aggregating Rs 95,429.01 million, Rs 2,072.35 million and Rs 96,804.75 million respectively, and recorded net loss on fair value changes of Rs 26,692.99 million on financial assets measured at fair value though profit and loss, arising from transactions up to September 30, 2018, except in respect of certain entities where security is available, and management expects realization of those securities. In the view of the Company, the impairment provision made is prudent and represents the economic substance of the amounts recoverable as of March 31, 2019.

1.11. Accounting for guarantees to group companies

The Company has issued various financial guarantees to its group companies. Based on information available with management, the total value of such financial guarantees as at March 31, 2019 is Rs.10,740.00 million. Management is in the process of reconciling the completeness and status of various financial guarantees issued, devolved, claimed and recorded / to be recorded in the books of account, including those guarantees respect of which claims have been received as part of the claim management process (refer note 1.8). Pending such reconciliation, management has not accounted for any such guarantees in these financial statements

1.12. Accounting for contractual interest income in respect of loans to group companies and finance costs on borrowings

In line with the affidavit filed by the Ministry of Corporate Affairs ("MCA") with the Hon'ble NCLAT on May 21, 2019, the cut-off date of October 15, 2018 ("Cut-Off Date") was proposed, on account of inter alia the fact that the Hon'ble NCLAT had passed the Order on October 15, 2018, which inter alia granted certain reliefs to the IL&FS group and also restricted certain coercive actions by the creditors of the IL&FS group

In terms of the Resolution Framework Reports, the proposal made is that all liabilities relating to the relevant IL&FS Group Entity, whether financial (including interest, default interest, indemnity claims and additional charges), operational debt (including interest, indemnity or other claims) as well as statutory claims (including tax, employment and labour related claims), whether existing at or relating to a period after October 15, 2018 (the Cut-Off Date, as explained in the previous paragraph) should not continue accruing.

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Accordingly, management has:

a) Recognised interest income for the year on loans made, only for the period up to October 15, 2018. No such income has been recognised for the period from October 16, 2018 to March 31, 2019, which approximates Rs 7,379.80 million on a gross basis.

b) Recognised Finance costs on borrowings (including from third parties) for the year, only for the period up to October 15, 2018. No such finance costs has been recognised for the period from October 16, 2018 to March 31, 2019, which approximates Rs 6,925.85 million.

The amounts above are based on contractually agreed terms, and exclude penal / other interest and charges. Further, the above (a) and (b) are not applied to entities classified as "Green" category (refer Note 1.2), i.e. entities which are in a position to honour their respective financial and operational liabilities. The above basis of accounting is on the basis of the proposal made by the Company with NCLT.

1.13. Inter-company confirmations and reconciliations

The Company is in the process of performing and completing the confirmation and reconciliation of inter-company balances with its various subsidiaries, associates, joint ventures. Further, audited financial statements of several subsidiaries, associates and joint ventures of the Company for the year ended March 31, 2019, are not available. Pending the foregoing, the Company has not prepared its consolidated Ind AS financial statements as at and for the year ended March 31, 2019. Pending completion such reconciliation and confirmation, the management has not made any adjustments that may be required to these standalone Ind-AS financial statements including the disclosures required by Ind-AS 24 - Related Party Disclosures.

1.14. Deposits and bank balance with a Bank

As at March 31, 2019, bank balances included in Note 3 and 4 to these standalone Ind-AS financial statements, aggregating Rs 2,412.80 million, where one counterparty bank has confirmed and aggregate deposit / current account balance of Rs 591.30 million which are in the process of being reconciled with the books of accounts. Management believes the differences have been incorrectly adjusted by the bank against their dues from other IL&FS group companies, without a right of set off. The management has therefore not accepted such adjustments and is in the process of reconciling the same with the bank.

1.15. Disclosures required by Schedule III, IND AS and the Reserve Bank of India

Consequent to the matter discussed in Note 1.2, the Company has substantially curtailed its normal business operations, and is currently engaged in the various actions described more fully in that note. As a result, and further to the matter stated in Note 1.13, it is not practically possible for management to obtain the necessary information required for making (i) certain disclosures required by the financial reporting framework applicable to the Company including, but not limited to, certain requirements of Schedule III to the Companies Act, Ind-AS, and certain requirements of the RBI Act and Master Directions; and / or (ii) disclosures of corresponding figures for certain items where current year figures have been disclosed.

1.16. Non-compliance with laws and regulations

As a consequence of the matter described in Note 1.2 above and various other matters discussed in these standalone Ind-AS financial statements, the Company is not in compliance with certain provisions / requirements of applicable laws and regulations. These include certain requirements of Companies Act, 2013, listing agreement entered into with the stock exchange, and certain regulations of the Reserve Bank of India as applicable to the Company including the matter discussed in note 1.17 below.

Where the management has identified any non-compliance subsequent to September 30, 2018, these have been reported or are in the process of being reported to the relevant regulator, and the Company intends to comply with the necessary requirements or further directions at the earliest.

Management is in the process of evaluating the financial and other consequences arising from such non-compliance and of making a comprehensive assessment of other non-compliances, to determine their financial, operating or other consequences, pending which, no adjustments have been made to these standalone Ind-AS financial statements.

1.17. Reserve Bank of India's inspection of March 31, 2018

The Reserve Bank of India ("RBI") has carried out an inspection of Company under Section 45 IA / 45N of the Reserve Bank of India Act, 1934 with reference to its financial position as on March 31, 2018. The RBI has observed wide divergences in reported net-worth and the net-worth assessed by the RBI. The management is in the process of evaluating the financial and other consequences arising from such observations. However, the Company has made provisions on loans and investments as and indicated in note 1.10 above

1.18. Investigations by SFIO and other regulatory agencies

The MCA, Government of India, has vide its letter dated October 1, 2018 initiated investigation by the SFIO against IL&FS and its group companies under Section 212 (1) of the Companies Act, 2013. As a part of its investigation, SFIO has been seeking information from the Company on an ongoing basis. The investigation is in progress and the Company is fully cooperating with the investigating agencies. Further, various other regulatory and law enforcement agencies including the Enforcement Directorate (ED) have initiated investigations against the Company and its group companies. The implications if any, arising from the aforesaid developments would be known only after the aforesaid matters are concluded and hence are not determinable at this stage

1.19. Going concern assumption used for the preparation of these financial statements

The Company and the IL&FS group in general are undergoing substantial financial stress as at March 31, 2019. The Company has incurred a loss (including other comprehensive income) of Rs 2,23,272.51 million for the year ended March 31, 2019 and has net liabilities of Rs 1,69,351.52 million as at March 31, 2019. The Company has also suffered consistent downgrades in its credit ratings during the year, in September 2018, and was reduced to 'default grade' subsequent to the defaults in repayment of loans taken by the Company details of which are discussed in Note 1.16. Further, the Company has, as at March 31, 2019, breached its conditions for holding a Certificate of Registration as a Core Investment Company, issued by the Reserve Bank of India. As a result of the foregoing, the Company's ability to raise funds has been substantially impaired, with normal business operations being substantially curtailed.

As indicated in Note 1.5, there has been a resolution process run by the Company's Board of Directors. The resolution plan seeks a transparent resolution keeping in mind larger public interest, financial stability, legality, various stakeholders' interest and commercial feasibility. The resolution plan of management includes sale of entities / assets wherever possible and the Company is taking active steps to monetize its assets and is in discussions with multiple parties to sell its assets. The Company is a committed to taking necessary steps to meet its financial commitments to the extent possible.

During the year, the Company has also engaged an independent third party as resolution advisors, to assess the liquidity at the company and at various group companies in India, as a result, the companies in the IL&FS group have been classified into three categories as more fully discussed and disclosed in Note 1.3 to these standalone Ind-AS financial statements. These classifications reflect the ability of the companies to pay their financial and operations creditors from their operations in normal course of business, and are subject to periodic assessment and review by the management and the Board and with the results being submitted to the National Company Law Tribunal, the last of which have been submitted on August 9, 2019.

The ability of the Company to continue as a going concern is predicated upon its ability to monetize its assets, and restructure / settle its liabilities. In view of actions that are currently underway, the accompanying financial statements have been prepared on going concern basis based on cumulative impact of certain steps taken by the New Board.

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1.20. Contingent liabilities

a. Guarantees/ Letter of Credit and other related matters

The Group Companies have availed third party limits carved out of the Company's limits from Banks for Letter of Credit, Performance Guarantees and other Financial Guarantees facilities (collectively referred to as 'third party guarantees') amounting to Rs.10,740.00 million (Previous Year Rs.13,833.00 million).

These third-party guarantees have been issued by the Company's bankers on behalf of such Group Companies in the normal course of business. The Company has also received Counter Guarantees from respective Group Companies against such third party guarantees

Further, the Group Companies have availed borrowing facilities from Banks and other Lenders and the arrangements include (i) Letter of Comfort/awareness (ii) Parent Support Agreement (iii) Debt Servicing Reserve Arrangements. Also, the Company has given Non-disposal Undertaking (NDU) in respect of certain group companies to lenders of those respective group companies.

At present, the Company has not assessed the impact under Ind AS 37 for such guarantees/arrangements/NDU's extended by it and as stated above, and accordingly, has not recorded the effect of those in the accompanying Financial Statements.

b. Creditor claim process

As discussed in Note 1.8 to the financial statements, the Company is in the process of reconciling the claims received of Rs 213,755.69 million through the claims management process

c. Interest payment by Government of India on Multilateral Loans

The Company has availed of two foreign currency loans which have been guaranteed by the Government of India. The principal portion of instalment due on these loans, aggregating Rs 175.54 million, which fell due in December 2018, were paid by the Government of India, and continue to be shown as payable by the Company.

d. Breach of Loan Covenants

The Company has defaulted on its debts to banks, financial institution and others. As a result of the same, there have been breach of various loans covenants.

IL&FS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

2 Equity

a Share Capital

(Rs. in million)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Equity share capital	1,284.03	1,284.03	1,284.03

(a) Share capital of company consists of :

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Authorised Capital			
500,500,000 equity shares (March 31, 2018 : 400,200,000, April 01, 2017 : 400,000,000) of Rs. 10 each	5,045.02	4,002.00	4,000.00
2,467,240 Non Convertible Redeemable Cumulative Preference Shares (NCRCPS) of Rs 7,500 each	10,350.20	10,350.20	10,350.00
5,000,000 NCRCPS of Rs 10 each	50.00	50.00	50.00
Issued Capital			
131,177,210 equity shares of Rs. 10 each	1,311.77	1,311.77	1,311.77
1,135,000 NCRCPS of Rs 7,500 each	8,497.50	8,497.50	8,497.50
5,000,000 NCRCPS of Rs 10 each	50.00	50.00	50.00
Subscribed and Paid up Capital			
128,403,276 equity shares of Rs. 10 each	1,284.03	1,284.03	1,284.03
1,133,130 NCRCPS of Rs 7,500 each	8,497.50	8,497.50	8,497.50
5,000,000 NCRCPS of Rs 10 each	50.00	50.00	50.00

(b) The Company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share.

(c) Reconciliation of the number of shares outstanding at the beginning and at the end of the period

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Equity Balance at the beginning of the year & at the end of the year	128,403,276	128,403,276	128,403,276
Preference: Balance at the beginning of the year & at the end of the year	6,133,000	6,133,000	6,133,000

(d) There is no holding or ultimate holding company

(e) Detail of shareholders holding 5 percent or more of equity share

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
Name of the holding/subsidiaries/associates Company	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Life Insurance Corporation of India	32,541,123	25.34%	32,541,123	25.34%	32,541,123	25.34%
ORIX Corporation Japan	30,227,509	23.54%	30,227,509	23.54%	30,227,509	23.54%
Abu Dhabi Investment Authority, Abu Dhabi	16,129,252	12.56%	16,129,252	12.56%	16,129,252	12.56%
IL&FS Employees' Welfare Trust	15,406,892	12.00%	15,406,892	12.00%	15,406,892	12.00%
Housing Development Finance Corporation Limited	11,587,191	9.02%	11,587,191	9.02%	11,587,191	9.02%
Central bank of India	9,843,336	7.67%	9,843,336	7.67%	9,843,336	7.67%
State Bank of India	8,237,967	6.42%	8,237,967	6.42%	8,237,967	6.42%

List of shareholders holding more than 5% NCRCPS

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
Name of the holding/subsidiaries/associates Company	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
ORIX Corporation Japan	5,100,000	81.53	5,100,000	81.53	5,100,000	81.53

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(e) The terms of issue of Non Convertible Redeemable Cumulative Preference Shares (NCRCPS) are as under :

Issued & Paid-up Capital (Rs. mn)	No of NCRCPS	Dividend (per annum cumulative)	Allotment Date	Tenure (Years)	Redemption Date	Redemption Value
50	5,000,000	2.00%	05-Jul-12	20	05-Jul-32	Face Value of Rs 10 per NCRCPS
50	5,000,000					
1,800.00	240,000	16.38%	Mar 14, 2014*	7	14-Mar-21	Face value of Rs 7,500/- per NCRCPS plus Redemption Premium of Rs 7,500/- per NCRCPS
2,662.62	355,016	16.06%	Mar 25, 2014*	7	25-Mar-21	
152.7	20,360	16.06%	Mar 28, 2014*	7	28-Mar-21	
1,384.68	184,624	15.99%	May 16, 2014*	7	16-May-21	
764.13	101,884	16.46%	Sep 24, 2015#	7	24-Sep-22	
115.2	15,360	16.46%	Sep 29, 2015#	7	29-Sep-22	
435.71	58,095	16.46%	Sep 30, 2015#	7	30-Sep-22	
250	33,334	16.46%	Oct 06, 2015#	7	05-Oct-22	
571.13	76,151	16.46%	Oct 15, 2015#	7	15-Oct-22	
106.12	14,150	16.46%	Oct 19, 2015#	7	19-Oct-22	
255.2	34,026	16.46%	Oct 30, 2015#	7	30-Oct-22	
8,497.50	1,133,000					

* Issued at a premium of Rs 5,000/- per NCRCPS
# Issued at a premium of Rs 7,500/- per NCRCPS

(f) **Voting Rights** : Right to vote only on resolutions placed before the Company which directly affect the rights attached to the Preference Shares, as per the provisions of the Companies Act, 2013 and Articles of Association. If the Company fails to pay the dividend for a period of two years or more, preference shareholders have the right to vote on all resolutions placed before the Company

(g) **Seniority** : Senior to all equity shares and rank pari-passu inter-se among all classes of preference shares currently existing or established hereafter, with respect to (a) dividend distribution and (b) repayment of capital upon liquidation of the Company

(h) There are no any calls unpaid (showing aggregate value of calls unpaid by directors and officers)

(i) There is no forfeiture of shares (amount received on calls paid up)

(j) The amount of equity dividend proposed for the year ended 31st March 2019 is Rs. Nil

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

2A Other Equity

(Rs. in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
General reserve	3,702.13	3,702.13	3,702.13
Securities premium	10,835.44	10,835.44	11,454.27
Equity component of compound financial instrument	33.48	33.48	33.48
Retained earnings	(199,074.36)	26,365.86	25,318.68
Capital redemption reserve	520.00	520.00	520.00
Special Reserve	9,949.31	9,949.31	8,780.67
Special Reserve-II	827.00	827.00	805.00
Preference Share Premium Redemption Reserve	2,364.25	2,364.25	1,182.12
Cash flow hedging reserve	167.34	14.47	21.38
Defined Benefit plan adjustment	39.80	24.54	-
Total	(170,635.60)	54,636.48	51,847.73

(i) Special Reserve - represent reserve created pursuant to the RBI (Amendment) Ordinance, 1997 under Section 45-IC of the RBI Act, 1934

(ii) Special Reserve-II represent reserve created as per terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of the Company. In view of the Management, it is expected that utilisation of the reserve is not likely to happen and accordingly deferred tax liability is not created on the reserve

(iii) Debit balance of Statement of Profit and Loss Account shall be shown as a negative figure under the head 'Retained Earnings'

(iv) In case the sum of " Other Equity" in the Statement of Changes in Equity is negative, it shall continue to be presented as a negative amount under "Other Equity".

(v) General Reserve is created from profit and loss account
(vi) Securities Premium Reserve represent premium on issue of share
(vii) Capital Redemption Reserve is created as per statutory requirement
(viii) Cashflow Hedge is a hedge of the exposure to variability of the hedge item
(ix) Preference Share Premium Redemption Reserve. The premium on redemption of Preference Shares is applied out of the Preference Share premium Redemption Reserve that is carved out of the Securities Premium account as well as out of the Profit and Loss

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

3. Cash and Cash Equivalents

(Rs. in million)

		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
I.	Cash on hand	0.61	0.68	0.22
	Cheques	-	5.74	965.51
	Subtotal	**0.61**	**6.42**	**965.73**
II.	Balances with Banks (of the nature of cash and cash quivalents):			
	(a) In Current Accounts	537.85	3,115.01	453.57
	(b) In Other Accounts	-	2,585.00	1,751.44
	Subtotal (a and b)	**537.85**	**5,700.01**	**2,205.01**
	Total (I and II)	**538.46**	**5,706.43**	**3,170.74**

4. Bank Balance other than (a) above

		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
I.	Fixed deposits with maturity period more than 3 months	2,145.29	19,207.82	11,076.88
	Total	**2,145.29**	**19,207.82**	**11,076.88**

(a) In Current Accounts : Includes Rs. 12.06 mn (2017-18 Rs. 13.35 mn, 2016-17 Rs. 116.58 million) in Dividend accounts on accounts of unclaimed dividend and will be transferred to Investor Education Protection Fund (IEPF) on expiry of time limit to claim

(b) Deposits includes lien created in favour of terms loans from banks amounting to Rs. 3.73 mn (2017-18 Rs. 19,112.95 mn, 2016-17 Rs. 11,050 million).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

5. Derivative Financial Instruments

(Rs. in million)

	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(A) Currency derivatives									
Forwards		-			-		EUR 8.35		22.56
							USD 4.11		14.11
Currency Futures		-							
Currency swaps	USD 22.9	247.40	-	USD 27.16	79.27		USD 26.41	503.60	
	EUR 8.77	90.38		EUR 13.13	82.00		EUR 6.84	4.12	
Total (A)	-	337.79	-	-	161.27	-		507.72	36.70
(B) Interest rate derivatives									
							INR 250	0.07	
Interest Rate Swaps					-				
Total	-	-	-					0.07	-
Total derivatives (A)+(B)	-	337.79	-	-	161.27	-		507.79	36.70
Included in above are derivatives held for hedging and risk management purposes as follows									
(A) Fair value hedging									
- Interest rate derivative							INR 250	0.07	
Subtotal (A)	-	-	-		-			0.07	-
(B) Cash flow hedging:									
- Currency derivative	USD 22.9	247.40		USD 29	79.27		EUR 8.35		22.56
	EUR 8.77	90.38		USD 11	82.00		USD 4.11		14.14
							USD 26.41	503.60	
							EUR 6.85	4.12	
Subtotal (B)	-	337.79	-		161.27			507.72	36.70
Total (A+B)	-	337.79	-		161.27	-		507.79	36.70

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

6.Trade Receivables

(Rs. in million)

		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
	Trade Receivables			
(a)	Secured, considered good	-	12.14	21.34
(b)	Unsecured considered good	247.43	1,936.09	1,104.04
(c)	Doubtful	1,784.88	-	-
Less:	Credit impaired assets	(1,784.88)	-	-
	Total	**247.43**	**1,948.23**	**1,125.38**

All trade receivable are at amortised cost

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

7. Loans

(Rs. in million)

	As at March 2019	As at March 2018	As at April 2017
Secured			
(i) Term Loans	48,297.32	37,544.54	39,228.99
Total	48,297.32	37,544.54	39,228.99
Unsecured			
(i) Term Loans	61,883.68	25,637.43	3,947.36
(ii) Loans and advances to employees *	4.91	5.64	7.62
Total	61,888.59	25,643.07	3,954.98
Gross Total	110,185.91	63,187.60	43,183.97
Less: Impairment loss allowance	97,730.24	2,301.23	2,225.36
Net total	12,455.67	60,886.37	40,958.61

All loans are at amortised cost
All loans are within India to related parties

* Above balance include due from etstwhile directors and officers of the Company Rs 0.17 million (2018- Rs. 0.24 million, 2017-Rs. 0.30 million).

Terms loans includes Rs 24,048 million to IL&FS Transportation Networks Ltd and Rs 12,078 million to IL&FS Energy Development Company Ltd given during FY 2018-19 Refer note 44 for Related party disclosure

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

8 Investments

(Rs. in million)

Particulars	Notes		As at 31st March, 2019		As at 31st March, 2018		As at 1st April, 2017
A. Investments in Subsidiaries Equity Instruments (At Cost)							
Quoted Investments							
IL&FS Investment Managers Ltd			682.94		682.94		682.94
IL&FS Transportation Networks Ltd	(i)	13,632.41			13,632.41		13,632.41
Less : Impairment		(13,632.41)	-				
IL&FS Engineering and Construction Company Ltd	(ii)	2,439.48		2,439.48		2,623.82	
Less : Impairment		(2,439.48)	-	(813.00)	1,626.48	(549.02)	2,074.80
Unquoted							
Chattisgarh Highways Development Company Ltd	(ii) (a)		74.00		74.00		74.00
Chhatagovindpur and Jagbandh Drinking Water Supply Project Ltd			0.25		0.25		0.25
			-		-		2.0 26
JIDC Ltd	(v)						
IL&FS Academy of Applied Development		45.50	-		45.50		45.50
Less : Impairment		(45.50)	-				
IL&FS Aspirants Ltd		728.30			728.30		728.30
Less : Impairment		(728.30)	-				
IL&FS Education & Technology Services Ltd	(ii) (a)	1,175.64			1,175.64		1,175.64
Less : Impairment		(1,175.64)	97.22				
IL&FS Energy Development Company Ltd	(ii)	46,740.00			46,740.00		46,740.00
Less : Impairment		(46,740.00)	-				
IL&FS Environmental Infrastructure and Services Ltd	(ii)	2,925.52			2,925.52		1,942.52
Less : Impairment		(2,925.52)	-				
IL&FS Financial Services Ltd		11,424.76			11,424.76		11,424.76
Less : Impairment		(11,424.76)	-				
IL&FS Global Pte Ltd	(vi)	286.10			286.10		286.10
Less : Impairment		(286.10)	-				
IL&FS Maritime Infrastructure Company Ltd	(v)	5,646.45			5,646.45		5,646.45
Less : Impairment		(5,646.45)	-				
IL&FS Panaji Reliance Water Ltd	(v)		96.70		96.70		96.70
IL&FS Portfolio Management Services Ltd		23.75			23.75		23.75
Less : Impairment		(23.75)	-				
IL&FS Securities Services Ltd		675.00	-		675.00		675.00
Less : Impairment		(675.00)					
IL&FS Technologies Ltd	(i)		1,493.13		1,493.13		1,493.13
IL&FS Township & Urban Assets Ltd	(ii) (a)	702.40			702.40		702.40
Less : Impairment		(702.40)	-				
IL&FS Water Ltd			95.00		95.00		95.00
SM CPC (HPS) Pvt Ltd			66.87		66.87		-
Hill Country Properties Ltd		0.25			0.25		0.25
Less : Impairment		(0.25)	-				
BSL Settlement & Transaction Services Ltd		308.20	154.00		154.00		-
Less : Impairment		(154.20)					
Jharkhand Accelerated Road Development Corporate Ltd	(ii) (b)		74.00		74.00		74.00
Jharkhand Road Projects Implementation Company Ltd	(ii) (b)		177.50		177.50		170.50
Khyber Hot Pvt Ltd		19.66			19.66		19.66
Less : Impairment		(19.66)	-				
MP Toll Roads Ltd		28.00		28.00		28.00	
Less : Impairment		(28.00)	-	(28.00)	(0.00)	(28.00)	(0.00)
North Karnataka Expressway Ltd	III (iii)		38.60		38.60		38.60
Sealord Pvt Ltd		862.37			862.37		862.37
Less : Impairment		(862.37)	-				
Tamil Nadu Water Investment Company Ltd	(vi)		598.65		598.65		598.65
West Gujrat Expressway Ltd	(v)		52.00		52.00		52.00
TOTAL (A)			4,514.64		91,128.20		90,230.33
B. Investment in associates equity instrument (at cost)							
Unquoted							
Dighi Port Ltd	(vi) (a)	2,974.56		2,974.56		2,974.56	
Less : Impairment		(2,974.56)	-	(744.00)	2,230.56	(744.00)	2,230.56
Dighi Project Development Company Ltd		42.87			42.87		42.87
Less : Impairment		(42.87)	-				
Mangalore SEZ Ltd	(i)		253.00		253.00		253.00
New Tirupur Area Development Corporation Ltd		892.45	446.23		892.45		892.45
Less : Impairment		(446.23)					
TOTAL (B)			446.23		3,419.90		3,419.90

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Particulars	Notes		As at 31st March, 2019		As at 31st March, 2018		As at 1st April, 2017
C. Investment in (cont venture equity instrument (at cost)							
Unquoted							
Bihar e-Governance Services & Technologies Ltd		0.50			0.50		0.50
Less : Impairment		(0.50)	-				
Gujarat Informational Finance Tec-Cor Company Ltd			327.09		327.09		327.09
Haldia Integrated Development Agency Ltd			15.10		15.10		15.10
Jharkhand E-Governance Solutions & Services Ltd		0.50		0.50		0.50	
Less : Impairment		(0.50)	-	(0.50)	-	(0.50)	-
Karnataka Enterprises Solutions Ltd			-		-	0.50	
Less : Impairment						(0.50)	-
Odisha e-Governance Services Ltd		0.50			0.50		0.50
Less : Impairment		(0.50)	-				
Road Infrastructure Development Company of Rajasthan Ltd	18 (i)		1,625.00		1,625.00		1,625.00
TOTAL (C)			1,967.19		1,968.19		1,968.19
D. Investment in Units - FVTPL							
IL&FS Infrastructure Incubation Trust - Class A	(ii)	10.55	-		10.55		10.55
Less : Impairment		(10.55)					
IL&FS Infrastructure Incubation Trust - Class B 1 Scheme Railway		5,103.59			5,103.59		5,103.59
Metro			-				
Less : Impairment		(5,103.59)					
TOTAL (D)			-		5,114.14		5,114.14
E. Investment in Debentures - Cost							
Non Convertible Debentures							
Subsidiaries							
West Gujarat Expressway Ltd			63.00		72.00		108.00
Others							
Indiana India Telecom Ltd	(i) (ii)		0.00		0.00		0.00
TOTAL (E)			63.00		72.00		108.00
F. Investment in Debentures - Cost							
IL&FS Energy Development Company Ltd		2,470.00	-		2,470.00		2,470.00
less Impairment		(2,470.00)					
IL&FS Tamil Nadu Power Company Ltd		5,000.00	-		5,000.00		5,000.00
less Impairment		(5,000.00)					
TOTAL (F)			-		7,470.00		7,470.00
G. Investment in Debentures - FVTPL							
Fully Convertible Debentures							
Subsidiaries							
IL&FS Paradip Refinery Water Ltd			800.00		800.00		1,300.00
IL&FS Township & Urban Assets Ltd		7,650.00	-		6,770.00		4,720.00
less Impairment		(7,650.00)					
Pune Nasik Mantoor Limited		1,200.00	-		1,200.00		1,900.00
less Impairment		(1,200.00)					
IL&FS Maritime Infrastructure Company Ltd		5,850.00	-		5,850.00		-
less Impairment		(5,850.00)					
Optionally Convertible Debenture							
Subsidiaries							
IL&FS Township & Urban Assets Ltd		1,500.00	-		1,500.00		1,500.00
Less Impairment		(1,500.00)					
Others							
Indiana India Telecom Ltd			-		0.01		0.01
Redeemable Cumulative Preference share (Cost)							
IL&FS Technologies Ltd							100.00
TOTAL (G)			800.00		12,120.00		9,270.00
Total Investments (A+B+C+D+E+F+G)			8,040.06		121,298.44		117,576.57
			-		-		-
Grand Total			8,040.06		121,298.44		117,576.57

I All Investment are in India except IL&FS Global Plc Limited

II Other notes

(i) Non-Disposal Undertaking (NDU) provided by the Company to the third party lenders / investors

(ii) Represents cost of Rs. 1

(iii) The Company had entered into Call Option Agreements for sale of entire equity shares to a Trust for which it has received 95% of option premium in the previous year, which has been shown under "Other Financial Liabilities"

(iv) The Company has made investment in foreign currency. Given the size of investment and level of operations, the Company has not entered into hedging of the said investments

(v) The Company has received 20,000,000 equity shares of IL&FS Township & Urban Assets Ltd of Rs 10 each against its investment in IIOCL Ltd as per the Scheme of Merger approved by Hon'ble Bombay High Court and Hon'ble Delhi High Court

(vi) Includes 34,999,991 shares pledged with Senior Lenders of New Tirupur Area Development Corporation Limited

(vii) IL&FS Education & Technology Services Ltd is held for sale, however disclosure required by IndAS 105 are not available with company.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

9. Other Financial Assets

(Rs. in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Advance towards Investments	-	4,880.00	983.00
Deposits.	125.43	132.96	140.46
Interest and Dividend Accrued	5.67	6,017.42	4,048.85
Receivable from Sale of Securities	-	-	369.90
Deferred Receivables	35.00	707.17	672.17
Other Financial Assets	220.09	86.61	152.22
Total	386.39	11,824.16	6,366.60

Other financial assets for the current year is net of impairement losses amounting to Rs 287 million (FY 2018 : Nil, FY 2017 : Nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

10.1 Current tax assets and liabilities

(Rs. in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Current tax assets(Net of Provision)			
Advance Tax	7,796.95	7,571.78	4,268.96
MAT Credit Entitlement	-	-	335.90
Total	7,796.95	7,571.78	4,604.86
Current tax liabilities			
Income tax payable	-	41.38	544.74
Total	-	41.38	544.74

10.2 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the standalone balance sheet:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Deferred tax assets	-	617.39	1,074.24
Deferred tax liabilities	-	-	482.78
Net Deferred Tax (Liability)/ Asset	-	617.39	591.46

Since the Company has incurred a huge operating loss in the year, there is no taxable income for the Company for the year. Further, on the same premise, the Company has not recognised deferred tax asset, since there is no certainty that there would be future taxable profit against which losses can be utilised. The amount of deferred tax assets has been restricted to amount of deferred tax liability.Components of deferred taxes have not been presented as per schedule III in view of deferred tax assets being fully written off in the year ended march 2019

10.3 Tax relating to earlier years :

(a) The Holding Company had created provision for tax in earlier years for disallowances of expenses under section 14A of Income Tax Act 1961 based on the conservative estimates. Considering subsequent judicial pronouncements and orders of the appellate authorities in the Company's own case in the matter, the Management has reassessed the requirements of tax provisions of earlier years in respect of Section 14A disallowance. Based on such assessment, the Holding Company has written back provision for tax of earlier years amounting to Rs. 1,858.40 mn through the Statement of Profit and Loss in the Previous year

b) During the earlier financial years, the Holding Company has not considered deduction of lease equalization adjustment on lease transactions in view of uncertainty and litigation. Pursuant to the favourable decision by the Hon'ble Supreme Court of India for allowability of Lease Equalisation adjustments debited to the Statement of Profit & Loss and also based on the legal view obtained for the applicability of the said Supreme Court decision to the facts of the Holding Company, it has reviewed the position and has written back the provision for tax amounting to Rs. 1,730.00 mn in the Previous year

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

10.3 Income Tax Disclosure

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

Income Tax Recognition

(Rs. in million)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Current Tax		
In respect of the current year	-	1,259.00
In respect of prior years		(3,608.40)
Deferred Tax	-	
In respect of the current year	617.39	(25.93)
Tax recognised in OCI	-	(3.85)
Total Income tax expense recognised in the current year relating to continuing operations	617.39	(2,379.18)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

11. Investment Property

(Rs. in million)

Break up of investment property	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Let Out to others:			
Corporate Office	5,069.71	5,197.10	5,332.37
Others	839.66	852.04	864.81
Let Out to group companies:	2,381.25	2,433.74	2,497.32
Total	8,290.62	8,482.88	8,694.50

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Cost or deemed cost			
Balance at beginning of year	8,694.50	8,694.50	8,694.50
Additions	-	-	-
Disposals	-	-	-
Balance at end of year	8,694.50	8,694.50	8,694.50
Accumulated depreciation and impairment			
Balance at beginning of year	211.63	-	-
Additions	192.24	211.63	-
Disposals	-	-	-
Balance at end of year	403.87	211.63	-
Carrying amount			
Balance at beginning of year	8,482.87	8,694.50	8,694.50
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	192.24	211.63	-
Balance at end of year	8,290.63	8,482.87	8,694.50

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

12. Property, Plant and Equipment

Rs in million

Item	GROSS BLOCK (at cost / revalued)				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01-Apr-18	Additions For the Year	Deductions For the Year	As at 31-Mar-19	As at 01-Apr-18	For the Year	Deductions For the Year	As at 31-Mar-19	As at 31-Mar-19
Leasehold Land	45.32			45.32	0.43	0.80	-	1.23	44.09
Premises (Refer foot note 1,2 &3)	366.15			366.15	11.26	8.64	-	19.69	346.46
Plant & Machinery	64.73	4.29	0.04	68.98	6.72	6.10	0.04	12.81	56.17
Furniture and Fixtures	36.00	0.13	8.81	27.32	10.30	6.51	4.46	12.95	14.37
Vehicles	60.63	-	7.09	53.54	12.89	16.84	1.01	27.74	25.80
Office Equipments	14.16	3.51	5.51	12.16	4.61	4.95	5.43	4.13	8.03
Data Processing Equipments	16.66	1.66	2.40	15.92	8.35	6.59	2.09	12.85	3.07
Electricals Installations	28.20	0.42	2.69	25.92	9.94	6.96	2.43	14.62	21.30
Improvements to Leased Property	54.99	0.20	20.04	35.05	22.31	13.74	2.55	32.23	12.82
TOTAL	686.84	10.10	36.55	660.39	78.78	69.22	20.03	127.46	532.71

Item	GROSS BLOCK (at cost / revalued)				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01-Apr-17	Additions For the Year	Deductions For the Year	As at 31-Mar-18	As at 01-Apr-17	For the Year	Deductions For the Year	As at 31-Mar-18	As at 31-Mar-18
Leasehold Land	45.32	-	-	45.32	-	0.43	-	0.43	44.89
Premises (Refer foot note 1,2 &3)	366.15	-	-	366.15	-	11.05	-	11.05	355.10
Plant & Machinery	61.50	3.23	-	64.73	-	6.72	-	6.72	58.01
Furniture and Fixtures	36.25	0.02	3.27	36.00	-	14.12	3.22	10.90	25.10
Vehicles	0.04	61.60	1.01	60.63	-	14.50	1.61	12.89	46.74
Office Equipments	11.05	3.24	0.13	14.16	-	5.27	0.66	4.61	9.55
Data Processing Equipments	15.59	2.06	0.99	16.66	-	8.95	0.60	8.35	8.31
Electricals Installation	40.05	0.89	12.74	28.20	-	12.56	12.47	0.09	28.11
Improvement to Leased	54.67	0.30	-	54.99	-	22.04	-	22.04	32.95
TOTAL	634.58	66.85	18.63	684.54	-	97.84	18.56	78.28	606.26

Foot notes

(1) Includes Premises given on Operating Lease

(2) In respect of new leased premise taken on lease from a Government Authority, though the lease agreement is pending, the asset has been capitalised based on 'Letter of Allotment' issued by the Government Authority

(3) Refer Note 15(a) for pledge on securities for liabilities

Capital Work in Progress

Rs in million

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Capital Work in Progress	11.65	3.15	2.33

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

13. Other Intangible assets

(Rs. in million)

Software	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
At cost, beginning of the year	25.65	19.60	19.60
Additions	0.24	5.96	-
Acquisitions	-	-	-
Disposals	-	-	-
Total cost	**25.89**	**25.56**	**19.60**
Accumulated amortization and impairment			
At beginning of the year	10.61	-	-
Amortization	7.63	10.61	
Disposals	-	-	-
Total amortization and impairment	**18.24**	**10.61**	-
Net carrying amount	7.65	14.95	19.60

14. Other Non-financial Assets

(Rs. in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Prepaid expenses	620.70	286.75	346.23
Balances with Government authorities	-	33.77	2.31
Other Non Financial Assets	127.84	42.78	-
Total	**748.54**	**363.30**	**348.54**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

15. Debt Securities

(Rs. in million)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Secured			
Debentures	100,441.72	101,979.47	84,473.82
Total	**100,441.72**	**101,979.47**	**84,473.82**
Debt securities in India	100,441.72	101,979.47	84,473.82
Debt securities outside India	-	-	-
Total	**100,441.72**	**101,979.47**	**84,473.82**

16. Borrowings

(Rs. in million)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Secured			
(a)Term loans			
(i)from banks	24,973.91	20,934.08	22,720.20
(ii)from Other parties	5,940.45	2,187.65	2,439.56
(b)Loans repayable on demand			
(i)from banks	2,430.37	38.33	288.29
	33,344.73	**23,160.06**	**25,448.05**
Unsecured			
(a)Term loans			
(i)from banks	22,893.17	1,601.81	1,600.00
(ii)from other parties	770.34	848.52	1,002.57
(b)Term Deposits from Corporate			
(i)From Other parties	14,337.90	14,503.37	5,623.21
(c)Commercial Papers	19,090.18	20,072.90	4,992.58
	57,091.59	**37,026.60**	**13,218.36**
Total	**90,436.32**	**60,186.66**	**38,666.41**
Borrowings in India	87,488.97	57,165.24	35,241.28
Borrowings outside India	2,947.35	3,021.42	3,425.13
Total	**90,436.32**	**60,186.66**	**38,666.41**

Refer note 44 for borrowings from related parties

a) All secured borrowings obtained by the Company are covered under pari-passu charge on all the assets, excluding specified immovable property, moveable assets within the property, specific investments, capital work-in-progress, prepaid and deferred expenses, advance taxes (net) and deposit with banks on which lien is created in favour of bank for term loans taken by the Company.

b) During the current year aggregate amount of Rs 21.13 mn was debited by the Banks from cash credit account maintained by it inspite of moratorium granted by the Hon'ble NCLT.

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(c) The details of Secured Non-Convertible Debentures (NCDs) issued on a private placement basis as at March 31, 2019

Series of NCDs	Number of NCDs Issued	Number of NCDs Outstanding as at March 31,		Face Value of NCD (₹)	Rate of Interest (% p.a)	Earliest Date of Redemption
		2019	2018			
2012 Series IV	500,000	500,000	500,000	1,000	9.30	24-Jan-18
2010 Series VI	1,500,000	1,500,000	1,500,000	1,000	9.35	17-Aug-35
2017 Series I-Q	250,000	250,000	250,000	1,000	8.65	27-Mar-28
2017 Series I-O	2,000,000	2,000,000	2,000,000	1,000	7.85	29-Sep-27
2015 Series I-C	500,000	500,000	500,000	1,000	8.80	04-Mar-26
2014 Series I-V	1,000,000	1,000,000	1,000,000	1,000	8.69	29-Aug-29
2014 Series I-U	1,000,000	1,000,000	1,000,000	1,000	8.69	29-Aug-29
2010 Series V	3,500,000	3,500,000	3,500,000	1,000	9.06	20-May-25
2017 Series I-P	430,000	430,000	430,000	1,000	8.55-8.65	27-Mar-25
2017 Series I-N	1,330,000	1,330,000	1,330,000	1,000	8.55-8.65	19-Mar-25
2014 Series I-C	500,000	500,000	500,000	1,000	8.75	23-Jan-25
2014 Series I-B	2,000,000	2,000,000	2,000,000	1,000	8.72	21-Jan-25
2014 Series I-A	2,000,000	2,000,000	2,000,000	1,000	9.20	29-Dec-24
2014 Series II-D	2,000,000	2,000,000	2,000,000	1,000	9.55	13-Aug-24
2014 Series II-C	3,000,000	3,000,000	3,000,000	1,000	9.50	28-Jul-24
2017 Series I-M	840,000	840,000	840,000	1,000	8.10-8.40	06-Apr-23
2017 Series I-O	250,000	250,000	250,000	1,000	8.45	13-Mar-23
2017 Series I-L	800,000	800,000	800,000	1,000	8.30	24-Jan-23
2017 Series I-K	500,000	500,000	500,000	1,000	8.30	19-Jan-23
2017 Series I-J	2,500,000	2,500,000	2,500,000	1,000	8.30-8.40	15-Jan-23
2017 Series I-I	1,000,000	1,000,000	1,000,000	1,000	8.30	11-Jan-23
2017 Series I-G	2,250,000	2,250,000	2,250,000	1,000	7.85-7.88	30-Dec-22
2012 Series II	1,000,000	1,000,000	1,000,000	1,000	9.40	19-Dec-22
2015 Series I-R	1,450,000	1,450,000	1,450,000	1,000	7.65-7.70	02-Aug-22
2015 Series I-Q	1,800,000	1,800,000	1,800,000	1,000	7.65-7.70	25-Jul-22
2012 Series I	3,000,000	3,000,000	3,000,000	1,000	9.80	30-May-22
2011 Series IX	2,100,000	2,100,000	2,100,000	1,000	9.85	12-Mar-22
2015 Series I-L	500,000	500,000	500,000	1,000	8.25	01-Mar-22
2011 Series VIII	2,000,000	2,000,000	2,000,000	1,000	9.82	24-Jan-22
2011 Series I	1,500,000	1,500,000	1,500,000	1,000	9.68	25-Jul-21
2005 Series VI	750,000	800	800	1,000	7.80	31-Mar-21
2010 Series IX	3,250,000	3,250,000	3,250,000	1,000	9.70	22-Feb-21
2013 Series II-B	1,000,000	1,000,000	1,000,000	1,000	9.90	13-Feb-21
2011 Series VI-B	1,500,000	1,500,000	1,500,000	1,000	9.73	28-Dec-20
2011 Series VI	1,500,000	250,000	250,000	1,000	9.70	24-Dec-20
2015 Series I-S	500,000	250,000	250,000	1,000	8.65	20-Dec-20
2014 Series I-Z	900,000	900,000	900,000	1,000	8.50	20-Oct-20
2017 Series I-F	500,000	500,000	500,000	1,000	7.50	29-Sep-20
2017 Series I-E	500,000	500,000	500,000	1,000	7.55	26-Sep-20
2014 Series I-X	830,000	830,000	830,000	1,000	8.50	22-Sep-20
2014 Series I-W	2,500,000	2,500,000	2,500,000	1,000	8.75-8.80	21-Sep-20
2017 Series I-C	1,000,000	1,000,000	1,000,000	1,000	7.60-7.70	07-Sep-20
2017 Series I-A	500,000	500,000	500,000	1,000	7.60	10-Aug-20
2015 Series I-T	500,000	500,000	500,000	1,000	7.50	04-Aug-20
2014 Series I-N	1,000,000	1,000,000	1,000,000	1,000	8.75	31-Jul-20
2014 Series I-O	1,000,000	1,000,000	1,000,000	1,000	8.75	29-Jul-20
2014 Series I-P	1,000,000	1,000,000	1,000,000	1,000	8.75	23-Jul-20
2015 Series I-P	1,500,000	1,500,000	1,500,000	1,000	8.00-8.09	08-Jun-20
2014 Series I-O	500,000	400,000	500,000	1,000	8.75	20-May-20
2015 Series I-N	3,000,000	3,000,000	3,000,000	1,000	8.09	15-May-20
2015 Series I-O	1,500,000	1,500,000	1,500,000	1,000	8.00-8.09	11-May-20
2009 Series VI-B	500,000	500,000	500,000	1,000	9.70	22-Mar-20
2009 Series VI	3,000,000	3,000,000	3,000,000	1,000	9.70	05-Mar-20
2009 Series VI-A	500,000	500,000	500,000	1,000	9.15	02-Mar-20
2010 Series II	465,000	465,000	465,000	1,000	9.10	31-Jan-20
2013 Series I-H	1,220,000	1,220,000	1,220,000	1,000	7.75-7.80	14-Nov-19
2015 Series I-K	750,000	750,000	750,000	1,000	7.85-7.90	24-Oct-19
2015 Series I-I	1,600,000	1,600,000	1,600,000	1,000	8.05-8.12	23-Sep-19
2015 Series I-H	1,700,000	1,700,000	1,700,000	1,000	8.00-8.20	16-Sep-19
2011 Series V	750,000	750,000	750,000	1,000	8.78	16-Sep-19
2015 Series I-D	250,000	250,000	250,000	1,000	8.70	25-Jul-19
2015 Series I-G	500,000	450,000	450,000	1,000	8.90	17-Mar-19
2015 Series I-E	520,000	520,000	520,000	1,000	8.90	15-Mar-19
2015 Series I-M	350,000	350,000	350,000	1,000	8.00-8.25	03-Mar-19
2013 Series I-A	2,000,000	2,000,000	2,000,000	1,000	9.90-9.95	04-Feb-19
2008 Series IX	1,400,000	1,400,000	1,400,000	1,000	12.20	15-Dec-18
2011 Series VI	3,000,000	3,000,000	3,000,000	1,000	9.98	05-Dec-18
2015 Series I-A	700,000	700,000	700,000	1,000	8.58	03-Dec-18
2013 Series I-D	1,000,000	-	640,000	1,000	10.50	26-Aug-18
2013 Series I-C	2,000,000	-	2,000,000	1,000	11.00	23-Aug-18
2011 Series II	1,500,000	-	1,500,000	1,000	9.75	11-Aug-18
2014 Series I-T	1,000,000	-	1,000,000	1,000	8.34	11-Aug-18
2014 Series I-S	2,300,000	-	800,000	1,000	8.74	10-Aug-18
2013 Series I-B	500,000	-	500,000	1,000	7.25	06-Aug-18
2001 Series IX-A	1,860,000	-	1,860	1,000	7.25	17-Jun-18
2014 Series I-F	800,000	-	800,000	1,000	8.78	15-Jun-18
2002 Series XI	750,000	-	28,250	1,000	7.25	15-Mar-18
Total (A)		86,535,800	94,777,850			

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Series of NCDs	Number of NCDs Issued	Number of NCDs Outstanding as at March 31,		Face Value of NCD (₹)	Rate of Interest (% p.a)	Earliest Date of Redemption
		2019	2018			
2015 Series I-D	750	750	-	1,000,000	9.40	27-Aug-25
2015 Series I-C	2,000	2,000	-	1,000,000	9.05-9.15	27-Jun-23
2015 Series I-B	2,000	2,000	-	1,000,000	9.00-9.10	29-Jun-23
2015 Series I-A	2,600	2,600	-	1,000,000	8.95-9.00	29-May-23
Total (B)		7,350	-			
Total (A) + (B)		86,843,150	34,255,890			

(d) The details of Secured Zero Coupon Non-Convertible Debentures (ZCNCD) to be redeemed at premium, issued on a private placement basis as at March 31, 2019

Series of ZCNCDs	Number of ZCNCDs Issued	Number of ZCNCDs Outstanding as at March 31,		Face Value of ZCNCD (₹)	Redemption value of (₹)	Earliest Date of Redemption
		2019	2018			
2015 Series I-I	1,000,000	1,000,000	1,000,000	1,000	1260.13	28-Sep-19
2014 Series I-N	550,000	-	550,000	1,000	1,291.66	21-May-18
2014 Series I-K	500,000	-	500,000	1,000	1,296.74	25-Apr-18
2014 Series I-L	500,000	-	500,000	1,000	1,291.17	11-Apr-18
2014 Series I-M	500,0000	-	500,000	1,000	1,279.97	12-Apr-18
Total		1,500,000	3,050,000			

(e) The Company has issued the following subordinated debentures in the form of Unsecured Non Convertible Debentures on a private placement basis

Series of NCDs	Number of NCDs Issued	Number of NCDs Outstanding as at March 31,		Face Value of NCD (₹)	Rate of Interest (% p.a)	Earliest Date of Redemption
		2019	2018			
2011 Series V	780,000	68,540	68,540	1,000	7.5	30 Apr 20
Total		68,540	68,540			

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

17. Subordinated Liabilities

(Rs. in million)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Preference Shares other than those that qualify as Equity	15,958.81	15,958.24	14,592.90
Debt Instruments	266.81	256.39	238.50
Total	**16,225.62**	**16,214.63**	**14,831.40**
Subordinated Liabilities in India	16,225.62	16,214.63	14,831.40
Total	**16,225.62**	**16,214.63**	**14,831.40**

18. Other Financial Liabilities

(Rs. in million)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Interest accrued but not Due.	132.77	109.36	68.28
Unpaid dividends	12.60	13.34	116.58
Covered Warrants (Refer note (i))	1,943.00	1,943.00	1,943.00
Payable to employees	15.78	-	0.03
Payable to related parties	-	12.77	9.20
Security Deposits	525.81	999.74	356.94
Option price received in advance	36.67	36.67	36.67
Letter of Credit Devolvement	287.47	-	-
Others	20.13	22.21	21.74
Total	**2,974.23**	**3,137.09**	**2,552.44**

i) Above covered warrant taken against investment which is given in note-8

Covered Warrants are issued to a Subsidiary Company and entitles the Subsidiary Company to the underlying economic benefits arising from specified investments held by the Company

19. Provisions

(Rs. in million)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Provisions for employee benefits	127.53	369.82	520.06
Other Provisions	-	0.01	-
Total	**127.53**	**369.83**	**520.06**

20. Other Non Financial Liabilities

(Rs. in million)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Income received in advance	100.39	364.04	511.59
Statutory dues	249.14	176.15	41.46
Advances	13.11	10.08	10.27
Total	**362.64**	**550.27**	**563.32**

MUMBAI CHARTERED ACCOUNTANTS

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

21. Interest income

(Rs. in million)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
On Financial Assets measured at Amortised Cost		
Interest on Loans (Refer Note-1.12)	5,033.71	9,016.37
Interest income from investments	140.31	1,011.88
Other interest income	24.49	165.71
Total	5,198.51	10,193.96

22. Fees & Commission Income

(Rs. in million)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Consultancy Fees	15.26	513.35
Guarantee Fee Income	232.60	405.84
Project Fees	-	660.62
Other Fees	149.50	544.98
Total	397.36	2,124.79

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

23.A Net gain/ (loss) on fair value changes

(Rs. in million)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Net gain/ (loss) on financial instruments at fair value through profit and loss account :-		
- Investments	(26,643.87)	1,872.41
- Derivatives	(49.12)	(72.22)
Total Net gain/(loss) on fair value changes	(26,692.99)	1,800.19
Fair Value changes:		
-Realised	-	-
-Unrealised	(26,692.99)	1,800.19
Total Net gain/(loss) on fair value changes(D) to tally with (C)	(26,692.99)	1,800.19

23.B Net gain/(loss) on derecognition of financial instruments under amortised cost category

(Rs. in million)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
-Financial assets measured at amortised cost	72.24	112.53
Financial liabilities measured at amortised cost	-	-
Total Net gain on derecognition of financial instruments under amortised cost category	72.24	112.53

24. Other Income

(Rs. in million)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Recoveries	1,285.14	26.88
Total	1,285.14	26.88

25. Finance cost

(Rs. in million)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
(a) Interest Costs (Refer Note-1.12)		
Interest on deposits	809.92	778.93
Interest on borrowings	3,139.77	3,464.94
Interest on debt securities	4,769.56	9,208.73
Other Finance expense	483.14	91.50
(b) Dividend on Redeemable Preference Shares	3,499.13	1,383.42
Total	10,566.52	13,927.51

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26 Impairment on Financial Assets and Investment (Net) (Refer Note 1.10)

(Rs. in million)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
On Loans	95,429.01	75.87
On investments	96,804.75	460.00
On other Financial assets	287.47	-
On Trade Receivables	1,784.88	-
Total	194,306.11	535.87

27. Employee Benefits

(Rs. in million)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Salaries and wages including bonus	362.40	631.41
Contribution to provident and other funds	34.97	44.33
Staff welfare expenses	11.33	33.81
Total	408.70	709.55

28. Depreciation and Amortisation Expense

(Rs. in million)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Depreciation of property, plant and equipment (Note 12)	69.20	97.35
Depreciation of investment property (Note 11)	192.24	211.43
Amortisation of intangible assets (Note 13)	7.63	10.51
Total Depreciation and Amortisation Expense	269.07	219.29

29 Other Expenses

(Rs. in million)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Rent, taxes and energy costs	218.47	235.45
Repairs and maintenance	164.49	196.84
Communication Costs	8.83	9.66
Printing and stationery	3.32	4.20
Advertisement and publicity	11.55	22.32
Director's fees, allowances and expenses	18.85	5.54
Auditor's fees and expenses	11.87	24.19
Legal and Professional charges	145.34	125.94
Insurance	3.50	2.66
Travelling & Conveyance	1.23	28.90
Other expenditure	29.76	59.69
Total	617.26	672.44

Amounts paid/payable to Statutory Auditors :

(Rs. in million)

Particulars	FY 2019	FY 2018
Audit Fees	10	23
Other Services	-	0.11
Out of Pocket Expenses	-	0.25

GST / Service Tax of Rs 0.01 mn (Previous Year : Rs 0.01mn) has been accounted and Input credit taken under GST / Service Tax Rules.
The reversal of SD & input credit has been included under Other Services in current year and under Rates & Taxes in previous year

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

30 Dividend paid and proposed during the year

(Rs. in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Declared and paid during the year Dividends on ordinary shares: Final dividend for 2019: INR Nil per share (2018: INR 4.25 per share)	Nil	545.71
Total Dividends paid	-	545.71

31 Earnings per share (EPS)

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

(Rs. in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Nominal Value per share (Rs.)	10.00	10.00
Net (loss)/profit after tax available for equity shareholders (Rs in million)	(225,440.22)	3,317.27
Weighted average number of equity shares (Nos.)	128,403,276	128,403,276
Basic / Diluted EPS (Rs.)	(1,755.72)	25.83

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32. Contingent liabilities and commitments

(Rs. in million)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Sales Tax liability that may arise in respect of matters in appeal-Gujarat Commercial Tax (excluding interest and penalty)	0.05	0.05	0.05
Service Tax liability that may arise in respect of matters in appeal (excluding interest and penalty)	29.51	29.51	29.51
Employee State Insurance	0.11	0.11	0.11
Income Tax Demand	50.00	50.00	50.00
Guarantees	10740.20	13,833.00	13348.56
Estimated amount of contracts remaining to be executed on capital account and not provided for	0.65	2.54	0.65
Non-Disposal undertakings to lenders and/or equity investors of Subsidiary/Associate/JVs Letter of Comfort, Parent Support Agreement, Debt Servicing Reserve Arrangements (DSRA),Shortfall Undertaking and Sponsor Support Undertaking	Refer note 1.20	47,852	49,521
Total	10,820.52	61,767.70	62,950.23

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

11 Employee benefit obligations

a) Defined contribution plans

Contributions to Provident Fund and Superannuation Fund are considered as defined contribution plans and are charged to the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees.

The Company has subscribed to a Group Gratuity cum Life Assurance scheme of an insurance company for gratuity payable to the employees. The incremental liability based on actuarial valuation as per the Projected Unit Credit Method as at the reporting date is charged to the Statement of Profit and Loss. Actuarial gain or loss is recognised in the Statement of Profit and Loss.

Leave balances are classified as short-term and long-term based on the best estimates after considering past trends. The short-term leave encashment liability for the expected leave to be encashed has been measured on actual components eligible for leave encashment and expected short-term leave to be availed as stated based on the total cost to the Company. Long-term leave encashment liability has been valued on actuarial basis as per the Projected Unit Credit Method.

b) Defined benefit plans

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

I Changes in present value of obligations

Particulars	31st March,2019	31st March,2018
PVO at beginning of period	500	516
Interest cost	35	36
Current Service Cost	28	32
Past Service Cost-non vested benefits	-	-
Past Service Cost-vested benefits	-	-
Transfer to Liability	-	-
Transfer out Liability	(34)	(2)
Benefits Paid	(54)	(147)
Contributions by plan participants	-	-
Business Combinations	-	-
Curtailments	-	-
Settlements	-	-
Actuarial (Gain)/Loss on obligation	(14)	(30)
PVO at end of period	477	500

II Interest Expenses

Interest cost	35	36

III Fair Value of Plan Assets

Fair Value of Plan Assets at the beginning	554	661
Interest Income	39	39

IV Net Liability

PVO as beginning of period	525	616
Fair Value of the Assets at beginning report	554	661
Net Liability	(45)	(45)

V Net Interest

Interest Expenses	35	36
Interest Income	39	39
Net Interest	(4)	(3)

VI Actual return on plan assets

Actual return on plan assets	39	42
Less: Interest income included above	39	39
Return on plan assets excluding interest income	1	4

VII Actuarial (Gain)/loss on obligation

Due to Demographic Assumption	11	2
Due to Financial Assumption	(1)	(10)
Due to Experience	(24)	(22)
Total Actuarial (Gain)/Loss	(14)	(30)

VIII Fair Value of Plan Assets

Opening Fair Value of Plan Assets	554	661
Adjustment to Opening Fair Value of Plan Assets		(2)
Return on Plan Assets excl. interest income	1	4
Interest Income	39	39
Contributions by Employee	-	-
Transfer out Liability	(6)	
Contributions by Employee	-	-
Benefits Paid	(54)	(147)
Fair Value of Plan Assets at end	534	554

IX Past Service Cost Recognised

Past Service Cost (non vested benefits)	-	-
Past Service Cost (vested benefits)	-	-
Average remaining future service till vesting of the benefit		-
Recognised Past Service Cost-non vested benefits	-	-
Recognised Past Service Cost-vested benefits	-	-
Unrecognised Past Service Cost-non vested benefits	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

x Amounts to be recognized in the balance sheet and statement of profit & loss account

PVO at end of period	477	509
Fair Value of Plan Assets at end of period	534	554
Funded Status	57	45
Net Asset/(Liability) recognized in the balance sheet	57	45

XI Expense recognized in the statement of P & L A/C

Current Service Cost	28	33
Net Interest	(4)	(3)
Past Service Cost (non vested benefits)	-	-
Past Service Cost (vested benefits)	-	-
Curtailment Effect	-	-
Settlement Effect	-	-
Unrecognized Past Service Cost- non vested benefits	-	-
Expense recognized in the statement of P & L A/C	24	29

XII Other Comprehensive Income (OCI)

Actuarial (Gain)/ Loss recognized for the period	(14)	(26)
Asset limit effect	-	-
Return on Plan Assets (excluding net interest)	(1)	(1)
Unrecognized Actuarial (Gain)/ Loss from previous period	-	-
Total Actuarial (Gain)/Loss recognized in OCI	(15)	(10)

XIII Movements in the Liability recognized in Balance Sheet

Opening Net Liability	(45)	(45)
Adjustment to opening balance	-	2
Expenses as above	24	29
Contribution paid	-	-
Other Comprehensive Income/OCI	(15)	(10)
Transfer in Liability	2	
Transfer out Liability	(27)	(2)
Closing Net Liability	(57)	(45)

XIV Schedule III of The Companies Act 2013

Current Liability	599	196
Non-Current Liability	22	112

XV Projected Service Cost 31 Mar 2020 11

XVI Asset Information

	Target Allocation %	Total Amount
Cash and Cash Equivalents	0%	
Gratuity Fund (PFBFC Standard Life Insurance Company)	100%	534
Debt Security - Government Bond	0%	
Equity Securities - Corporate debt securities	0%	
Other Insurance contracts	0%	
Property	0%	
Total Required Assets	112%	534

XVII Assumptions as at

Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult
Increase / Discount Rate	0.0544	0.0546
Rate of increase in compensation	0.33	0.05
Annual increase in healthcare costs		
Future Changes in maximum state healthcare benefits		
Expected average remaining service	1.17	5.61
Employee Attrition Rate (Past service PSU)	PS 0 to 47 44.8%	PS 0 to 47 9.5%

XVIII Sensitivity Analysis

	DR Discount Rate		FR Salary Escalation Rate	
	PVO DR +1%	PVO DR -1%	PVO FR +1%	PVO FR -1%
PVO	474	470	426	475

XIX Expected Payout

Year	Expected Outgo First	Expected Outgo Second	Expected Outgo Third	Expected Outgo Fourth	Expected Outgo Fifth	Expected Outgo Sixth to ten years
Payouts	2,492	43	23	14	6	2

XX Asset Liability Comparisons

Year	31-03-15	31-03-16	31-03-17	31-03-18	31-03-19
PVO at end of period	-	632	616	509	476
Plan Assets	-	647	661	554	534
Surplus/(Deficit)	-	14	45	45	57
Experience adjustments on plan assets	-		42	4	1
Weighted Average remaining duration of Defined Benefit Obligation					1.12

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

36 Loans

a) Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are disclosed in note

Rs in million

External rating benchmark	As at March 31, 2019			Total	As at March 31, 2018			Total	As at April 1, 2017			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
A	-	-	-	-	14,250.84	-	-	14,250.84	5,461.27	-	-	5,461.27
B	-	6,362.06	-	6,362.06	-	37,108.66	-	37,108.66	-	23,709.18	-	23,709.18
C	-	5,195.06	-	5,195.06	-	11,822.24	-	11,822.24	-	14,005.48	-	14,005.48
D			98,623.88	98,623.88								
Total	-	11,557.12	98,623.88	110,181.00	14,250.84	48,930.90	-	63,181.74	5,461.27	37,714.46	-	43,175.93

Benchmark	Meaning
Benchmark A	Instruments with this rating are considered to have the highest/high/adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
Benchmark B	Instruments with this rating are considered to have moderate degree of safety/inadequate/high risk of default regarding timely servicing of financial obligations such instruments carry moderate credit risk
Benchmark C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations
Benchmark D	Instruments with this rating are in default or are expected to be in default soon

b) Analysis of changes in the gross carrying amount of term loans

Rs in million

Particulars	As at March 31, 2019			Total	As at March 31, 2018			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	14,250.84	48,930.90	-	63,181.74	5,461.27	37,714.46	-	43,175.73
Net of New assets originated or disbursed/repaid	-	43,507.42	3,491.84	46,999.26	8,789.57	11,216.24	-	20,005.81
				-				-
Transfers to Stage 1				-	-	-	-	-
Transfers to Stage 2	(9,232.23)	9,232.23		-	-	-	-	-
Transfers to Stage 3	(4,998.61)	(90,135.43)	95,132.04	-	-	-	-	-
Amounts written off				-	-	-	-	-
Closing balance	-	11,557.12	98,623.88	110,181.00	14,250.84	48,930.90	-	63,181.74

c) Reconciliation of ECL balance

Rs in million

Particulars	As at March 31, 2019			Total	As at March 31, 2018			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	142.93	2,158.30	-	2,301.23	12.60	2,212.76	-	2,225.36
Net of New assets originated or disbursed/repaid	-	4,368.25	91,061.76	95,429.01	141.73	(54.46)	-	75.87
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(132.86)	132.46	-	-	-	-	-	-
Transfers to Stage 3	(10.07)	(2,126.71)	2,036.78	-	-	-	-	-
Accounts written off	-	-	-	-	-	-	-	-
Closing balance	(0.00)	4,632.29	93,097.54	97,730.24	142.93	2,158.30	-	2,301.23

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

35 Fair value measurement

a) Fair value hierarchy

The Company has classified its financial instruments into the three levels prescribed under the accounting standard and on the basis of 'Red', 'Amber' and 'Green' as indicated in note 1.3. An explanation of each level follows underneath the table

As at March 31, 2019 (Rs. In million)

Assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at FVTPL				-
- Fully convertible Debentures			800.00	800.00
- Optionally convertible debentures			-	-
- Units of Trust and incubation trust			-	-
Derivatives		337.79		337.79
				-
Total financial assets	-	337.79	800.00	1,137.79
Financial liabilities				
Derivatives				-
Interest rate swaps				-
- Futures				-
- Options				-
Total financial liabilities	-	-	-	-

As at March 31, 2018 (Rs. in million)

Assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at FVTPL				-
Fully convertible Debentures			10,620.00	10,620.00
- Optionally convertible debentures			1,500.00	1,500.00
- Units of Trust and incubation trust			5,114.14	5,114.14
Derivatives		161.27		161.27
				-
Total financial assets	-	161	17,234.14	17,395.41
Financial liabilities				
Derivatives				
- Interest rate swaps				-
- Futures				-
- Options				-
				-
Total financial liabilities	-	-	-	-

As at April 1, 2017 (Rs. In million)

Assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at FVTPL				-
- Fully convertible Debentures			7,670.00	7,670.00
- Optionally convertible debentures			1,500.00	1,500.00
- Units of Trust and incubation trust			5,114.14	5,114.14
Derivatives		507.79		507.79
Total financial assets	-	-	507.79	14,284.14	14,791.93
Financial liabilities				
Derivatives				-
- Interest rate swaps				-
- Futures				-
- Options		36.70		-
Total financial liabilities	-	36.70	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between levels 1, 2 and 3 during the year. For transfers in and out of level 3 measurements see (iii) below.

b) Valuation technique used to determine fair value
Specific valuation techniques used to value financial instruments include

Debentures and Units - On assessing the liquidity position of the entities, the Company assessed that several entities were not in a position to discharge all of their payment obligations. In light of the modification granted by the NCLAT vide order dated 15th October 2018, to determine a course of action for such entities, a solvency construct was developed in consultation with the Legal Advisor and Resolution Advisor, based on the ability of an entity to discharge all operational and financial obligations as and when they fall due, in a 12 month look-ahead period. Further, the entities should not be relying on other IL&FS group companies for any financial support required by that company to service its obligations (financial or operational). The Resolution advisor undertook a solvency test based on 12 month cash flows provided by respective companies. Based on this solvency test, companies were classified as
"Green". Domestic Group Entities which can continue to meet all their payment obligations (both operational and financial) as and when they become due.
"Amber". Domestic Group Entities which are not able to meet all their obligations (financial and operational), but can meet only operational obligations and payment obligations to senior secured financial creditors, and
"Red". Domestic Group Entities which cannot meet their payment obligations towards even senior secured financial creditors as and when such payment obligations become due.

The carrying amount of trade receivable, trade payable, debt securities, other financial liabilities, loans, other financial assets, cash and cash equivalents as at 31st March, 2019, 31st March, 2018 and 1st April, 2017 are considered at cost which is same as fair values, due to their short term nature. These are classified as Level 3 fair value hierarchy due to inclusion of unobservable inputs including counter party credit risk.
During the reporting period ending 31st March, 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation of level 3 fair value instruments:

Particular	31st March 2019	31st March 2018
Balance at the beginning	17,234.14	14,284.14
Total gains or losses		
in profit or loss	(16,434.14)	-
in OCI	-	-
Purchases/ conversion		2,850.00
Sales		(400.000)
Settlements	-	-
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
Balance at the year end	800.00	17,234.14

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

36 Financial Risk Management

IL&FS Limited is registered with Reserve Bank of India as a Non-Deposit taking, Systemically Important Core Investment Company (CIC-ND-SI). The Company is an Loan and Investment holding company and hence does not engage in the business of lending funds to third party customers. In compliance of Core Investment Companies (Reserve Bank) Directions, 2016, the Company holds not less than 90% of its net assets in the form of investments in equity shares, preference shares and loans in the form of bonds, debentures, debt to group companies. Also the Company is supposed to hold atleast 67% in Investments. The Loans given and investments made in Group Companies are majorly in infrastructure business and are long term in nature.

36.1 Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities towards inter corporate deposits to subsidiaries where no significant impact on credit risk has been identified. The group does not have external exposure and hence concentration risk is not applicable

36.2 Liquidity risk

'Liquidity risk' is the risk that the Company will encounter difficulty in meeting its day to day financial obligations that are settled by delivering cash or another financial assets

IL&FS Ltd is registered with RBI as a CIC. The Company is an investment holding company and consequently holds assets in the form of investments in equity shares, preference shares, bonds, debentures, debt or loans to group companies. The Company is exposed to liquidity risk due to borrowings and trade and other payables. The Company used to measure risk by forecasting cashflows. The Board had delegated the responsibility of managing overall liquidity risk and interest rate risk management to a committee of the Board of Directors in form of Asset and Liability Committee (ALCO). The Credit and Risk Management Department(CRMD) would manage the ALCO based on the RBI norms for Asset Liability Management. The loans given to group companies were repayable by the companies on demand. Thus, IL&FS Ltd could collect back from the group companies as and when its liabilities fall due. Additionally, the Company had a practice to maintain a portfolio of highly liquid mutual fund units. Due to the default situation the Company is not been able to meet its liability those that have matured. The maturity analysis for financial liabilities and financial assets has been disclosed in note to the financial statements. These have been worked out based on certain principles which have been mentioned therein

36.3 Market Risk

The 'Market risk' is the risk that the fair value or future Cashflow of a financial instrument will fluctuate because of changes in market price. Market risk comprises three types of risk, foreign currency risk, interest rates risk and other price risk like equity price risk. Foreign Currency Risk is the risk that the fair value or future CashFlow of a financial instrument will fluctuate because of change in foreign exchange rates. The Company has not lent in Foreign Currency and also has a small amount of investment in foreign currency. Hence on the Asset side the Foreign Currency Risk is negligent. In case of the Foreign Currency Borrowings the same has been majorly hedged. Interest rate risk is the risk that fair value of future Cashflows of a financial instrument will fluctuate because of changes in market rates. Again the Company lends to Group Companies at fixed rates. The margins for the same are also good. Hence the risk of fluctuating interest rates has minimal impact. Currently the Company borrows from Debentures, Bank Loans, Commercial Paper and Short term Corporate Deposits. The interest rates are fixed for Debentures, CP and ECD. The Bank loans are linked to MCLR (Marginal Cost of funds based Lending Rate) and are variable.

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. The Company has major investments in unquoted investments and are infrastructure based. The price risk for such equity are subject to minimum downside.

36.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, systems and from external factors other than credit, compliance, reputation, market and liquidity risks.

The Company has also in place critical security created for systems, software and hardware. Measures are adopted to effectively protect against phishing, social media threats and rogue mobile

36.5 Capital Management Risk

The Reserve Bank of India (RBI) sets and monitors capital ratio and debt to adjusted ratio for the Company from time to time. The Core Investment Companies (Reserve Bank) Directions, 2016, stipulate that the Adjusted Net Worth of a CIC-ND-SI shall at no point in time be less than 30% its risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items as on date of the last audited balance as at the end of the financial year.

The Core Investment Companies (Reserve Bank) Directions, 2016, further stipulate that the outside liabilities of a CIC-ND-SI shall at no point of time exceed 2.5 times its Adjusted Net Worth as on date of the last audited balance as at the end of the financial year.

In respect of disclosure of risk management in view of the matter described the disclosure currently are not determinable

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

37 **Analysis of financial assets and liabilities by remaining contractual maturities**

In view of the matter described in Note-1, the disclosure required under Ind AS 107 are currently not determinable.
All Financial Liabilities are at amortised cost

38 **Market Risk**

Market 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

(i) **Cash flow and fair value interest rate risk**

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows

(Rs. in million)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Variable rate borrowing	56,416.19	25,936.76	38,213.42
Fixed rate borrowing	127,832.29	131,511.09	91,166.05
Total Borrowing	184,248.48	157,447.85	129,379.47

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk

As per the Reserve Bank of India (RBI) Core Investment Company (CIC) framework, the core business of the Company is borrowing and invests in and provides loans to its group companies, exposing it to interest rate risk

Interest rate risk is measured through earnings at risk from an earning perspective. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new assets and liabilities

Since, going forward there will be no new borrowing and no new investment or lending will take place. Interest earned on lending and accrued on borrowing considered upto the period October 15, 2018 for the current financial year as of March 31, 2019. Hence the Company has not demonstrated the sensitivity of possible change in interest rate of the Company's statement of profit and loss

39 **Maturity analysis of assets and liabilities**

In view of the matter described in Note-1, the disclosures required under Ind AS 101 are currently not determinable

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40 Capital Risk Management

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital ratio requirements of the local banking supervisor, Reserve Bank of India (RBI) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

In respect of the period subsequent to October 1st, 2018 the company has managed its capital in accordance with framework discussed in note-1.2

Core Investment Company (CIC) Compliance Ratios

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investments in group companies as a proportion of Net Assets (%)	20.90%	61.77%	56.45%
Investment & Loans to group companies as a proportion of Net Assets (%)	65.52%	95.27%	94.11%
Capital Ratio (%) [Adjusted Net worth / Risk Weighted Assets]	-583.74%	32.66%	32.50%
Leverage Ratio (Times) [Outside Liabilities / Adjusted Networth]	(1.26) times	2.30 times	2.23 times

The Company has transitioned to Ind AS w.e.f. April 1, 2018. The CIC Compliance Ratios as at March 31, 2019 have been calculated on the basis of financial statements prepared under Ind AS. The above ratios do not consider off balance sheet item while calculating leverage ratio and Capital ratio. The Compliance Ratios as at March 31, 2018 and as at April 1, 2017 have been calculated on the basis of financial statements prepared under IGAAP.

The computations are subject to the possible effects of the matters stated in note 1.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

41 Operating lease commitments – Company as lessee

The Company has entered into commercial leases for premises and equipment. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases (e.g., such as those concerning dividends, additional debt and further leasing).

Future minimum lease payments under non-cancellable operating leases as at 31 March are, as follows:

(Rs. in million)

	31 March 2019	31 March 2018
Within one year	-	3.01
After one year but not more than five years	-	2.37
More than five years	-	-
	-	5.38

Operating leases – Company as lessor

The Company acts as lessor of office equipment. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases (e.g., such as those concerning dividends, additional debt and further leasing).

Future minimum lease receipt under non cancellable operating leases as at 31 March are, as follows:

(Rs. in million)

	31 March 2019	31 March 2018
Within one year	382.08	642.22
After one year but not more than five years	1,333.58	566.45
More than five years	724.11	-
	2,439.77	1,208.67

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

42 Reconciliation of Total Equity

(Rs. in million)

	Particulars	As at 1 April 2017	As at 31 March 2018
	Equity as per Indian GAAP	64,212.89	69,502.00
	Ind AS Reclassification and corresponding Interest:		
1	Preference shares now considered as Liabilities (including security premium)	(14,995.00)	(14,995.00)
2	EIR and day one gain and loss impact	462.10	(963.24)
	Sub Total	414,592.98	415,958.24
	ECL		
3	Expected credit Losses on loans and advances	(2,225.36)	(2,301.23)
4	Reversal of provision for contingencies	8,000.00	8,540.00
5	Reversal of provision on loans and advances -contingencies against standard assets	183.81	330.43
	Sub total	5,958.45	6,569.27
	Other Ind AS Adjustment		
6	Derivatives CVA/DVA	2.60	1.01
7	Reversal of Interest accrued	(2,661.71)	(4,249.82)
8	Deferred tax on Other adjustments	(74.91)	(125.66)
9	Deferred tax on ECL provision	770.15	604.05
10	Reversal of Deferred tax asset on provision for contingencies	(482.79)	(601.00)
	Sub total	(2,446.65)	(4,192.48)
	Total Ind AS adjustments	(13,381.09)	(13,581.46)
	Total equity as per Ind AS	53,131.79	55,920.54

Reconciliation of total profit for the year ended March 2018:

(Rs. in million)

Particulars	As at 31 March 2018
Net profit as per Indian GAAP	5,843.21
Ind AS Adjustments:	
Preference share reclassification, EIR and day one gain and loss impact	(1,365.34)
Reversal of provision on loans and advances	146.68
Expected credit Losses on loans and advances	464.13
Derivatives CVA/DVA	(1.59)
Interest on convertible debentures	(1,584.11)
Remeasurement gains and losses	(29.90)
Others	(12.75)
Deferred tax on above adjustments	(143.07)
Net profit as per Ind AS	3,317.26

Preference Shares

Classified as liability

Under previous GAAP preference shares are considered as equity based on the legal form. However Ind AS determines preference shares as liability of there is obligation to settle them in cash or any other financial assets. For convertible preference shares the test is to see if they meet the fixed for fixed conversion criteria to be considered as equity. The Company has considered the preference shares as liability along with premium on the preference shared

Investment

Under the previous GAAP, investments in fully convertible debentures, Optionally convertible debentures, units of Trust and Incubation Trust were classified as long-term investments or current investments based on the intended holding period and reliability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are carried at fair value.

Others

Fair value of premises

By using the optional exemption under Ind AS 101 "First Time Adoption" the financial instruments are considered at fair value on transition date which is the deemed cost post transition. Gains on fair value is considered in retained earnings.

Derivative CVA/ DVA adjustments

Fair value under Ind AS considered CVA/ DVA adjustment hence the same is considered under Ind AS.

Deferred tax on Adjustments

Deferred tax have been recognised on the adjustments made on transition to Ind AS. Deferred tax assets is recognised only when there is probable certainty of recovery of the same

Security Deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the group has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

43. Disclosure related to Para 19 of the Core Investment Companies (Reserve Bank) Directions, 2016

(a) Exposure to Real Estate

Rs Crore

	Category	As at March 31, 2019	As at March 31, 2018
a)	Direct Exposure		
i)	Residential Mortgage Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		
ii)	Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	552.12	1,342.92
iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a) Residential	-	-
	b) Commercial Real Estate	-	-
(b)	Indirect Exposure		
	Fund Based and non fund based exposure on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

The exposure disclosed in point (ii) is net of impairment and Expected Credit Loss

(b) Assets Liabilities Management Maturity pattern of certain items of asset and liabilities

(Rs Crore)

Particulars	Upto 30/31 days	Over 1 month to 2 months	Over 2 month to 3 months	Over 3 month to 6 months	Over 6 month to 1 year	Over 1 year to 3 year	Over 3 year to 5 year	Over 5 years	Total
Liabilities									
Borrowings from Banks ^									9,029.74
Market Borrowings^									14,058.06
Assets									
Loans / Advances*									1,245.57
Investments**									1,012.08

In view of matter described in Note 1, the disclosure required above are currently not determinable

^ Borrowings includes interest accrued thereon

* Loans & Advances includes interest accrued and net of Expected Credit Loss

** Investments includes investment in equity, Debt Instruments (net of impairment) and Fixed Deposits (net of impairment)

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44 Related Party Transactions

44.1 As per Ind AS 24 on 'Related party disclosures' the related parties of the Company are as follows:

(A) A person or a close member of that person's family is related to a reporting entity if that person

(i) has control or joint control over the reporting entity; - NIL

(ii) has significant influence over the reporting entity; or - NIL

(iii) is a member of the key management personnel of the reporting entity

(a)	Mr Uday Kotak, Chairman *(wef October 3, 2018)*
(b)	Mr Vineet Nayyar, Managing Director , *(wef October 1, 2018)*
(c)	Mr Chandra Shekhar Rajan, Director *(wef October 3, 2018)*
(d)	Mr Bijay Kumar, Deputy Managing Director *(wef December 21, 2018)*
(e)	Mr Girish Chaturvedi, Director *(wef October 1, 2018)*
(f)	Ms Malini Shankar, Director *(wef October 1, 2018)*
(g)	Mr Nand Kishore, Director *(wef October 1, 2018)*
(h)	Mr Chivamendra N Bajpai *(wef October 1, 2018, resigned wef October 30, 2018)*
(i)	Mr Natarajan Srinivasan, Director *(wef December 12, 2018)*
(j)	Mr Ravi Parthasarathy, Chairman *(upto July 21, 2018)*
(k)	Mr Hari Sankaran, Vice Chairman & Managing Director *(upto October 1, 2018)*
(l)	Mr Arun K Saha, Joint Managing Director & CEO *(upto October 1, 2018)*
(m)	Mr Hemant Bhargava, Director *(upto September 28, 2018)*
(n)	Mr Praveen Kumar Molri, Director *(upto September 28, 2018)*
(o)	Mr Sanjeev Doshi, Director *(upto October 1, 2018)*
(p)	Mr BK Singal *(upto October 1, 2018)*
(q)	Mr C Venkat Nageswar *(upto October 1, 2018)*
(r)	Mr Ravindra Chandra Bhargava, Director *(upto October 1, 2018)*
(s)	Mr Sunil Behari Mathur, Director *(upto October 1, 2018)*
(t)	Mr Michael Pinto, Director *(upto October 1, 2018)*
(u)	Mr Jarthirth Rao, Director *(upto October 1, 2018)*
(v)	Ms Rina Karnath, Director *(upto October 1, 2018)*
(w)	Mr Yoshihiko Miyauchi, Director *(upto May 30, 2018)*
(x)	Mr Harukazu Yamaguchi, Director *(upto October 1, 2018)*
(y)	Mr Kyoshi Fushitani, Director *(wef May 30, 2018 and upto October 1, 2018)*
(z)	Mr Kiyokazu Ishinabe, Alternate Director *(upto October 1, 2018)*
(aa)	Mr Ikuo Nakamura, Alternate Director *(upto October 1, 2018)*
(ab)	Mr MM Wagle, Chief Financial Officer
(ac)	Ms Varsha Sawant, Company Secretary *(upto March 10, 2019)*
(ad)	Mr Shekhar Prabhudesai, Company Secretary *(wef March 11, 2019)*

The Hon'ble National Company Law Tribunal (NCLT) vide its Order dated October 1, 2018 has superseded the Board of the Company by constituting the new Board of Directors

A list of close members and Relatives as provided by the KMP, is enclosed separately to this list

S R B C & CO LLP CHARTERED ACCOUNTANTS MUMBAI

(B) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)-

(a) PARENT COMPANY/ ENTITIES THAT HAVE SIGNIFICANT INFLUENCE OVER THE REPORTING ENTITY – NIL

(b) SUBSIDIARIES – DIRECT

1	Chhattisgarh Highway Development Company Limited
2	Chhotagovindpur & Bagbera Drinking Water Supply Project Limited
3	IL&FS Academy of Applied Development
4	IL&FS Airports Limited
5	IL&FS Education & Technology Services Limited
6	IL&FS Energy Development Company Limited
7	IL&FS Environmental Infrastructure & Service Limited
8	IL&FS Financial Services Limited
9	IL&FS Global Pte Limited
10	IL&FS Investment Managers Limited
11	IL&FS Maritime Infrastructure Company Limited
12	IL&FS Paradip Refinery Water Limited
13	IL&FS Portfolio Management Services Limited
14	IL&FS Securities Services Limited
15	IL&FS Technologies Limited
16	IL&FS Township & Urban Assets Limited
17	IL&FS Transportation Networks Limited
18	IL&FS Water Limited
19	CPG BPM Services Private Limited *(formerly known as ISSL CPG BPO Private Limited w.e.f October 09, 2018)*
20	ISSL Settlement & Transaction Services Limited
21	Jharkhand Accelerated Road Development Company Limited
22	Khambhat Port Limited
23	MP Toll Roads Limited
24	Tamil Nadu Water Investment Company Limited

MUMBAI

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(c) SUBSIDIARIES - INDIRECT

1	Alcantarilla Fotovltanica SLU
2	Amravati Chikhli Expressway Limited
3	Andhra Pradesh Urban Infrastructure Asset Management Limited
4	Angeetasa Greenfields Private Limited*
5	Area De Servicio Coiros SLU
6	Area de Servicio Punta Umbria SLU
7	Atenea Seguridad Y Medio Ambiente SAU
8	Avash Logistic Park Pvt Limited
9	Badarpur Tollway Operations Management Limited #
10	Baleshwar Kharagpur Expressway Limited
11	Barwa Adda Expressway Limited
12	Beasolarta, SLU
13	Bhopal e-Governance Limited
14	Capacity Swap Linkage Limited
15	Charminar Robopark Limited
16	Chenani Nashri Tunnelway Limited
17	CIESM INTEVIA SAU
18	Conservacion de Infraestructuras De Mexico SD DE CV
19	Control 7, SAU
20	Cuddalore Solar Power Pvt Limited
21	Dakshin Dilli Swatch Initiative Limited
22	Dehradun Integrated Arena Limited *(from May 23, 2018)*
23	Downtown Recreations Private Limited*
24	East Delhi Waste Processing Company Pvt Limited
25	East Hyderabad Expressway Limited
26	Ekadanta Greenfields Private Limited*
27	Elsamex Colombia SAS
28	Elsamex Construcao e Manutenteao LTDA (Brazil)
29	Elsamex India Private Limited
30	Elsamex International, SLU
31	Elsamex Maintenance Services Limited
32	Elsamex Portugal - Engheneria e Sistemas de Gestao SA
33	Elsamex SA
34	Elsamex Vietnam Joint Stock Company
35	ESM Mantenimiento Integral SA DE CV
36	Etesian Urja Limited *(formerly Bhojpur Biomass Power Company Limited)*
37	Fagne Songadh Expressway Limited
38	Futureage Infrastructure India Limited
39	GRICL RAIL Bridge Development Co Limited
40	Grusamar Albania SHPK

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

41	Grusamar India Limited
42	Grusamar Ingenieria y Consulting Colombia SAS
43	Grusamar Ingenieria y Consulting, SLU
44	Grusamar Engenharia & Consultoria Brasil LTDA
45	Gujarat Integrated Maritime Complex Pvt Limited
46	Hazaribagh Ranchi Expressway Limited
47	Hill County Properties Limited
48	Hill County SEZ Private Limited*
49	IDMC Asset Advisors Limited
50	IIML Fund Managers (Singapore) Pte Limited
51	IIPL Laos Pte Ltd
52	IIPL USA LLC
53	IL&FS Africa Infrastructure Development Company
54	IL&FS AMC Trustee Limited
55	IL&FS Asian Infrastructure Managers Limited
56	IL&FS Broking Services Pvt Limited
57	IL&FS Capital Advisors Limited #
58	IL&FS Cluster Development Initiative Limited
59	IL&FS Engineering & Construction Company Limited
60	IL&FS Global Financial Services (HK) Limited
61	IL&FS Global Financial Services (ME) Limited
62	IL&FS Global Financial Services (UK) Limited
63	IL&FS Global Financial Services Pte Limited
64	IL&FS Infra Asset Management Limited
65	IL&FS Investment Advisors LLC
66	IL&FS Maritime International FZE
67	IL&FS Offshore Natural Resources Pte Limited
68	IL&FS Prime Terminals FZC
69	IL&FS Rail Limited
70	IL&FS Renewable Energy Limited *(Merged with IFDCL on April 20, 2018)*
71	IL&FS Skills Development Corporation Limited
72	IL&FS Solar Power Limited
73	IL&FS Tamil Nadu Power Company Limited
74	IL&FS Technologies Philippines Inc
75	IL&FS Urban Infrastructure Managers Limited
76	IL&FS Wind Energy Limited *(formely Mandvi LNG Terminal Ltd)*
77	IL&FS Wind Power Services Limited
78	ILFS Maritime Offshore Pte Limited
79	IMICL Dighi Maritime Limited
80	India Tourist & Heritage Village Private Limited
81	Integrated Trans Log Development Company Limited
82	Intevial-Gestao Integral Rodoviaria S.A
83	ITNL Africa Projects Limited

84	ITNL Infrastructure Developer LLC
85	ITNL International DMCC
86	ITNL International Pte Limited *
87	ITNL Offshore Pte Limited *
88	ITNL Offshore Three Pte Limited *
89	ITNL Offshore Two Pte Limited *
90	ITNL Road Infrastructure Development Company Limited
91	Jeedimetla Residential Homes Private Limited*
92	Jharkhand Infrastructure Implementation Company Limited
93	Jharkhand Road Projects Implementation Company Limited
94	Jogihali Wind Energy Private Limited
95	Jorabat Shillong Expressway Limited *(from August 16, 2018)*
96	Kanak Resources Management Limited
97	Kariyavattom Sports Facilities Limited
98	Kaze Energy Limited
99	Khandke Wind Energy Private Limited
100	Khed Sinnar Expressway Limited
101	Kiratpur Nerl Chowk Expressway Limited
102	Lalpur Wind Energy Private Limited
103	Land Registration Systems Inc, (Philippines)
104	LIVIA India Limited
105	Mahidad Wind Energy Private Limited
106	Mantenimiento y Conservacion de Vialidades SA DE CV
107	Maritime International Offshore Pte Limited
108	Maytas Infra Assets Limited*
109	Maytas Infra Saudi Arabia Company *(Foreign Subsidiary)* *
110	Maytas Logiparks (Isnapur) Private Limited*
111	Maytas Logiparks (Malkapur) Private Limited*
112	Maytas Metro Limited*
113	Maytas Vasishta Varadhi Limited*
114	Moradabad Bareily Expressway Limited
115	Mota Layja Gas Power Company Limited
116	MP Border Checkpost Development Company Limited
117	Nana Layja Power Company Limited
118	North Karnataka Expressway Limited
119	Park Lane LLC
120	Patiala Bio Power Company Limited
121	Porto Novo Maritime Limited
122	Pt Bangun Asia Persada
123	Pt Mantimin Coal Mining
124	Pune Sholapur Road Development Company Limited
125	Ramagiri Renewable Energy Limited
126	Ranchi Mori Road Development Limited

127	Rapid MetroRail Gurgaon Limited
128	Rapid MetroRail Gurgaon South Limited
129	Ratedi Wind Power Private Limited
130	RDF Power Projects Limited
131	Rohtas Bio Energy Limited
132	Sabarmati Capital One Limited
133	Sabarmati Capital Two Limited
134	Saptaswara Agro-Farms Private Limited*
135	Se7en Factor Corporation
136	Sealand Ports Private Limited
137	Sealand Warehousing Private Limited
138	Senalizacion, Viales e Imagen SAC
139	Sharjah General Services LLC *(upto August 9, 2018)*
140	Shendra Green Energy Limited
141	Sikar Bikaner Highway Limited
142	Sipla Wind Energy Limited
143	Skill Training Assessment Management Partners Limited
144	Srinagar Sonamarg Tunnelway Limited
145	Swayam Swachhta Initiative Limited
146	Tadas Wind Energy Private Limited
147	Tierra Enviro Limited
148	Unique Waste Processing Company Limited
149	Vaish Nimay Infraprojects Limited
150	Vejas Power Projects Limited *(formerly IL&FS Wind Projects Development Ltd)*
151	West Gujarat Expressway Limited
152	Wind Urja India Private Limited
153	Yala Construction Company Private Limited

(d) JOINT VENTURES – DIRECT

1	Bihar e-Governance Services & Technologies Limited
2	Gujarat International Finance Tec-City Company Limited
3	Haldia Integrated Development Agency Limited
4	Jharkhand e-Governance Solutions & Services Limited @
5	Karnataka Enterprise Solutions Limited *(upto July 10, 2018)*
6	Odisha e-Governance Services Limited
7	Road Infrastructure Deve Company of Rajasthan Limited
8	IKG Associates *
9	IL&FS DoC Project Development Fund *

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

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(c) *JOINT VENTURES – INDIRECT*

1	Assam Power Project Development Company Limited
2	Bengal Integrated Infrastructure Development Limited
3	Bengal Urban Infrastructure Development Limited
4	Bihar Power Infrastructure Company Private Limited
5	Chennai Industrial Water Utility Company Limited
6	Chongqing Yuhe Expressway Co. Limited
7	Consorcio de Obras Civilies Concivilcs. SRL
8	Cross Border Power Transmission Limited
9	Damodar Valley Tourism Development Private Limited
10	Free Trade Warehousing Private Limited
11	Future Retail Destination Limited
12	Geotecnia y Control De Qualitat SA
13	Gujarat Industrial Infrastructure Project Limited
14	Gujarat Tourism Opportunity Limited
15	Hubbali Dharwad Water Supply Project Ltd
16	IL&FS Milestone Realty Advisors Private Limited
17	Indraprastha Energy & Waste Mgmt Company Limited
18	Infrastructure Development Company of Nagaland Private Limited
19	Infrastructure Development Corporation of Assam Limited*
20	Jharkhand Infrastructure Development Corporation Limited*
21	Jorabat Shillong Expressway Limited *(upto August 15, 2018)*
22	KSIIDC-IL&FS Project Development Company Limited
23	Kukuza Project Development Company
24	NAM Expressway Limited *(upto August 15, 2018)*
25	Noida Toll Bridge Company Limited
26	ONGC Tripura Power Company Limited
27	Orissa Project Development Company Limited
28	PIDCOR Limited
29	Surya Urja Company of Rajasthan Limited
30	South Coast Infrastructure Development Company of Andhra Pradesh Limited
31	Standard Chartered IL&FS Management (Singapore) Pte Limited*
32	Syniverse Technologies (India) Private Limited
33	Uttarakhand Infrastructure Projects Company Limited
34	Vias y Construcciones, Viacon SRL

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(f) ***ASSOCIATES – DIRECT***

1	Dighi Port Limited
2	Dighi Project Development Company Limited
3	Mangalore SEZ Limited

(g) ***ASSOCIATES - INDIRECT***

1	Canopy Housing & Infrastructure Limited
2	ITNL Toll Management Services Limited
3	KSIDC IL&FS IDC Infrastructure Limited
4	New Tirupur Area Development Corporation Limited
5	Punjab Biomass Power Limited
6	Srinagar Sonamarg Tunnelway Limited *upto August 15, 2018)*
7	Thiruvananthapuram Road Development Company Limited
8	Urban Mass Transit Company Limited
9	Urjankur Shree Tatyasaheb Kore Warna Power Company Limited
10	Vizag Agriport Private Limited
11	Warora Chandrapur Ballarpur Toll Road Limited *
12	CGI-8, S.A
13	Sociedad Concessionaria Autovía A-4 Madrid
14	Ramky Elsamex Hyderabad Ring Road Limited
15	Elsamex Road Technology Company Limited
16	Elsamex Roads & Infrastructure WLL
17	Pario Developers Private Limited *

(h) ***OTHER ENTERPRISES OVER WHICH IL&FS DIRECTLY OR INDIRECT HAS CONTROL***

1	IFIN Realty Trust
2	IL&FS Employees Welfare Trust
3	IL&FS IIDC Fund
4	IL&FS Infrastructure Equity Fund
5	IL&FS Infrastructure Equity Fund I
6	IL&FS Investment Trust – I
7	IL&FS Investment Trust – IV
8	IL&FS ORIX Trust
9	ITNL Road Investment Trust
10	Saffron Investment Trust

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(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)

(a) ***SUBSIDIARY OF INDIRECT ASSOCIATE***

1	Rajasthan Land Holdings Limited

(b) ***SUBSIDIARY OF DIRECT JOINT VENTURE***

1	GIFT Collective Investment Management Company Limited
2	GIFT SEZ Limited
3	GIFT District Cooling Systems Limited
4	GIFT ICT Services Limited
5	GIFT Power Company Limited
6	GIFT Waste Management Services Limited
7	GIFT Water Infrastructure Limited
8	RIDCOR Infra Projects Limited

(c) ***SUBSIDIARY OF INDIRECT JOINT VENTURE***

1	Mussoorie Sky Car Co Pvt Ltd*
2	Birthi Power Co. Pvt Ltd*
3	Seraghar Power Co Pvt Ltd*
4	Haldia Free Trade Warehousing Private Limited*
5	Kandla Free Trade Warehousing Private Limited*

(iii) Both entities are joint ventures of the same third party - **NIL**

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity - **NIL**

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity - **NIL**

(vi) The entity is controlled or jointly controlled by a person identified in (a)- **NIL**

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)- **NIL**

(viii) **The** entity, or any member of group of which it is part, provided key management personnel services to the reporting entity or to the parent of the reporting entity- **NIL**

* *The Shareholding Patterns of these Companies have not been received for March 31, 2019, and these Companies have been considered based on the last available information*

@ *The Companies have filed an application for strick off of name with MCA under Fast Track Exit scheme*

\# *These Companies have filed an application for Voluntary Liquidation*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

44.2 The nature and volume of the transactions during the year ended March 31, 2019 with the above related parties were as follows:

Rs in Millions

Nature of Transactions	SUBSIDIARIES			ASSOCIATES			JOINT VENTURES			OTHER ENTERPRISES			OTHER ENTERPRISES	KMP			Grand Total		
	01-04-18 to 30-09-2018	01-10-18 to 31-03-19	SUBSIDIARIES Total	01-04-18 to 30-09-2018	01-10-18 to 31-03-19	ASSOCIATES Total	01-04-18 to 30-09-2018	01-10-18 to 31-03-19	JOINT VENTURES Total	01-04-18 to 30-09-2018	01-10-18 to 31-03-19	OTHER ENTERPRISES Total		01-04-18 to 30-09-2018	01-10-18 to 31-03-19	KMP Total	01-04-18 to 30-09-2018	01-10-18 to 31-03-19	Total for FY 2019
Income																			
Consultancy Fees	7.89	-	7.89	2.00	-	2.00	-	5.40	5.40	-	-	-	-	-	-	-	9.89	5.40	15.29
Dividend Income	122.38	-	122.38	-	-	-	-	-	-	-	-	-	-	-	-	-	122.38	-	122.38
Guarantee Fee Income	332.60	-	332.60	-	-	-	-	-	-	-	-	-	-	-	-	-	332.60	-	332.60
Interest Income from investments	1,901.73	-	1,901.73	-	-	-	-	-	-	-	-	-	-	-	-	-	1,901.73	-	1,901.73
Interest on Loans	6,621.86	644.17	7,266.03	139.53	30.97	170.50	118.35	11.34	129.69	2.03	0.17	2.20	-	-	-	-	6,901.50	708.15	7,609.65
Other Fees	164.19	0.10	164.29	-	-	-	-	-	-	0.50	-	0.50	-	-	-	-	164.69	0.10	164.79
Other Income	17.15	0.30	17.45	2.45	1.28	3.67	1.30	0.29	1.59	-	-	-	0.01	0.00	0.01	20.18	20.58	-1.18	19.72
Rental Income	267.04	188.31	455.35	1.34	1.35	2.69	1.84	3.80	5.64	-	-	-	0.01	0.01	0.03	209.29	210.03	195.31	405.33
Total Income	9,260.33	833.88	10,094.21	145.32	33.89	181.12	241.48	20.83	262.31	2.53	0.17	2.70	0.02	0.02	0.04	9,539.80	9,893.94	1,019.40	10,433.34
Expenses																			
Operating Lease Expenses	-	-	-	-	-	-	-	-	-	-	-	-	0.06	-	0.04	0.06	0.06	-	0.06
Director's Fees, allowances and expenses	-	-	-	-	-	-	-	-	-	-	-	-	2.38	0.85	3.23	3.66	0.85	5.23	6.08
Employee Cost Reimbursements	112.88	8.66	121.54	2.70	-0.77	1.93	-8.72	-2.24	-10.96	-	-	-	-	-	-	121.58	-71.63	-250.27	-321.90
Interest on borrowings	181.35	16.32	197.68	0.71	-	0.71	23.05	54.20	77.25	-	-	-	-	-	-	181.83	90.37	-	271.20
Interest on debt securities	10.43	-	10.43	-	-	-	-	-	-	-	-	-	-	-	-	10.43	-	-	10.43
Impaired Receivables charges	-	-	-	-	-	-	-	-	-	-	-	-	15.00	-	15.00	15.00	-	15.00	15.00
Other Cost Reimbursements	-14.03	-11.51	-25.54	0.03	-0.12	-0.09	-0.27	-0.12	-0.39	0.02	-0.12	-0.14	-	-	-	-14.86	-1.86	-16.42	-18.28
Other expenditure	2.45	4.80	7.25	-	-	-	-	-	-	-	-	-	-	-	-	2.45	4.80	7.25	7.25
Other Finance expense	22.36	-	22.36	-	-	-	-	-	-	-	-	-	-	-	-	22.36	-	22.36	22.36
Rent, taxes and energy costs	-	-	-	-	-	-	-	-	-	-	-	-	-0.23	-	0.23	0.23	-	0.23	0.23
Salaries and wages including bonus	-	-	-	-	-	-	-	-	-	-	-	-	153.59	10.52	164.03	153.59	10.52	164.03	164.03
Staff Welfare Expenses	-	-	-	-	-	-	-	-	-	-	-	-	0.56	0.04	0.60	0.56	0.04	0.60	0.60
Total Expenses	8.71	-15.58	-6.87	-2.56	-1.88	-4.45	13.76	50.85	64.61	0.02	-0.12	-0.14	172.83	11.38	183.38	192.90	33.58	226.48	
Assets																			
Loans and Advances (Net of Repayments) **	49,706.72	335.88	49,042.85	8.32	2.64	10.96	96.74	-	89.74	2.37	-	2.37	-	-	-	49,792.54	-216.32	49,576.22	
Loans and advances to employees	-	-	-	-	-	-	-	-	-	-	-	-	0.03	0.03	0.06	0.03	0.03	0.06	
Advance towards investments	4,880.00	-	-4,880.00	-	-	-	-	-	-	-	-	-	-	-	-	-4,880.00	-	-4,880.00	
Deferred Tax Asset/Liability	572.17	-	-572.17	-	-	-	-	-	-	-	-	-	-	-	-	-572.17	-	-572.17	
Trade Receivables	550.42	198.81	385.61	-4.54	4.18	-0.48	70.41	7.30	77.71	0.31	-0.09	0.23	-	-	-	368.31	-158.51	410.00	
Interest Accrued (including unpaid) on Investment in Debentures	-0.38	-0.76	-0.71	-	-	-	-	-	-	-	-	-	-	-	-	-0.38	-0.76	-0.33	
Interest and Dividend Accrued	1,108.58	-1,041.44	45.14	-	1.81	1.81	-	2.34	2.34	-	0.01	0.01	-	-5.00	-5.00	1,108.58	1,038.58	70.00	
Other Receivables	711.24	-443.97	287.78	1.18	1.08	-1.26	1.06	-0.33	-1.15	-	-14.24	-14.24	-0.06	-	-0.06	711.50	-458.37	253.14	
Investment in Debentures (Net of Redemption)	4,811.30	-	4,838.00	-	-	-	-	-	-	-	-	-	-	-	-	4,811.30	-	4,838.00	
Total Assets	61,399.32	-1,862.34	49,537.19	3.58	-0.12	-84.61	168.09	8.95	116.34	2.53	-14.31	11.88	-0.01	-5.01	-5.06	61,496.96	-1,877.26	49,619.70	
Liabilities																			
Trade Payables	6.78	3.85	10.64	-	-	-	-	-	-	-	-	-	0.81	0.81	1.73	7.45	4.32	11.77	
Term Deposits From Corporate	1,347.53	-	1,263.00	-	-	-	585.58	-	585.58	-	-	-	-	-	-	1,934.33	-	1,848.58	
Advances	1.69	1.12	2.79	-	-	-	-	-	-	-	-	-	-	-	-	1.69	1.12	2.79	
Income received in advance	-	0.06	0.06	-	-	-	-	-	-	-	-	-	0.01	0.04	0.06	0.01	0.10	0.12	
Interest accrued but not due	-	8.54	8.54	-	-	-	-	-	-	-	-	-	-	-	-	-	8.54	8.54	
Interest and Dividend Accrued	10.43	-0.00	10.43	-	-0.00	0.00	-	-0.00	-0.00	-	-0.00	-0.00	-	-	-	10.43	-0.00	10.43	
Other Payables	0.54	-	-0.54	-	-	-	-	-	-	-	-	-	-	-	-	-0.54	-	-0.54	
Security Deposits	490.87	-	-490.87	-	-	-	-	-	-	-	-	-	-	-	-	-490.87	-	-490.87	
Total Liabilities	918.97	11.48	911.35	-	-0.00	-0.00	585.58	0.24	584.84	-	-0.00	-0.00	0.68	0.51	1.79	1,507.19	11.83	1,519.37	

Note (1) Term Loans ** includes Rs 34,040/- mn to IL&FS Transportation Networks Limited and Rs 12,070/- mn to IL&FS Energy Development Company Limited during FY 2019

Note (2) : The following information has not been presented above, as the Company is in the process of compiling the information:

(a) The Related Party Transactions not include Joint/Controlled Operations that form part of IL&FS Group

(b) The Comparative information for the year ended March 31, 2018 is not audited

(c) No provision of the legal contribution, company wise, during the year ended March 31, 2019

(d) The Balance shown above are the gross values. It does not include adjustments carried towards ECL and impairments for Ind AS adjustments.

IL&FS

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

44.3 Balances as at March 31, 2019						(Rs. In Million)
Nature of Transactions	Subsidiaries	Associates	Joint Ventures	Enterprises Over Which ILFS Has Control	Key Management Personnel	Grand Total
Assets						
Loans and advances	108,731.95	2,046.97	1,919.74	28.07	-	**112,726.72**
Loans and advances to employees	-	-	-	-	0.17	**0.17**
Trade Receivables	2,136.72	2.07	145.22	0.22	-	**2,284.23**
Interest and Dividend Accrued	0.75	-	-	-	-	**0.75**
Other Financial Assets	10,599.17	1.89	6.05	-14.18	-0.00	**10,592.93**
Investment in Debentures	24,533.00	-	-	-	-	**24,533.00**
Assets Total	**146,001.59**	**2,050.93**	**2,071.01**	**14.10**	**0.17**	**150,137.81**
Liabilities						
Trade Payables	14.03	14.39	-	-	1.35	**29.77**
Term Deposits From Corporates	1,392.50	-	1,829.05	-	-	**3,221.55**
Advances	2.81	0.28	-	-	-	**3.09**
Income received in advance	0.06	-	-	-	0.06	**0.12**
Interest accrued but not Due.	13.95	-	-	64.80	-	**78.74**
Interest and Dividend Accrued	273.20	-	0.00	36.67	-	**309.87**
Covered Warrants	1,943.00	-	-	-	-	**1,943.00**
Security Deposits	132.93	-	-	-	-	**132.93**
Liabilities Total	**3,772.46**	**14.68**	**1,829.05**	**101.47**	**1.41**	**5,719.07**

Note : The following information has not been presented above, as the Company is in the process of compiling this information:

(1) The Related Party list does not include Jointly Controlled Operations that form part of IL&FS Group

(2) The Comparative information for the year ended March 31, 2018 under Ind AS

(3) The Statement of the significant transaction, compnay wise, during the year ended March 31, 2019

(4) The Balance shown above are the gross values. It does not include adjustments carried towards ECL and impairments for Ind AS adjustments

MUMBAI

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IL&FS

44.4 Summary of Related Party Disclosure for the year ended March 31, 2018

Rs in Million

Nature of Transactions	Investing Parties	Subsidiaries	Associates	Joint Ventures	Other Enterprises over which IL&FS has control / influence	KMP	MARCH 31,2018
Income							
Consultancy Fees	-	55.65	-	-	-	-	55.65
Dividend Income	-	2,002.98	-	[illegible]	-	-	2,003.88
Commitment Fee Income	-	405.81	-	-	-	-	405.81
Interest Income from Loans	-	1,366.52	-	-	-	-	1,366.52
Interest on Loans	-	4,537.02	180.04	272.35	[illegible]	0.03	4,931.18
Other Fees	-	527.05	-	-	1.00	-	528.66
Other Income	-	10.57	-	-	-	-	10.61
Other Income from Investments	-	102.69	[illegible]	0.59	[illegible]	-	104.42
Rental Income	-	247.21	-	1,014.75	-	-	1,101.96
Revenue Income	-	428.36	5.42	3.63	-	0.22	432.71
Expenses							
Contingency Fees	-	(0.00)	-	-	-	-	(0.00)
Out of pocket expenses	-	0.23	10.51	-	-	-	10.28
Interest on borrowings	-	11.53	-	-	-	-	11.53
Interest on debentures	566.25	17.79	-	-	-	-	584.13
Legal and Professional Charges	-	31.80	-	-	-	-	31.80
Other expenses	-	53.00	-	-	-	-	53.00
Other Finance expense	-	8.65	-	-	16.01	-	24.66
Rent, taxes and lease costs	-	(3.13)	-	-	-	5.01	1.88
Repairs and maintenance	-	(0.01)	-	-	-	-	(0.01)
Salaries and wages including bonus	-	(674.61)	1,0.591	(0.03)	-	398.03	103.66
Staff welfare expenses	-	(20.01)	(0.01)	-	-	-	(20.31)
Transactions During the year *							
Purchase / Sale of Fixed Assets	-	10,340.52	-	-	-	-	10,340.52
Investments made / purchase / (redemption / sale)	-	1,375.40	-	-	-	-	1,375.40
Long term / Short term loans and advances	-	1,01,175.83	1,480.02	-	55.00	-	1,03,710.85
Long term / Short term loans repaid / (taken)	-	89,545.96	94.02	-	15.00	-	89,655.98
Long term / Short term loans repaid / (taken)	-	6.00	-	-	-	-	6.00
Long term / Short term loans over / (written off)	-	1,192.00	-	-	-	-	1,192.00
Deposits / Advances / Margins	267.77	-	-	-	-	2.82	267.59
Guarantees / Letter of Credit	-	13,047.30	-	-	-	-	13,047.30
Balances as at March 31, 2018							
Assets							
Loans and advances	-	55,232.10	2,092.23	1,550.42	-	0.24	52,125.07
Loans and advances to employees	-	-	-	-	-	-	-
Advance towards Investments	-	4,990.00	-	-	-	-	4,990.00
Interest Receivables	-	672.17	-	-	-	-	672.17
Interest Accrued but not due on Loans / Investments / Debentures	-	41.28	-	-	-	-	41.28
Investment in Unsecured Bonds	-	10,253.04	-	0.10	0.03	0.00	10,253.11
Other Financial Assets	-	50.86	0.03	0.45	2.02	0.03	53.39
Investment in debentures	-	1,572.00	-	-	-	-	1,572.00
Investment in debentures	-	18,000.00	-	-	-	-	18,000.00
Trade Receivables	-	1,225.11	5.61	1,1.32	(1.01)	-	8,924.27
Liabilities							
Trade Payables	0.01	2.33	14.03	-	-	0.22	16.81
Trade Deposits from Corporates	-	1,196.35	-	-	-	-	1,196.35
Advances	-	0.01	0.23	-	-	-	0.33
Income received in advance	-	128.30	2.62	3.54	-	0.02	134.96
Interest accrued but not due	-	2.60	-	-	69.80	-	72.40
Loans and borrowings	5,515.89	2,217.79	0.03	0.04	[illegible]	-	7,781.06
Other Provisions	-	2.24	-	-	-	-	0.94
Secured Debentures	-	623.79	-	-	-	-	623.79
Trade Payables	-	-	-	-	-	-	-

* Transactions that are [illegible] with the related parties

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

IL&FS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

45.1 Segment

The Company is in the business of providing financial services relating to the commercialisation of infrastructure including loans and investments in Group Companies. As such, all activities undertaken by the Company are incidental to the main business. There are no separate reportable business segments as per IndAS 108 on "Segment Reporting".

45.2 Foreign currency risk management :

The Company is also exposed to foreign currency risk and floating interest rate risk as it undertakes transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuations arise. These exposures are managed within approved policy parameters utilizing forward foreign exchange contracts, currency swaps and coupon swaps by ensuring application of appropriate strategies.

45.3 On the basis of the information available with the Company and intimations received from suppliers (Trade Payable and Other Payables), Rs 0.25 mn is payable as on March 31, 2019 (Previous Year : Rs 0.72 mn) to Micro, Small and Medium Enterprises as per the disclosure requirement under the Micro, Small and Medium Enterprise Development Act, 2006.

45.4 The amount of Rs 0.07 mn (P.Y. Rs 0.07 mn, as on April 1, 2017 Rs 0.07 mn) payable towards maturity of NCDs (along with the interest component) is pending to be settled on account of clearance of probate of deceased person to be submitted in the High Court. The said amount is included in Trade payable and has not been transferred to Investor Education and Protection Fund (IEPF) since matter is sub-judice.

45.5 Events after the reporting dates

There has been no events after the reporting date which require disclosure other than those already disclosured in these financial statements.

46 Approval of financial statements

The financial statements were approved by the board of directors of the Company on December 4, 2019.

In terms of our report attached

For SRBC & Co LLP
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

Bharath N S
Partner
Membership No 219934

Mumbai
December 4, 2019

For and behalf of the Board

Uday Kotak
Chairman
(DIN 00007467)

Vineet Nayyar
Vice Chairman
(DIN 00018243)

C S Rajan
Managing Director
(DIN 00126063)

Bipin Kumar
Deputy Managing Director
(DIN 07262627)

Nand Kishore
Director
(DIN 08267502)

Dr Malini Shankar
Director
(DIN 01602529)

N Srinivasan
Director
(DIN 00123338)

G C Chaturvedi
Director
(DIN 00110996)

Mahirudra Wagle
Chief Financial Officer

Shekhar Prabhudesai
Company Secretary

Mumbai
December 4, 2019

S R B C & CO LLP
Chartered Accountants

13th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6619 6500

INDEPENDENT AUDITOR'S REPORT

To the Members of Infrastructure Leasing & Financial Services Limited

Report on audit of standalone Ind AS financial statements

Disclaimer of Opinion

We were engaged to audit the accompanying standalone Ind AS financial statements of Infrastructure Leasing & Financial Services Limited (the "Company"), which comprise the standalone Balance Sheet as at March 31, 2019, the standalone Statement of Profit and Loss including the Other Comprehensive Income, the standalone Cash Flow Statement and the standalone 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.

We do not express an opinion on the accompanying standalone Ind AS financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion and Material Uncertainty Related to Going Concern sections of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the accompanying standalone Ind AS financial statements.

Basis for Disclaimer of Opinion

The matters in Paragraphs 1 to 9 below should be read with Note 1.2 to the accompanying standalone Ind-AS financial statements which discusses certain key events of the year including reconstitution of the board of directors of the Company effective October 1, 2018 and Note 1.3 to the accompanying standalone Ind-AS financial statements regarding the resolution process followed by the board of directors in relation to the Company's operations, as well as the relevant notes referred to hereinbelow.

1. (a) As mentioned in Note 1.6 to the accompanying standalone Ind-AS financial statements, on January 1, 2019, the Company and two of its subsidiaries (IL&FS Transportation Networks Limited and IL&FS Financial Services Limited) received orders from the National Company Law Tribunal for the reopening and recasting of their accounts in respect of financial years 2013-14 to 2017-18, under Section 130 of the Companies Act 2013. Such process of reopening and recasting of prior years' accounts is currently in progress.

   (b) As mentioned in Note 1.7 to the accompanying standalone Ind-AS financial statements, the Board of Directors have initiated a third-party forensic examination of various matters for the period April 2013 to September 2018, which is currently ongoing.

   (c) As mentioned in Note 1.8 to the accompanying standalone Ind-AS financial statements, management is in the process of reconciling claims received with its books of account.

   (d) As mentioned in Note 1.18 to the accompanying standalone Ind-AS financial statements, there are ongoing investigations by various regulatory authorities and agencies on the Company.

   Consequently, the accompanying standalone Ind-AS financial statements do not include any possible adjustments arising from the aforesaid matters, including to the extent these may affect prior period comparatives presented therein.

2. As mentioned in Note 1.9 to the accompanying standalone Ind-AS financial statements, pending management's determination of the financial and other consequences of the litigations stated in the said note, no adjustments have been made to the accompanying standalone Ind-AS financial statements in this regard.

3. As mentioned in Note 1.10 to the accompanying standalone Ind-AS financial statements, as at March 31, 2019, the Company has made provisions of Rs 95,429.01 million, Rs 2,072.35 million and Rs 96,804.75 million respectively towards provisions for loans given to and receivables from, and impairment of investments in, its subsidiaries, associates and joint ventures and recorded net loss on fair value changes of

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Rs 26,692.99 million on financial assets measured at fair value though profit and loss. The Company does not currently have the necessary and/or complete information to support cash flow based tests over its investments, and assumptions for certain aspects of the expected credit loss model in respect of loans and receivables and accordingly, management has recorded full provision for the balances indicated in that note, which does not meet the requirements of the relevant Ind-AS standards in entirety.

4. As mentioned in Note 1.11 to the accompanying standalone Ind-AS financial statements, the Company is in the process of reconciling the completeness and status of financial guarantees extended by it to group companies in the period prior to September 30, 2018, pending which, the Company has not recognised any resultant liabilities, if any, in the accompanying standalone Ind-AS financial statements. Consequently, the accompanying standalone Ind-AS financial statements do not include any possible adjustments in this regard.

5. In view of the reasons mentioned more fully in Note 1.12 to the accompanying standalone Ind-AS financial statements, the Company has not accounted for contractual interest income from its subsidiaries, associates and joint ventures (of Rs 7,379.80 million on a gross basis) and contractually payable finance costs on borrowings (of Rs 6,925.85 million, excluding penal / other interest and charges), for the period from October 16, 2018 to March 31, 2019. In our opinion, the Company would be required to account for such interest income and interest expenses, and the related assets and liabilities as at March 31, 2019.

6. As mentioned in Note 1.13 to the accompanying standalone Ind-AS financial statements, pending completion of audit of financial statements of various subsidiaries, associates and joint ventures as at and for the year ended March 31, 2019, and/or the related completion of the inter-company balances reconciliation process, we are unable to comment on the adjustments that may be required and the consequential effects on the disclosures of related party transactions and balances in Note 44, to the accompanying standalone Ind-AS financial statements.

7. We have not received audit evidence as follows:

   a) Reconciliation of differences with one bank mentioned in Note 1.14 to the accompanying standalone Ind-AS financial statements aggregating Rs 2,412.80 million, which management believes represents an unauthorised adjustment made by the bank in the Company's bank account (included in note 3 and 4 to the accompanying standalone Ind-AS financial statements).
   b) Unreconciled differences in bank reconciliation statements/other borrowings including direct debits by banks aggregating Rs 1,485.85 million, which in management's view is primarily arising out of claims for penal interest, which are in the process of being reconciled by the Company.
   c) Direct confirmations from three banks in respect of derivatives (including the mark to market amount) of Rs 337.75 million in note 5 to the accompanying standalone Ind-AS financial statements.

   Accordingly, we are unable to comment on the consequential effects of the above, on the accompanying standalone Ind-AS financial statements.

8. The Company does not have information for certain disclosures including, but not limited to, those required by Schedule III of the Companies Act, 2013 (the "Act"), Ind-AS, and certain regulations of the Reserve Bank of India and related rules, as and for the reasons mentioned in Note 1.15 and Note 1.4.2 to the accompanying standalone Ind-AS financial statements.

9. As mentioned in Note 1.16 to the accompanying standalone Ind-AS financial statements, the Company is not in compliance with certain requirements / provisions of applicable laws and regulations as more fully stated in that note. Pending final determination by management of the financial and other consequences arising from such non-compliances, no adjustments have been made to the accompanying standalone Ind-AS financial statements.

Material Uncertainty Related to Going Concern

We refer to Note 1.19 to the accompanying standalone Ind-AS financial statements. The Company has incurred a loss (including other comprehensive income) of Rs 225,272.53 million for the year ended March 31, 2019 and has net liabilities of Rs 169,351.57 million as at March 31, 2019. The Company has also suffered consistent downgrades in its credit ratings since September 2018, as a result of which the Company's ability to raise funds

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has been substantially impaired, with normal business operations being substantially curtailed. These conditions, along with other matters set forth in that note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern

Other Information

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

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

In connection with our audit of the accompanying standalone Ind-AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Ind-AS 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 the accompanying standalone Ind-AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the accompanying standalone Ind-AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the accompanying standalone Ind-AS financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind-AS Financial Statements

Our responsibility is to conduct an audit of the Company's standalone Ind-AS financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion and Material Uncertainty Related to Going Concern sections of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the accompanying standalone Ind-AS financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Reporting on comparatives in case of first Ind-AS financial statements

The transition date opening balance sheet as at April 1, 2017 included in standalone Ind-AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor of the Company whose report for the year ended March 31, 2017

dated April 26, 2017 expressed an unmodified opinion on those standalone financial statements, and have been restated to comply with Ind-AS. We were engaged to audit the adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind-AS. In view of the matters reported in the Basis for Disclaimer of Opinion section above, we are unable to comment whether any further Ind-AS adjustments are required to the balances in respect of the transition date balance as at April 1, 2017 and the comparatives for the year ended March 31, 2018

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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order

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

   (a) We have sought all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, but to the extent described in the Basis for Disclaimer of Opinion section above, were unable to obtain such information;

   (b) 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, except to the extent stated in the Basis for Disclaimer of Opinion section above;

   (c) Read with the matters stated in the Basis for Disclaimer of Opinion section of our report, the standalone Balance Sheet, the standalone Statement of Profit and Loss (including the Other Comprehensive Income), the standalone Cash Flow Statement and standalone Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   (d) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion section above, we are unable to state whether the aforesaid standalone Ind-AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) The matters described in the Basis for Disclaimer of Opinion and Material Uncertainty Related to Going Concern sections above, in our opinion, may have an adverse effect on the functioning of the Company;

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

   (g) The reservations relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion section above;

   (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to the accompanying standalone Ind-AS financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report. That report expresses a disclaimer of opinion on the Company's internal controls over financial reporting for the reasons stated therein;

   (i) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion section of our auditor's report on the financial statements, we are unable to comment on whether the managerial remuneration paid to its erstwhile managerial personnel during the period from April 1, 2018 to September 30, 2018 has been paid / provided in accordance with the provisions of section 197 of the Act, read with Schedule V thereto. Managerial remuneration in respect of managerial personnel appointed subsequent to October 1, 2018 has been paid / provided by the Company in accordance with the provisions of Section 197 of the Act, read with Schedule V thereto, read with the relevant regulatory communications in this regard

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(j) Except for the possible effects of the matters described in the Basis for Disclaimer of Opinion section above, 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, as amended, 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 standalone Ind-AS financial statements – Refer Note 32 and Note 1.20 to the accompanying standalone Ind-AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Bharath N S
Partner
Membership No.: 210934
UDIN: 19210934AAAADY3110
Place of Signature: Mumbai
Date: December 4, 2019

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Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Infrastructure Leasing & Financial Services Limited (the "Company")

(i) In respect of fixed assets:

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

(b) According to the information and explanations given by the management, the fixed assets were physically verified during the year by the Management in accordance with a phased programme of verification which, in our opinion, provides reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, we report that the title deeds of freehold land and building are held in the name of the Company as at March 31, 2019 except in respect of one property with a net book value Rs 1.8 million where the title deed was not produced for our verification and in respect of which we are unable to comment

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured to companies covered in the register maintained under section 189 of the Companies Act, 2013. According to the information and explanations given to us,

(a) Pending the outcome of the investigations stated in paragraphs 1(b) and 1(d) of the Basis of Disclaimer of Opinion section of our auditor's report on the financial statements, we are unable to report on whether the terms and conditions of the grant of such loans are, prima facie, prejudicial to the Company's interest;

(b) In respect of loans granted to companies covered in the register maintained under section 189 of the Companies Act, 2013, the schedule of repayment of principal and payment of interest has not been as stipulated; and

(c) The Company has a sum aggregating Rs 5,407.29 million which are overdue for more than ninety days from companies covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and having regard to the matters mentioned in Note 1.2 and Note 1.3 to the accompanying standalone Ind-AS financial statements, reasonable steps have been taken by the Company for recovery of overdue amounts where possible.

(iv) In our opinion and according to the information and explanations given by the management, considering the nature of the Company and that the Company is registered as a non-banking finance company to which the provisions of Sections 185 and 186 of the Companies Act, 2013 are not applicable, reporting under clause (iv) of the Order is not applicable

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, sales-tax, service tax, value added tax, cess, tax deducted at source and other statutory dues applicable to the Company have generally been regularly deposited with slight delay in a few instances. In respect of dues of goods and service tax the Company has not regularly deposited with the appropriate authorities and there have been

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serious delays in large number of cases. The provisions relating to duty of custom and duty of excise are not applicable to the Company.

(b) According to the information and explanations given to us, and except for the possible effects of the matter stated in paragraph 9 of the Basis for Disclaimer of Opinion section of our auditor's report on the financial statements, undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues which were outstanding as per the Company's books of account, at the year end, for a period of more than six months from the date they became payable, are as follows

Name of the Statute	Nature of the Dues	Amount (Rs. in mn unless otherwise stated)	Period to which the amount relates	Due Date
Goods and service tax	Goods and service tax liability	14.43	Nov 2018 to Mar 2019	Various dates
Income Tax Act	Dividend Distribution Tax	165.28	Jun 2018	12-Jun-18
Labour Welfare Fund Act	LWF payment	Rs 4830 *	Jan 2018 to Dec 2018	31-Jan-19

* represents absolute number

(c) According to the records of the Company, and except for the possible effects of the matter stated in paragraph 9 of the Basis for Disclaimer of Opinion section of our auditor's report on the financial statements, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute as per the Company's books of account, are as follows:

Name of the statute	Nature of the dues	Amount (Rs mn)	Period to which the amount relates	Forum where the dispute is pending
Finance Act	Service Tax	29.51	2004-2010	CESTAT
Income Tax Act	Income Tax – TDS	1.11	2011-2012	CIT (A)

(viii) According to the information and explanations given by the management, the Company has delayed in repayment of loans or borrowings to financial institutions, banks or government and dues to debenture holders during the year in respect of principal amounts of Rs 32,776.00 million (the delay in such repayments being between 5 and 217 days as at March 31, 2019), and Rs 32,276.00 million of such dues were in arrears as on the balance sheet date. The lender wise details are tabulated as under:

Sr no	Particulars	Total amount of default as at balance sheet date (Rs. in mn) #	Date of first default #
	Term loans / Commercial papers / Inter-corporate deposits		
1	IndusInd Bank Ltd	6,666.67	30-Sep-18
2	Small Industries Development Bank of India	4,500.00	27-Aug-18
3	Micro Units Development & Refinance Agency Limited	2,850.00	17-Nov-18
4	Credit Suisse AG	2,600.00	28-Sep-18
5	Bank of India	2,000.00	28-Sep-18
6	National Bank for Agriculture and Rural Development	2,000.00	15-Jan-19
7	Syndicate Bank	1,500.00	30-Sep-18
8	STCI Primary Dealer Limited	1,000.00	17-Sep-18
9	Bank of Baroda	1,000.00	30-Sep-18

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Sr no	Particulars	Total amount of default as at balance sheet date (Rs. in mn) #	Date of first default #
10	Bandhan Bank Limited	900.00	28-Sep-18
11	Indian Renewable Energy Development Agency Limited	700.00	29-Oct-18
12	Punjab & Sind Bank	525.00	28-Sep-18
13	Bank of Maharashtra	400.00	30-Sep-18
14	Central Bank of India	375.00	30-Sep-18
15	Jammu & Kashmir Bank Ltd	250.00	30-Sep-18
16	Karnataka Bank Ltd	250.00	30-Sep-18
17	The South Indian Bank Limited	250.00	30-Sep-18
18	State Bank of Bikaner & Jaipur	125.00	30-Sep-18
19	Asian Development Bank *	120.41	17-Dec-18
20	Utkarsh Small Finance Bank Limited	66.67	30-Sep-18
21	Kreditanstalt für Wiederaufbau (KfW) *	55.13	30-Dec-18
22	The United States Agency for International Development (USAID) Loan	22.50	30-Sep-18
	Debentures		
23	Total debentures	4,120.00	Various **
	Total	**32,276.00**	

* Has been paid by Government of India to the lender, pursuant to a guarantee provided by the former
** Various dates between September 17, 2018 and March 27, 2019
\# Amounts and date of first default are as per original terms of contractual agreements. Amounts are cumulative from the date of first default to March 31, 2019, and, represents principal only, and does not include interest, for reasons stated in Note 1.12 to the financial statements and paragraph 5 of the Basis for Disclaimer of Opinion section of our auditor's report of even date

(ix) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not raised any money by way of initial public offer or further public offer, hence this part of clause (ix) is not commented upon.

Further, we were not provided with all the information and explanation regarding utilisation of moneys raised prior to October 1, 2018 by way of term loans, and accordingly we are unable to comment as to whether the moneys raised from such term loan have been utilized for the purposes for which they were obtained. No term loans were taken subsequent to October 1, 2018

(x) As a consequence of the various matters resulting in the change in operational status of the Company, as more fully described in Note 1.2 and Note 1.3 to the accompanying standalone Ind-AS financial statements, and having regard to and pending final outcome of the various matters described in the Basis for Disclaimer of Opinion section above, based upon the audit procedures performed by us and according to the information and explanations given by the management, we are unable to report on fraud by the Company or on the Company by the officers and employees of the Company during the year.

(xi) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion section of our auditor's report on the financial statements, we are unable to comment on whether the managerial remuneration paid to its erstwhile managerial personnel during the period from April 1, 2018 to September 30, 2018 has been paid / provided in accordance with the provisions of section 197 of the Act, read with Schedule V thereto. Managerial remuneration in respect of managerial personnel appointed subsequent to October 1, 2018 has been paid / provided by the Company in accordance with the provisions of Section 197 of the Act, read with Schedule V thereto, read with the relevant regulatory communications in this regard.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

(xiii) As discussed in paragraph 6 of the Basis for Disclaimer of Opinion section of our auditor's report on the accompanying standalone Ind-AS financial statements, pending completion of audit of financial statements of various subsidiaries, associates and joint ventures as at and for the year ended March 31, 2019, and/or the related completion of the inter-company balances reconciliation processes, the Company has not recorded any adjustments that may be required in this regard. Accordingly, (a) we are unable to comment if the transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 in respect of the period from April 1, 2018 to September 30, 2018; and (b) with respect of the period from October 1, 2018 to March 31, 2019, except for the possible effects of the matter stated in paragraph 6 of the Basis for Disclaimer of Opinion section of our auditors' report on the financial statements, we report that the transactions with the related parties are in compliance with Section 177 and Section 188 of the Companies Act 2013. Further, in view of the matter stated in paragraph 8 of the Basis for Disclaimer of Opinion section of our auditor's report on the financial statements, we are unable to comment as to whether details disclosed in the notes to the accompanying standalone Ind-AS financial statements, as required by the applicable accounting standards are adequate in respect of the transactions from April 1, 2018 to September 30, 2018 and as a consequence on the balance as of March 31, 2019.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon

(xv) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion section of our auditor's report on the accompanying standalone Ind-AS financial statements, we are unable to comment on whether the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013 in respect of the period from April 1, 2018 to September 30, 2018. Further, we report that the Company has not entered into any non-cash transactions with its directors or persons connected with him as referred to in section 192 of Companies Act, 2013 in respect of the period from October 1, 2018 to March 31, 2019.

(xvi) According to the information and explanations given to us, we report that the Company is registered under section 45-IA of the Reserve Bank of India Act, 1934, without considering the consequential effects, if any, of the matter mentioned in Note 1.16 to the accompanying standalone Ind-AS financial statements.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Bharath N S
Partner
Membership No.: 210934
UDIN: 19210934AAAADY3110
Place of Signature: Mumbai
Date: December 4, 2019

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We were engaged to audit the internal financial controls over financial reporting of Infrastructure Leasing & Financial Services Limited (the "Company") as of March 31, 2019, in conjunction with our audit of the accompanying standalone Ind-AS 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 the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to the standalone Ind-AS financial statements based on our audit. We were engaged to audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the ICAI.

Because of the material and pervasive nature of the matters described in the Basis for Disclaimer of Opinion section in our auditor's report on the accompanying standalone Ind-AS financial statements, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on internal financial controls over financial reporting with reference to the accompanying standalone Ind-AS financial statements of the Company.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Disclaimer of Opinion

Consequent to the various matters mentioned in Note 1.2 to the accompanying standalone Ind-AS financial statements, which have inter alia, resulted in the matters stated in the Basis for Disclaimer of Opinion section of our auditor's report on the accompanying standalone Ind-AS financial statements, the normal business operations of the Company as they existed until September 30, 2018 have ceased since, and the New Board has undertaken certain steps as mentioned in that note, to continue the current operations of the Company.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

However, in view of the material and pervasive nature of the matters described in our Basis for Disclaimer of Opinion section of our auditor's report on the accompanying standalone Ind-AS financial statements of the Company, we are unable to determine if the Company has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2019. Accordingly, we do not express an opinion on Internal Financial Controls Over Financial Reporting with reference to the accompanying standalone Ind-AS financial statements.

Explanatory paragraph

We were engaged to audit, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the accompanying standalone Ind-AS financial statements of Infrastructure Leasing & Financial Services Limited, which comprise the standalone Balance Sheet as at March 31, 2019, the standalone Statement of Profit and Loss including the statement of Other Comprehensive Income, the standalone Cash Flow Statement and the standalone Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. We have considered the disclaimer of opinion reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 standalone Ind-AS financial statements of Infrastructure Leasing & Financial Services Limited and this report affects our report dated December 4, 2019 which expresses a disclaimer of opinion on those standalone Ind-AS financial statements.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Bharath N S
Partner
Membership No.: 210934
UDIN: 19210934AAAADY2110
Place of Signature: Mumbai
Date: December 4, 2019

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Disclosure related to Schedule to the balance sheet of the Company, as required by Annex I of the Core Investment Companies (Reserve Bank) Directions, 2016

Liabilities Side : (Rs in Lakhs)

	Particulars	As at March 31, 2019	
		Amount Outstanding	Amount Overdue
(1)	Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid :		
a)	Debentures		
	i) Secured - (Inclusive of Interest accrued but not due)	925,570	78,745
	ii) Unsecured (Inclusive of Interest accrued but not due)		
	(Other than falling within the meaning of public deposits)		
b)	Deferred Credits		
c)	Term Loans	377,520	175,224
d)	Inter-corporate Loans and Bonds	24,804	118,185
e)	Commercial Paper	5,869	185,254
f)	Other Loans -		
	- Cash Credit - Repayable on Demand	24,204	-
	- Non-convertible Debentures - (including Redeemable Optionally Convertible Preference Shares)	102,250	-
	- Unsecured Warrants	19,439	-
	Total Borrowings	1,533,773	557,608

Assets Side : (Rs in Lakhs)

	Particulars	Amount Outstanding
(2)	Break up of loans and advances including bills receivable other than those included in (4) below (Gross Amount)(Refer Note (b) below)	
a)	Secured*	53,655
b)	Unsecured*	50,002
(3)	Break up of leased assets and stock on hire and other assets counting towards AFC activities	
(i)	Lease assets including lease rentals under sundry debtors.	
	a) Financial leases	
	b) Operating leases	
(ii)	Stock on hire including hire charges under sundry debtors	
	a) Assets on hire	
	b) Repossessed Assets	
(iii)	Other loans counting towards AFC activities	
	a) Loans where assets have been repossessed	
	b) Loans other than (a) above	
(4)	Break up of investments	
a)	Current investments	
	1) Quoted	
	i) Shares	
	a) Equity	
	b) Preference	
	ii) Debentures and bonds	
	iii) Units of Mutual fund	
	iv) Government securities	
	v) Others	
	2) Unquoted	
	i) Shares	
	a) Equity	
	b) Preference	
	ii) Debentures and bonds **	630
	iii) Units of Mutual Fund	
	iv) GOI securities	
	v) Others	
b)	Long term investments	
	1) Quoted	
	i) Shares	
	a) Equity ***	3,929
	b) Preference	
	ii) Debentures and bonds	
	iii) Units of Mutual fund	
	iv) GOI securities	
	v) Others	
	Partnership All	
	2) Unquoted	
	i) Shares	
	a) Equity ***	61,321
	b) Preference	
	ii) Debentures and bonds	8,201
	iii) Units of Mutual fund	
	iv) GOI securities	
	v) Others	
	Investment in Units of Trust	-

Notes

* Including Investment and stock of Unquoted Subsidiaries

** Represents Unquoted Debentures of Unquoted Companies

*** Shares are in the [illegible]

5) Borrower group-wise classification of assets financed as in (2) and (3) above:

(Rs in Lakhs)

	Particulars	Secured	Unsecured	Total
a)	Related parties*			
1)	Subsidiaries*	1,015	6,515	7,520
2)	Companies in the same group*	52,650	54,114	116,764
3)	Other related parties			-
				-
b)	Other than related parties	-	253	253
		53,665	60,892	124,557

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) excluding stock in trade after net off provision (impairment)

(Rs in Lakhs)

	Particulars	Market value	Book
a)	Related parties*		
1)	Subsidiaries*	50,468	53,776
2)	Companies in the same group*	26,534	26,634
3)	Other related parties		
b)	Other than related parties	0	0
	Total	81,102	80,411

7) Other information

(Rs in Lakhs)

	Particulars	Amount
a)	Gross Non Performing Assets	
	1) Related Parties	1,053,677
	2) Other than Related Parties	
b)	Net Non Performing Assets	
	1) Related Parties	51,660
	2) Other than Related Parties (net of provision)	

Notes :

* As defined in the Core Investment Companies (Reserve Bank) Directions, 2016

\# Quoted shares are considered at Market value, whereas unquoted shares are considered at book value (net of impairment / Expected Credit Loss, if any

Net Non Performing Assets shown above are after considering current the Expected Credit Loss provision