

FROM THE CHAIRMAN'S DESK

**Ladies and Gentlemen,**

It gives me great pleasure to address you on the occasion of the 12th Annual General Meeting of your company.

I am pleased to inform that even in a challenging business environment, your company crossed ₹ 1,00,000 Crore of cumulative gross sanctions and ₹ 50,000 Crore of cumulative disbursements during the year 2016-17. Your company made incremental gross sanctions of ₹ 13,860 Crore during 2016-17, taking cumulative gross sanctions to ₹ 1,09,159 Crore under Direct Lending, Takeout Finance and Refinance Schemes. Disbursements during the year stood at ₹ 7,122 Crore taking cumulative disbursements to ₹ 55,966 Crore.

Your company achieved nearly 7.5% growth in its infrastructure exposure (including Credit Enhancements) from about ₹ 32,130 Crore as on March 2016 to about ₹ 34,530 Crore as on March 2017. This is particularly noteworthy as this achievement is despite prepayments of over ₹ 3200 Crore and a 6% negative credit growth recorded by banks in the infrastructure sector during the year 2016-17. In a challenging environment for the sector, we have continued to record a healthy growth and meet the requirements of infrastructure projects.

As per the Reserve Bank of India's (RBI) data, the Gross NPAs of Scheduled Commercial Banks (SCBs) increased to 9.6% in March 2017, up from 7.6% in March 2016. Despite this challenging business environment, your company was able to contain Gross NPAs at 7.8% as at March 2017. Your company has set up a dedicated NPA cell to closely monitor stressed assets and contain exposure to bad loans.

Due to slow growth in bank credit and higher liquidity in the system, interest rates on both advances and investments came down during 2016-17 for most lenders in the infrastructure sector, which impacted your company as well. IIFCL's interest income from lending operations and investments fell by ₹ 237 Crore and ₹ 248 Crore respectively during 2016-17. Also, there was an increase in provision for loan assets by ₹ 435 Crore due to change in RBI's regulatory norms and an increase

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in write off of loan assets by ₹ 102 Crore during the year. Despite all these factors, your company recorded net profit of ₹ 68 Crore during 2016-17. IIFCL is also taking suitable steps to diversify its sources of funds in order to lower its costs.

PPP projects pipeline remains weak, NPAs are rising, and banks, with access to cheaper funds, pose tough competition for IIFCL. IIFCL has been proactively taking several precautionary steps to overcome such challenges. In view of the weak pipeline of Greenfield projects, there has been an increased focus on products such as Takeout Finance and Credit Enhancement for Brownfield projects.

After successfully launching the Credit Enhancement Scheme in 2015, your company has been able to make further strides in this area. Your company sanctioned 7 different projects under Credit Enhancement Scheme with a cumulative bond size of upto ₹ 1,976 Crore and proposed IIFCL Guarantee of ₹ 512 Crore during 2016-17. Such bond issuances are not only expected to reduce the cost of funds for projects (as the pricing mechanism is market-linked based on credit rating of the issuer which gets enhanced with IIFCL's Credit Enhancement), but also contribute to development of bond markets in the country by attracting investments from insurance and pension funds in the infrastructure sector. Further, during the year, IIFCL made sanctions of ₹ 4,311 Crore under Takeout Finance.

Establishing its role as an independent appraising institution, your company sanctioned 15 projects based on its own appraisal with total gross sanctions of over ₹ 2,600 Crore during 2016-17. Further, amalgamation of erstwhile Irrigation and Water Resources Finance Corporation Ltd. (IWRFC) with IIFCL came into effect from 1st April 2016. The merger has resulted in an increase in equity share capital of IIFCL by ₹ 102 Crore during 2016-17.

Your company continues to provide policy related inputs to the Government for the infrastructure sector. Pursuant to announcement in Union Budget 2016-17, Government is in the process of setting up a dedicated Credit Enhancement Company to provide credit enhancement facility to infrastructure companies. IIFCL is leading this initiative of the Government and has approved subscribing to 20% of the initial share capital of the proposed company.

Furthering its efforts to engage into meaningful cooperation with external agencies to augment the flow of funds for infrastructure sector, your company signed MOU with Delhi Mumbai Industrial Corridor Development Corporation (DMICDC) in August 2016 to boost investment opportunities in infrastructure projects related to industrial development.

State of the Economy

The Indian economy continues to be one of the fastest growing economies in the world. According to the Central Statistics Office (CSO), India's GDP is estimated to have grown at 7.1% in 2016-17. The country's growth rate is expected to remain strong in the foreseeable future as per estimates by organizations like World Bank, IMF etc.

Two key domestic policy actions by the Government are expected to have long-term positive impacts on the economy: Implementation of the Goods and Services Tax (GST) and Demonetisation. Passage of the long-pending GST is expected to improve tax compliance and promote growth by creating a common Indian market. Further, while Demonetisation has had short-term costs but it holds the potential for long term benefits such as greater digitalization, increased flows of financial savings, and greater formalization of the economy. This in turn could eventually lead to higher GDP growth, better tax compliance and greater tax revenues, according to the Economic Survey 2016-17.

India's macro-economic fundamentals remained strong during 2016-17. Among other indicators, inflation remained under control. According to the CSO, CPI Inflation eased to 3.81% in March 2017 from 4.83% in March 2016, remaining well within the RBI's 4% +/-2% target. However, rising international crude oil prices, volatility in exchange rate and impact of pay revision under the 7th Central Pay Commission posed an upward inflation risk. Adopting a cautious approach, RBI signalled an end to the rate cut cycle and changed its stance from accommodative to neutral in February 2017.

Further, several pro-growth proposals were announced in the Union Budget 2017-18. These include stepping up of capital expenditure, boosting the rural economy and affordable housing, roll-out of the GST, efforts to attract higher foreign direct investment (FDI) and increased investment into infrastructure. Notwithstanding the demonetisation activity, India returned to fiscal consolidation in 2016-17, helped by the near-elimination of fuel subsidies and enhanced targeting of social benefits, according to the IMF.

Global financial markets in 2016-17 were surrounded by uncertainties, mainly due to the impact of US Presidential elections, rate hikes by the US Federal Reserve and Brexit. However, despite the uncertain global economic environment, the Indian economy showed resilience and its external sector continued to remain robust. The rupee performed better than currencies of most other emerging market economies (EMEs) in 2016-17. India's foreign exchange reserves stood at a comfortable level of US\$ 369.9 billion as on March 31, 2017, which makes the economy resilient to potential external shocks. India jumped 16 ranks in terms of World Economic Forum's Global Competitiveness rankings, from No 55 in 2015-16 to No 39 in 2016-17, having made significant progress on the infrastructure front.

During 2016-17, Government also transformed some traditional practices being followed for several decades, aligning them with needs of the current economic environment to bring in efficiencies in implementation. For instance, the presentation of the Union Budget 2017-18 was advanced by a month this year in order to fasten spending on schemes to boost the economy. Also, for the first time, presentation of the Railway Budget was merged with the Union Budget. Government has also abolished the Plan-Non Plan classification of expenditure, with focus now on Revenue and Capital expenditure. In addition, Government also plans to replace the ancient concept of 5-year plans with a 15-year vision document, in line with global trends. These are steps in the right direction and are expected to provide a further boost to the economy.

Infrastructure Sector

Higher level of economic growth necessitates commensurate increase in infrastructure, as infrastructure sector has strong forward and backward linkages with other sectors of the economy. However, India's infrastructure sector has been reeling under various issues. These include lack of adequate low-cost long-term financing, limited equity & over-leveraged balance sheets of developers, delays in approvals and clearances, delays in land acquisition, incorrect projections in some cases due to inadequate due diligence etc. Of the several challenges faced by the sector, funding remains a key challenge for India and needs to be tackled urgently.

Government has taken several encouraging steps to overcome the financial challenges being faced by the infrastructure sector. In the Union Budget 2017-18, Government has allocated a budget of around ₹ 4 trillion in the next fiscal for creating and upgrading infrastructure. Of this, ₹ 2.41 trillion has been allocated for the transport sector alone, including railways, roads and shipping. Further, new financing instruments such as Masala Bonds are gaining traction. Infrastructure Investment Trusts (InvITs) have also gained momentum and several companies have launched IPOs of their respective InvITs. In June 2017, Government relaxed the restriction on insurance companies to invest in InvITs and Real Estate Investment Trust (REITs). In addition to the above, Government has also accorded "infrastructure" status to Sports Infrastructure and Affordable Housing sector. This will lead to easier access to cheaper credit for these sectors.

Further, in order to overcome the structural challenges faced by the sector and attract private investment, Government is consistently making efforts to improve the ease of doing business, fasten project clearances and adopt single-window clearance system. It has also taken several steps towards creating a conducive policy and regulatory environment for the sector. For instance, Government plans to introduce a Public Utility Bill for resolution of PPP contract disputes based on Kelkar committee recommendations in an effort to institutionalise the arbitration mechanism. Also, under revised arbitration norms, Government agencies are now required to pay 75% of the arbitral award amount to an escrow account against margin free bank guarantee, in cases where the award is challenged. This is expected to induce investor confidence in the construction industry and allow developers to speed up execution of existing projects. Government is also working on several other recommendations of the Kelkar Committee on Revisiting and Revitalizing the PPP model of Infrastructure Development.

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Sector-wise initiatives and performance

Roads & Highways

The Roads & Highways sector has seen significant activity during the year 2016-17. During the year, 77 projects worth around ₹ 70,000 crore and totalling around 4,400 km have been awarded by the National Highways Authority of India (NHAI).

The pace of construction of Pradhan Mantri Gram Sadak Yojana (PMGSY) roads has accelerated to reach 130 km per day in 2016-17, as against an average of 73 km per day during the period 2011-2014, as per data obtained from the Press Information Bureau (PIB). Execution of national-highway projects has also picked up well since fiscal 2016, aided by policy reforms. The target for highway construction has been increased to 41 km/day in FY18, as against 22 km/day achieved in FY17. Government also increased the budgetary allocation for highways from ₹ 57,976 crore in BE 2016-17 to ₹ 64,900 crore in 2017-18. All the above steps highlight the government's commitment to swiftly enhance the development of roads and highways in the country. Further, government has identified 2,000 km of coastal connectivity roads for construction and development.

The hybrid annuity model (HAM) has also received a good response. Introduced in 2016, the model aims to fast-track highway projects and attract more investments in the sector, with the government committing 40 per cent of the project cost to the developer. During 2016-17, 35 projects with a project cost of around ₹ 36,300 Crore were awarded under HAM, up from 9 projects with a project cost of over ₹ 8,300 Crore in 2015-16. Further, continuing the series of reforms aimed at avoiding delays in highway construction, the NHAI announced that it will not invite any bids for road projects until it has completed the process of land acquisition and shifting of utilities, as well as obtained in-principle forest clearance. Such measures are expected to lead to enhanced private sector investments and foster development of the roads and highways in India.

Power

Power Generation in India has been consistently growing over the last few years. India's installed generation capacity has reached around 327 GW at the end of March 2017. The Indian economy has moved progressively from an era of power deficit and coal shortage to a power surplus and coal surplus position. According to the draft National Electricity Policy by the Central Electricity Authority (CEA), India does not need any more coal-based power stations till 2022, as India's peak power demand at the end of FY22 will be 235 GW, down 17% from the estimate made in 2012. However, large capacity addition coupled with a modest demand growth from state utilities has led to PLFs of coal-based generating stations falling to sub-optimal levels (62.28% in 2015-16).

Meanwhile, development of renewable energy in India has gained traction and the country is on track to becoming one of the world's largest producers of green energy, thanks to a massive thrust to renewables by the Government. The share of renewable energy in the country's installed capacity increased from over 14% as at March 2016 to about 18% at the end of March 2017. Solar tariffs have fallen to record lows, mainly on account of declining prices of solar panels and better structuring of projects with reduced risks and cheaper financing costs.

I am pleased to state that as part of its commitment to facilitate the development of renewable energy, your company has sanctioned about ₹ 5,400 Crore for Renewable Energy projects (with a combined capacity of about 3,800 MW) under Direct Lending and Takeout Finance Schemes till March 2017. In addition, till March 2017, your company has also sanctioned credit enhancement to seven renewable energy projects to enable bond issuance of over ₹ 2,900 Crore.

While there is a growing interest from investors in the renewable energy sector in India, the success of this sector would largely depend on continued support from regulators, balancing the cost of renewable energy vis-à-vis thermal energy, grid

management and concomitant investments in hydro and gas-based power to meet the peak demand. Also, even though there is an increased focus on the development of renewable energy, conventional energy would continue to play an important role in India's energy mix.

In addition to improvements on the generation side, there is a need to strengthen the power transmission networks as well as fix the distribution sector in order to achieve the target of affordable electricity for all by 2019. Success of the UDAY scheme that aims to de-stress troubled state discoms would be instrumental in fixing the issues of the distribution sector, which is a crucial link in the power chain.

Airports

Despite global macroeconomic headwinds, the airport sector recorded another year of a robust traffic, aided by government efforts. Passenger traffic increased to 265 million in 2016-17, up from 224 million in the last fiscal, registering a y-o-y growth of 18.3%. Further, the total freight traffic increased to 2.9 million MT in 2016-17, up from 2.7 million MT in 2015-16, registering a growth of 10.1%. Number of aircraft movements increased to 2,049 thousand in 2016-17, as compared to 1,795 thousand during the last fiscal, showing a growth of 14.1% y-o-y.

While the present infrastructure capacity of airports is sufficient for handling existing air traffic, government plans to ramp up existing capacity of airports keeping in view the rapid growth of domestic air travel. There are plans to revive 50 airstrips and airports over a period of three years starting from 2017-18 at a total estimated cost of ₹ 4,500 Crore. Government has also granted "in principle" approval during March 2017 to set up 18 Greenfield airports in the country. The total cost for setting up these airports is estimated to be about ₹ 30,000 Crore. In addition, government plans to build second airport in cities where primary airports are reaching saturation. Select airports in Tier 2 cities would be taken up for O&M via PPP mode. Further, government has also introduced a Regional Air Connectivity Scheme UDAN (Ude Desh ka Aam Nagrik) to connect un-served and under-served airports in the country and expand the scope of air travel to the common man. Government has also lowered the tax rate on economy class travel, in line with the focus of the Ministry of Civil Aviation to make flying affordable for the masses.

Railways

The year 2016-17 marked an important year for the railways sector. In a major departure from earlier practice, the railway budget was merged with the Union budget for the first time in FY17. This move highlights the governments' focus on Railways in planning its fiscal policy, while allowing adequate functional autonomy to the Railways. It would also facilitate a comprehensive transport planning amongst railways, highways, airports and ports.

The Union Budget 2017-18 allocated ₹ 1.31 trillion for the Railways sector, the highest allocation amongst other major transport sectors. Government plans to focus on passenger safety, capital and development works, cleanliness and financial reforms.

Also, government has targeted commissioning of 3,500 km of railway lines in 2017-18, as against 2,800 km in 2016-17. Further, at least 25 stations are expected to be awarded during 2017-18 for station redevelopment.

In order to provide a regulatory oversight to the Railways, Government has approved setting up of Railway Development Authority (RDA). The regulator would not only recommend passenger fares and freight charges, but would also regulate access to tracks. This is expected to provide a fillip to the sector and attract private sector investments.

Ports

Indian Shipping Industry has been playing a crucial role in the transport sector of the country. Approximately 95% of the country's trade by volume and 68% by value is moved through Maritime Transport. Major Ports in India handled 647.43 MT (Million Tonnes) of cargo during FY 2016-17, registering an annual growth of 6.8%.

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Government has shown strong interest in developing port infrastructure to meet the future demand. It has been addressing the constraints faced by the sector through various initiatives like award of new projects, bringing in clarity on tariff front, plans for Sagarmala and other connectivity related projects to revive non-functional ports etc.

Government cleared a bill “The Major Port Authorities Bill, 2016” that will replace the old Major Port Trusts Act, 1963. This is expected to provide more autonomy and flexibility to major ports in the country. Further, government has empowered the port authority to fix tariff, which would act as a reference for bidding of PPP projects.

Government plans to invest ₹ 70,000 Crore in 12 major ports over the next five years under ‘Sagarmala’ initiative. Given the scale of investment and work required, private players will have to play a significant role if targets under Sagarmala programme are to be achieved.

More than 173 projects have been identified as part of the National Perspective Plan (NPP) under the Sagarmala Programme. These projects cover port modernisation, port connectivity, port-led industrialisation and coastal community development and are expected to mobilize more than ₹ 4 Lakh Crore of investment.

Further, Government envisages increasing the share of Coastal/Inland waterways in transportation from about 7% presently to 10% by 2020. Under the National Waterways Act, 2016, 111 inland waterways have been declared as National Waterways (NWs) in addition to the five existing NWs, across 24 States for utilizing them as an environment friendly and sustainable mode of transport.

Urban Infrastructure

India is a rapidly developing economy. Government’s plans to develop smart cities in India to support the increasing scale of urbanization require simultaneous increase in investments. Conventional sources of funding (taxes, government grants etc.) for municipal bodies are under severe stress. This has necessitated the need to ramp up finances through alternate means of finance such as municipal bonds, pooled finance development etc.

In order to give a boost to municipal bonds, during 2016-17, market regulator SEBI allowed municipalities having a surplus in their books in any of the three preceding financial years to issue such securities.

Further, 94 of the 500 cities included in Smart City Mission and Atal Mission for Rejuvenation and Urban Transformation (AMRUT) have obtained credit rating. Such ratings are expected to boost the issuance of Municipal Bonds for mobilization of resources. The government’s Swachh Bharat Mission has also made swift progress in promoting safe sanitation and ending open defecation in the country.

Financial markets and role of banks

Despite the strong macro-economic fundamentals of the Indian economy, the banking sector in India is in troubled waters due to continuous deterioration in asset quality, low profitability and liquidity.

According to the Financial Stability Report issued by RBI in June 2017, the gross non performing advances (GNPAs) ratio of Scheduled Commercial Banks (SCBs) increased sharply to 9.6% of gross advances at the end of March 2017, up from 7.6% in March 2016. The stressed advances ratio of SCBs stood at 12% at the end March 2017.

Credit growth of banks has also slowed to 7.4% during 2016-17 from 9% during 2015-16, largely due to inability of banks to further lend to over-leveraged borrowers and muted corporate demand as issuance in the debt capital markets gained traction. The infrastructure sector saw a negative credit growth to the tune of 6% during FY17, as compared to a positive growth of 4.4% during FY16.

Since IIFCL lends to infrastructure projects as part of a consortium, the on-going stress in the banking sector has also impacted IIFCL. However, your company is taking corrective actions to suitably address the issue of stressed assets and minimize its impact on your company.

Since a strong banking sector is the backbone of the country's financial system, government has been taking several steps to improve the beleaguered situation of Indian Banks. The legal framework to facilitate resolution of stressed accounts has been strengthened through the enactment of the Insolvency and Bankruptcy Code. Government has empowered the RBI to intervene in NPA resolution and speed up the process of cleaning the pile-up of bad loans. The RBI has also been taking several corrective actions to address the issue of bad loans, which has plagued the country's banking sector.

In June 2017, RBI identified 12 accounts representing about 25% of gross bad loans in the banking system and has initiated the process of bankruptcy proceedings against these defaulters. It has also tightened the earlier Prompt Corrective Action or PCA structure (increasing restrictions in extending loans and expanding network), encouraged banks to make provisions at higher rates for advances given to stressed sectors of the economy, and asked banks to make suitable disclosures in case there are any material divergences in banks' and RBI's asset classification and provisioning to that of the RBI norms.

Further, in line with its plan to consolidate banks, Government approved the merger of India's largest state-owned bank, State Bank of India, with its associate banks during 2016-17. This is expected to lead to enhanced productivity, operational efficiency and better risk management at the merged entity. Further, ₹ 10,000 Crore was provided for recapitalisation of banks in 2017-18 under the Indradhanush road map.

The above steps are expected to lead to quicker resolution of the bad debt problem and augur well for the banking system in the country.

IIFCL's Performance

Against this backdrop, I would now like to highlight your company's performance during the year 2016-17:

I. DIRECT LENDING:

- **Gross Sanctions during the year:** During 2016-17, your company made incremental gross sanctions of ₹ 9,549 Crore for 51 projects under direct lending. The cumulative gross sanctions under direct lending stand at ₹ 77,431 Crore to 442 infrastructure projects at the end of March 2017.
- **Financial Closure:** As on 31st March 2017, out of 351 net sanction projects under direct lending, 324 projects i.e. 92% have achieved financial closure. Also, till 31st March 2017, of the 19 projects (net) sanctioned by IIFCL where IIFCL acted as lead lender, 14 projects have achieved financial closure.
- **Disbursements:** During 2016-17, your company made incremental disbursements of ₹ 4,591 Crore under direct lending, taking cumulative disbursements under direct lending to ₹ 34,854 Crore as on 31st March 2017.

II. TAKEOUT FINANCE

- **Gross Sanctions during the year:** Under the Takeout Finance Scheme, IIFCL sanctioned ₹ 4,311 Crore in 15 projects during the year, taking cumulative gross sanctions under the scheme to ₹ 23,970 Crore to 105 projects.
- **Disbursements:** During 2016-17, disbursements under the Takeout Finance Scheme stood at ₹ 2,531 Crore, taking cumulative disbursements under the Scheme to ₹ 14,856 Crore at the end of March 2017.

III. TOTAL DISBURSEMENTS: Total incremental disbursements during the year stood at ₹ 7,122 Crore in FY17, taking cumulative disbursements at the end of March 2017 to ₹ 55,966 Crore.

IV. NET PROFIT: Your Company recorded a net profit of ₹ 68 Crore for the year ended 31st March 2017.

V. NPAs: As on 31st March 2017, IIFCL's Gross NPAs stood at 7.78% and Net NPAs stood at 5.47%.

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CSR initiative

IIFCL is a socially responsible organisation and has implemented its CSR policy in all earnest, entailing Swachh Bharat, Health, Promotion of Sports and Green Energy as key focus areas. Projects implemented under the CSR initiative of IIFCL are reaching out to 24 states in the country and cover diverse areas/beneficiaries requiring social intervention.

During 2016-17, IIFCL through its CSR initiative has successfully installed 1,000 solar LED street lights, developed the first smart village of North East India-“Borsimaluguri”, distributed 35,000 solar lamps to BPL families in backward districts of India, contributed to HMCPF & TOP schemes and funded setting up of a low-cost diagnostic unit for BPL families in Gurgaon (Haryana).

During the year, IIFCL received the coveted “Rashtriya Khel Protsahan Puruskar 2016” - the Highest National Award for encouragement of sports through Corporate Social Responsibility by the Hon’ble President of India.

IIFCL is also amongst the few PSUs, who have completely utilized their allocated CSR budget consecutively over the last three financial years. The entire budgeted amount of ₹ 20.79 Crore under the CSR initiative of IIFCL for FY 2016-17 was utilized during the year.

Subsidiaries’ Highlights

India Infrastructure Finance Company (UK) Limited

IIFCL’s wholly-owned subsidiary in London, IIFC (UK) Ltd. made cumulative loan sanctions (net of cancellations) of USD 3.64 billion and cumulative disbursements of USD 1.94 billion till 31st March 2017. The company has raised USD 2.1 billion from the RBI till 31st March 2017. Its net profit stood at USD 25.92 million for the year ended 31st March 2017.

IIFCL Projects Limited (IPL)

IIFCL’s wholly owned subsidiary – IIFCL Projects Limited (IPL) specializes in the business of infrastructure advisory, financial advisory, transaction advisory, project structuring, appraisal and syndications. During FY 2016-17, IPL enabled achievement of financial closure for various private sector clients in the renewable energy sector. IPL has also bagged mandates for appraisal and debt syndication from large private developers in the road, renewable energy and urban infrastructure sectors.

IPL has been empanelled as Transaction Advisors to Goa Tourism Development Corporation. It is also providing Institutional Support towards operationalizing the financial accounting & compliance framework for Sagarmala Development Company Limited.

IIFCL Asset Management Company Limited (IAMCL)

IIFCL’s wholly-owned subsidiary IIFCL Asset Management Company Ltd (IAMCL) had launched its maiden IDF (MF) Series I AAA credit rated scheme through private placement route, which was fully subscribed and it successfully raised ₹ 300 Crore in February 2014. The scheme has invested in eight operating infrastructure assets. The Assets Under Management (AUM) of the maiden IDF scheme reached ₹ 415.71 Crore as on 31st March 2017. In the month of April 2017, IAMCL has also successfully closed its second IDF Series II AAA rated scheme with six institutional investors with a fund size of ₹ 200 Crore.

IAMCL has recently obtained approval from its sponsors to launch an Alternative Investment Fund (AIF) dedicated to fund Green sector (Solar & wind energy, waste-to-energy, water and sanitation etc.). The same is in process of launching after obtaining all the required approvals and consents.

Way forward

As a specialised infrastructure financing institution in India, IIFCL continues to support and finance the infrastructure sector in the country. While road and power sectors continue to dominate IIFCL's lending portfolio, it is also important to expand the scope of lending by covering sectors other than road and power. Since the flow of commercially viable PPP projects has been weak, IIFCL needs to focus on products that cater to Brown field projects. IIFCL also needs to diversify its source of funds in order to be competitive. The business environment in which IIFCL operates is a challenging one. IIFCL aims to arrest the rise in stressed assets by regular monitoring and due diligence. IIFCL is now evolving as a lead financier and is gathering capacities to act as a specialist appraisal institution as well. Given the huge financing needs of the sector, IIFCL's contribution needs to grow much larger over the coming years. In addition to financing the sector, IIFCL has also been continuously providing policy support to the Government on key aspects of infrastructure financing. IIFCL endeavours to continue to play a key role in the promotion, development and financing of infrastructure sector in India.

Acknowledgement

I take this opportunity to express my sincere thanks to Hon'ble Prime Minister; Hon'ble Finance Minister; Minister of State for Finance; Vice Chairman, Niti Aayog; Secretary, Department of Financial Services; Secretary, Department of Economic Affairs, Ministry of Finance for the immense support and guidance throughout the year. I would also like to express my heartfelt thanks to the officials of the Department of Financial Services and Department of Economic Affairs in the Finance Ministry, Niti Aayog, and other ministries for their invaluable support.

I would like to convey my thanks to the Comptroller and Auditor General of India, Reserve Bank of India, SEBI, Multilateral Institutions, MOU partners, LIC and the statutory auditors for their valued contribution.

I would also like to extend my sincere thanks to the members of the Board for their continued support and contribution towards taking this company on a growth path. Lastly, I would like to thank all the employees and staff of IIFCL for their untiring dedication and hard-work towards furthering the growth of the company.

-Sd-

(Sanjeev Kaushik)

Chairman and Managing Director

DIN: 02842527

Date : 11-09-2017

Place : New Delhi

Board of Directors



Shri. Sanjeev Kaushik
Chairman & Managing Director



Ms. Sharmila Chavaly
Joint Secretary
(Investment & Energy)
Govt. of India
Ministry of Finance
Department of Economic Affairs



Shri. Pankaj Jain
Joint Secretary (F&S)
Govt. of India
Ministry of Finance
Department of Financial Services



Shri. Praveen Mahto
Adviser (PAMD/PPPAU)
NITI Aayog



Shri. Rajeev Rishi
CMD
Central Bank of India



Shri. Sunil Mehta
MD & CEO
Punjab National Bank

Chief General Managers



Shri. Sanjeev Ghai



Shri. Rajeev Mukhija



Shri. P.R. Jaishankar



Shri. C.M. Khurana



Dr. S. D. Nanda

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 State Bank of Travancore
 Oriental bank of Commerce
 IDBI Bank
 IndusInd Bank

TRUST

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 36 Netaji Subhash Marg, Daryaganj, New Delhi-110002
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Sub: Notice of 12th Annual General Meeting

Dear Sir(s)

This is to inform that the 12th Annual General Meeting of the members of India Infrastructure Finance Company Limited will be held on Friday 29th day of September, 2017 at 11.30 a.m. at Conference Hall*, Department of Financial Services, Ministry of Finance, Government of India, Jeevan Deep Building, Sansad Marg, New Delhi-110001.

The detailed notice of the meeting, Directors' Report, Secretarial Audit Report, Auditors' Report and Audited Accounts of the Company for the period ended on 31st March, 2017 are attached herewith.

Kindly make it convenient to attend the same.

Thanking you.

Yours sincerely,

For India Infrastructure Finance Company Limited

-Sd-

MANJARI MISHRA
Company Secretary
(Membership No. F6204)

Date : 11-09-2017**

TO:

1. Shri Manish Kumar, Under Secretary, Department of Financial Services (DFS), Ministry of Finance, Govt. of India, Sansad Marg, New Delhi 110001 (Nominated as the representative of the Hon'ble President of India vide DFS Letter No. F. No. 18/6/2013-IF-I dated 4th September 2017)
2. Shri Ashok Kumar Dogra, Deputy Secretary, Department of Financial Services, Ministry of Finance, Govt. of India, Sansad Marg, New Delhi 110001
3. Shri Anshuman Sharma, Deputy Secretary, Department of Financial Services, Ministry of Finance, Govt. of India, Sansad Marg, New Delhi-110001
4. Shri S.R.Mehar, Deputy Secretary, Department of Financial Services, Ministry of Finance, Govt. of India, Sansad Marg, New Delhi-110001
5. Shri Sanjay Kumar, Deputy Secretary, Department of Financial Services, Ministry of Finance, Govt. of India, Sansad Marg, New Delhi-110001
6. Shri Manoj Kumar Mishra, Under Secretary, Department of Financial Services, Ministry of Finance, Govt. of India, Sansad marg, New Delhi-110001
7. Shri V.V.S Kharayat, Under Secretary, Department of Financial Services, Ministry of Finance, Govt. of India, Sansad Marg, New Delhi-110001
8. Shri Soumyajit Ghosh, Under Secretary, Department of Financial Services, Ministry of Finance, Govt. of India, Sansad Marg, New Delhi-110001

* Department of Financial Services (DFS), Ministry of Finance (MoF), Government of India vide Letter No. F.No.18/6/2013-IF-I dated 4th September 2017 conveyed approval for holding meeting in Conference Hall, Department of Financial Services (DFS)

** Department of Financial Services (DFS), Ministry of Finance (MoF), Government of India vide Letter No. F.NO 18/6/2013-IF-I dated 11th September 2017 conveyed approval for convening meeting at shorter Notice.

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

A Govt. of India Enterprise
(ISO: 9001:2015)

CIN:U67190DL2006GOI144520

Tel.: +91-11-23730270, 23708263-64; Fax: +91-11-23766256, 23730251

Website: www.iifcl.org

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWELFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED WILL BE HELD ON FRIDAY, THE 29TH SEPTEMBER 2017 AT 11.30 A.M. AT CONFERENCE HALL*, DEPARTMENT OF FINANCIAL SERVICES, MINISTRY OF FINANCE, GOVERNMENT OF INDIA, JEEVAN DEEP BUILDING, SANSAD MARG, NEW DELHI-110001 TO TRANSACT THE FOLLOWING BUSINESS:-

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the audited standalone financial statements and consolidated financial statements of the company for the financial year ended 31st March 2017, the Reports of the Board of Directors and Auditors thereon.
- 2) To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to Section 139 read with Section 129(4) and other applicable provisions, if any, of the Companies Act, 2013, the appointment of M/s GSA & Associates (DE1177), Chartered Accountant as the Statutory Auditor of the Company for the Financial year 2017-18 as directed by the office of the Comptroller & Auditor General of India (C&AG) vide C&AG letter no. /CAV/COY/CENTRAL GOVERNMENT, IIFCL(1)/15 dated 11th July, 2017, a copy of which has been placed before the Meeting, be & is hereby approved /taken note of.

RESOLVED FURTHER THAT the Board of Directors be & are hereby authorised to fix the terms & conditions and appropriate remuneration of Auditors as may be deemed fit for the Financial Year 2017-18”

SPECIAL BUSINESS:

- 3) **ISSUE OF UNSECURED/SECURED NON- CONVERTIBLE BONDS/DEBENTURES THROUGH PRIVATE PLACEMENT AS PER THE PROVISIONS OF THE COMPANIES ACT,2013 AND RULES MADE THERE UNDER:-**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION:**

“RESOLVED THAT in accordance with the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or reenactment thereof, for the time being in force) and any other applicable laws including the SEBI (Issue & Listing of Debt Securities) (Amendment) Notification, 2012 and other applicable SEBI regulations and guidelines, the provisions of the Memorandum and Articles of Association of the Company, SIFTI and subject to the receipt of necessary approvals as may be applicable and such other approvals, permissions and sanctions, as may be necessary, consent of the company be and is hereby accorded to the Board of Directors of IIFCL to raise funds through Private Placement of Unsecured/Secured Non-Convertible Bonds/Debentures, taxable/tax free/infrastructure bonds/ Offshore INR bonds/any other bonds upto ₹ 4,750 crore during the period of one year commencing from date of passing the special resolution thereof; in one or more tranches, at such terms as may be determined under the guidelines as may be applicable, and on such terms and conditions as may be finalized by the Board or any duly constituted Committee of the Board or such other authority as may be approved by the Board.



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RESOLVED FURTHER THAT for the purpose of giving effect to Private Placement of unsecured/secured non-convertible bonds/debentures, as mentioned above, the Board of Directors of the Company (the “Board”) or any duly constituted Committee of the Board or such other authority as approved by the Board, be and is hereby authorized to determine the terms of the Issue, including the size, class of investors to whom the bonds/debentures are to be allotted, the number of bonds/debentures to be allotted in each tranche, issue price, tenor, interest rate, premium/discount to the then prevailing market price, amount of issue, discount to issue price to a class of bond/debenture holders, listing, issuing any declaration / undertaking etc. required to be included in the Private Placement Offer Letter and any other regulatory requirement for the time being in force.”

By Order of the Board of Directors
FOR INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

-Sd-
MANJARI MISHRA
Company Secretary
(Membership No. F6204)

Place: **New Delhi**
Date: **11-09-2017****

REGISTERED OFFICE
8th Floor, HT House,
18 & 20 Kasturba Gandhi Marg,
New Delhi-110001

* Department of Financial Services (DFS), Ministry of Finance (MoF), Government of India vide Letter No. 18/6/2013-IF-I dated 4th September 2017 conveyed approval for holding meeting in Conference Hall, Department of Financial Services (DFS)

** Department of Financial Services (DFS), Ministry of Finance (MoF), Government of India vide Letter No. F.NO 18/6/2013-IF-I dated 11th September 2017 conveyed approval for convening meeting at shorter Notice.

ANNEXURE TO NOTICE:

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

ITEM NO. 3: ISSUE OF UNSECURED/SECURED NON- CONVERTIBLE BONDS/DEBENTURES THROUGH PRIVATE PLACEMENT AS PER THE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES MADE THERE UNDER:-

Given the Company's future growth plans, the Board considers it necessary to augment the long term resources of the Company through issuance of Unsecured/Secured Non-Convertible Bonds/Debentures which has better acceptability in the market and is very competitive. In view of the same, the Board of Directors has in its meeting held on 15th May 2017 considered and approved, subject to the approval of shareholders, the resource raising plan of the company to the tune of ₹4,750 Crore (₹2,300 Crore for FY 2017-18 and ₹2,450 Crore (50% of Resource expected to be raised for FY 2018-19) by IIFCL for approval by the shareholders. The Board of IIFCL is authorized to raise funds through Private Placement of Unsecured/Secured, Non-Convertible Bonds /Debentures taxable/tax free/infrastructure bonds/Offshore INR bonds/ any other bonds upto ₹4,750 Crore during the period of one year commencing from date of passing the special resolution thereof, in one or more tranches, at such terms as terms and conditions as may be finalized by the board or any duly constituted Committee of the board or such other authority as approved by the Board. The NCDs to be issued, from time to time, in terms of the said Resolution will be within the overall borrowing limits as may be approved by shareholders, from time to time, under Section 180(1)(c) of the Companies Act 2013. In terms of Section 42 and 71 of the Companies Act 2013 and Companies (Share Capital and Debentures), Rules 2014 any offer or invitation for subscription of NCDs to be issued by the Company on private placement basis requires prior approval of the shareholders by way of special resolution. Approval of the shareholders will be valid for one year for all the offers or invitations for NCDs to be made during the said year.

The Board of Directors believes that the proposed offer will be in the best interest of the company.

None of the Directors, Key Managerial Personnel (KMP) of the company and their relatives are concerned or interested in the proposed resolution.

Your Directors recommend the resolution at Item No. 3 in the notice for your approval.

NOTES: -

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business mentioned above is annexed hereto and forms part of the notice.
- 3) Members may also note that the Notice of an AGM will be available on the Company's website www.iifcl.org. The Notice and other documents will also be available at the Registered Office of the company for inspection during the normal business hours on working days.

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BOARD'S REPORT

To

THE SHAREHOLDERS OF IIFCL

Your Directors have great pleasure to present the 12th Annual Report on performance of your company for the financial year ended 31st March 2017 along with Audited Standalone Financial statements, Consolidated Financial Statements and report of the auditors, Secretarial Auditor and the Comptroller and Auditor General of India thereon.

FINANCIAL HIGHLIGHTS

Summary of audited financial results of the company for the financial year ended 31st March 2017 is as under:

(₹ Crore)

Particulars	Year ended 31 st March, 2017	Year ended 31 st March, 2016
Total Revenue	3,903	4,659
Total Expenditure	3,489	3,695
Profit before Tax	414	964
Provision For Taxation	346	496
Net Profit available for Appropriation (Profit after Tax)	68	468
Net Profit available after appropriation	(241)	49
Earning per equity share of face value of ₹10 each (Weighted Average)	0.17	1.20

LENDING OPERATIONS

DIRECT LENDING

During 2016-17, with further gross sanction of ₹ 9,548.65 Crore for 51 projects, the cumulative gross sanctions of the company increased to ₹ 77,431.41 Crore to 442 infrastructure projects. The sector-wise distribution of cumulative gross sanctions of your company is as under:

Cumulative Gross Sanctions under Direct Lending (As on 31st March, 2017)

(₹ Crore)

Sector	No. of Projects	Project Cost	Gross Sanctions
Road	229	252,696.08	35,037.65
Power	139	328,343.97	31,918.47
Airport	3	27,701.00	2,530.00
Port	17	22,048.96	3,138.56
Urban Infrastructure	12	47,426.10	3,658.16
Railway	3	3,193.69	638.54
PMDO*	38	8,602.13	260.02
Telecom	1	3,750.00	250.00
Total	442	693,761.93	77,431.41

* Pooled Municipal Debt Obligations

Further, as at 31st March, 2017, sector-wise distribution of net sanctions of your company amounting to ₹ 51,261.26 Crore to 351 projects is as under:

Cumulative Net Sanctions under Direct Lending (As on 31st March, 2017) #

(₹ Crore)

Sector	No. of Projects	Project Cost	Net Sanctions
Road	191	209,400.40	24,488.37
Power	106	224,158.79	22,476.23
Airport	3	27,701.00	1,228.00
Port	13	15,730.10	2,156.52
Urban Infrastructure	7	1,801.52	332.16
Railway	1	600.00	120.00
PMDO	29	5,649.03	209.97
Telecom	1	3,750.00	250.00
Total	351	488,790.84	51,261.26

Net Sanction amount is the allocated amount in case of projects which have achieved financial closure; and gross sanction amount where financial closure is yet to be achieved

TAKE-OUT FINANCE

To facilitate incremental lending to the infrastructure sector by addressing bank's exposure and asset-liability mismatch constraints, IIFCL has implemented the Takeout Financing Scheme. IIFCL operationalized its Modified Takeout Finance Scheme in December 2011 subsequent to suitable modifications. Further modifications have been made in the scheme from time to time to address market needs. IIFCL's Take out Finance Scheme follows a transparent non-discriminatory and non-discretionary external project rating based pricing mechanism for the takeout of infrastructure loans.

During the year 2016-17, IIFCL further sanctioned ₹ 4,310.93 Crore for 15 projects under the Takeout finance Scheme, taking cumulative gross sanctions to ₹23,970.49 Crore in 105 projects. The sector-wise distribution of cumulative gross sanctions of your company is as under:

Cumulative Gross Sanctions under Takeout Finance (As on 31st March, 2017)

(₹ Crore)

Sector	No. of Projects	Project Cost	Gross Sanctions
Road	51	54,818.94	7,468.05
Power	41	95,392.82	11,184.68
Airport	2	15,777.00	1,911.14
Port	9	15,271.48	3,380.17
Urban Infrastructure	2	107.11	26.45
Total	105	181,367.35	23,970.49

Further, as at 31st March 2017, sector-wise distribution of net sanctions under Takeout Finance Scheme of your company amounting to ₹ 17,820.03 Crore to 68 projects is as under:

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Cumulative Net Sanctions under Takeout Finance (As on 31st March, 2017)[#]

(₹ Crore)

Sector	No. of Projects	Project Cost	Net Sanctions
Road	27	33,715.73	4,892.27
Power	31	60,771.02	8,995.13
Airport	2	15,777.00	1,736.14
Port	6	10,271.17	2,170.04
Urban Infrastructure	2	107.11	26.45
Total	68	120,642.03	17,820.03

[#] Net Sanction amount is allocated amount in case of projects which have achieved financial closure; and gross sanction amount where financial closure is yet to be achieved

DISBURSEMENTS

With further disbursements of ₹ 7,122.41 Crore during 2016-17, the Cumulative disbursements at the end of March 2017 stood at ₹ 55,966.43 Crore, including Refinance of ₹ 6,256.00 Crore, Takeout Finance of ₹ 14,856.08 Crore.

Sector-wise Cumulative Disbursements (As on 31st March, 2017)

(₹ Crore)

Sector	No. of Projects	Project Cost	Amount disbursed
<u>Direct Lending</u>			
Road	174	187,717.61	17,257.90
Power	87	210,328.76	15,316.90
Airport	2	25,801.00	845.54
Port	9	9,039.98	736.82
Urban Infrastructure	7	1,801.52	275.91
Railway	1	600.00	21.95
PMDO	27	4,744.21	151.34
Telecomm.	1	3,750.00	248.00
Total (A)	308	443,783.08	34,854.35
<u>Takeout Finance</u>			
Road	22	30,534.14	4,114.75
Power	22	48,849.12	7,242.35
Airport	5	15,777.00	1,484.90
Port	5	8,952.08	1,987.62
Urban Infrastructure	2	107.11	26.45
Total (B)	56	104,219.45	14,856.08
Sub-Total (A+B)			49,710.43
<u>Refinance (C)</u>			6,256.00
Grand Total (A+B+C)			55,966.43

In addition to above, fresh Letters of Comfort aggregating to ₹ 366 Crore were issued during the year in respect of projects funded by IIFCL. Cumulative total LoC outstanding as on 31st March 2017 is ₹ 615 Crore.

POOLED MUNICIPAL DEBT OBLIGATION (PMDO) FACILITY

Pooled Municipal Debt Obligations Facility (PMDO) was set up in 2008 by 4 sponsors namely IL&FS, IIFCL, IDBI Bank and Canara Bank along with other lenders, to finance urban infrastructure projects on PPP basis. The projects include

development of common infrastructure for SMEs, solid waste management, power generation, waste water treatment and other urban infrastructure facilities such as city bus transport, etc. The PMDO facility is instrumental for structuring requirement of resources for projects in a bankable format and providing credit for setting-up mandated projects at reasonable rate of interest.

The present corpus of PMDO is ₹ 5,000 Crore committed by 16 lenders with ₹ 391 Crore committed from your company as its share in the facility. As at 31st March 2017, cumulative net sanctions of your company, under the facility, has increased to ₹ 210 Crore and cumulative disbursements stood at ₹ 151 Crore.

PRIORITY TO PUBLIC-PRIVATE PARTNERSHIP (PPP) PROJECTS

In line with its mandate, your company provides overriding priority to Public Private Partnership (PPP) infrastructure projects. This is reflected in the number of PPP projects supported by your company. Till 31st March 2017, under Direct Lending, financial assistance has been sanctioned for setting-up 311 PPP projects, constituting 77% of the 404 projects sanctioned (excluding those under PMDO) by the company.

Sector wise No. of Projects Gross Sanctioned under Direct Lending (excluding PMDO) as on 31st March, 2017

Sector	PPP	Non- PPP	PSU
Road	228	Nil	1
Power	56	78	5
Airport	3	Nil	Nil
Port	14	3	Nil
Urban Infrastructure	8	1	3
Others	2	1	1
Total	311	83	10

GEOGRAPHICALLY DIVERSIFIED PRESENCE

Your company continues to support the development of infrastructure projects spread across various states and has enhanced its footprint across the country over the years. Till 31st March 2017, under direct lending and takeout finance, your company has sanctioned (net) ₹ 69,081.28 Crore to 419 projects in 25 states and has disbursed ₹ 49,710.43 Crore in 364 projects.

Cumulative State-wise Net Sanctions and Disbursements under Direct Lending and Takeout Finance (As on 31st March, 2017)

(₹ Crore)

State	Net Sanctions	Disbursements
Andhra Pradesh	5,483.72	4,303.58
Arunachal Pradesh	1,292.39	64.09
Bihar	1,741.13	1,235.12
Chhattisgarh	1,419.45	1,179.42
Delhi	1,373.75	1,373.75
Goa	380.00	0.00
Gujarat	9,147.41	6,629.48
Haryana	1,633.62	1,068.14
Himachal Pradesh	988.54	348.23
Jammu & Kashmir	950.00	240.59
Jharkhand	1,482.08	1,403.08
Karnataka	2,191.77	1,252.26
Kerala	190.52	186.08

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Madhya Pradesh	5,926.80	4,661.51
Maharashtra	10,819.75	7,669.57
Orissa	1,269.62	1,000.83
Pondicherry	179.21	179.22
Punjab	1,711.04	1,022.17
Rajasthan	1,624.37	1,275.66
Sikkim	1,292.53	1,174.27
Tamil Nadu	3,301.96	2,056.12
Telangana	2,071.15	1,586.98
Uttar Pradesh	9,676.52	7,155.50
Uttarakhand	463.67	453.11
West Bengal	2,470.29	2,191.67
Total	69,081.28	49,710.43

Achievement of Financial Closure under Sanctioned Projects

As on 31st March 2017, out of 351 net sanctioned projects under direct lending, 324 projects i.e. 92% have achieved financial closure. Sector-wise details of financial closure achieved projects are as under:

Financial Closure Achieved Projects (As on 31st March, 2017)

(₹ Crore)

Sector	No. of Projects	Project Cost	Net Sanctions
Road	184	1,94,509.67	22,038.35
Power	93	2,24,712.15	20,750.94
Airport	2	25,801.00	848.00
Port	9	9,039.98	938.94
Urban Infrastructure	6	1,801.52	332.16
PMDO	28	4,776.03	184.97
Others	2	4,350.00	370.00
Total	324	4,64,990.35	45,463.37

Achievement of Commercial Operation Date

At the end of March 2017, out of the 322 projects in which your company has provided financial assistance by Direct Lending mode (excluding PMDO), Commercial Operation Date (CoD) has been achieved in 168 projects which included 109 road projects, 52 power projects, 3 port projects and 2 airport projects. Sector-wise details of CoD achieved projects are as under:

CoD Achieved Projects (As on 31st March, 2017)

(₹ Crore)

Sector	No. of Projects	Project Cost	Net Sanctions
Road	109	1,07,574.62	11,590.76
Power	52	1,49,743.81	13,276.69
Airport	2	25,801.00	848.00
Port	3	4,004.01	348.98
Urban Infrastructure	2	879.88	163.00
Total	168	2,88,003.32	26,227.43

CREDIT ENHANCEMENT

The Credit Enhancement Scheme was launched by IIFCL in the year 2012, with the objective of enabling infrastructure projects to raise funds from alternative resources like capital debt markets.

In the year 2015-16, first two bond issuances, amounting to ₹ 578 crore, were successfully completed which were credit enhanced by IIFCL. The total cumulative guarantee from IIFCL for these transactions was ₹ 163 Crore. This has facilitated in reducing the cost of funding for such projects as the pricing mechanism is market-linked, based on credit rating of the issuer. Asian Development Bank has participated as a back-stop guarantor to IIFCL in both these transactions.

During the year 2016-17, IIFCL made further strides in credit enhancement by sanctioning 7 different projects under its Credit Enhancement Scheme with a cumulative proposed bond issue of up to ₹ 1,976 Crore and proposed IIFCL Guarantee of ₹ 512 Crore.



Jindal Power Plant - Financed by IIFCL



Welspun Solar MP Private Limited - Financed by IIFCL

REFINANCE

As part of the fiscal stimulus package, IIFCL was permitted to raise ₹ 10,000 crore through tax-free bonds during 2008-09 to provide refinance to banks for their infrastructure loans to projects for which competitive bids have been submitted on or after 31st January 2009. As per the tenor and terms of the Tax Free Bonds, the bonds were redeemed to the investors in January 2014 and March 2014 respectively during FY 2013-14.

Refinance book remained nil during 2016-17 as eligible Banks/ financial institutions did not find it viable to raise resources from IIFCL under Refinance Scheme.

INDIA INFRASTRUCTURE FINANCE INITIATIVE

The company had entered into MoU with IDFC and Citigroup on 15th February 2007, to set up an India dedicated infrastructure fund wherein IIFCL had agreed to contribute USD 25 million (subject to a maximum of ₹ 100 Crore) while IDFC & Citigroup committed to contribute USD 100 million each as promoter sponsors. During 2016-17, under India Infrastructure Fund (IIF), IIFCL has received 5 redemptions amounting to ₹ 22.68 Crore.

Till 31st March 2017, out of total capital commitment of ₹ 100 Crore to IIF, IIFCL has contributed ₹ 92.48 Crore. As on 31st March 2017, IIF has redeemed capital amounting to ₹ 40.36 Crore and outstanding amount of IIFCL's investment in IIF is ₹ 52.12 Crore.

RESOURCE MOBILIZATION

DOMESTIC RESOURCES

The company has so far raised ₹ 32,573 Crore (out of which amount of ₹ 18,548.98 Crore raised through bond is outstanding as on 31st March 2017) from domestic markets through a mix of instruments comprising of domestic Taxable bonds, Tax-Free bonds, and Tax-Saving Infrastructure Bonds and long term loan from LIC & NSSF.

EXTERNAL RESOURCES

IIFCL has also established strong relationships with multilateral institutions like Asian Development Bank, World Bank, KfW and European Investment bank (EIB) and has committed lines of credit to the extent of USD 1.9 billion, USD 195 million, Euro 50 million and Euro 200 million respectively.

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Of the USD 1.9 billion from ADB, IIFCL has drawn USD 1.6 billion till 31st March 2017. IIFCL has fully availed the World Bank, KfW and EIB line. In addition of the above, a line of credit of JPY 50 billion has been signed with Japan International Cooperation Agency (JICA) which is yet to be effected. These relationships with multilateral institutions have helped IIFCL in raising long-term resources.

IT INITIATIVES

IIFCL has envisaged for implementing innovative integrated IT solution to provide end to end automation of business services for overall improvement of business process for IIFCL and its subsidiaries using SAP based ERP solution. ERP is highly reliable, scalable and secure system which not only helps in reducing the organization's operational cost but also brings overall operation efficiency and helps in mitigating various risks associated with business. ERP will also fulfill various statutory requirements with the help of inbuilt audit tools.

IIFCL also aims to provide state-of-the-art IT infrastructure by setting up the Data Center (DC) and Disaster Recovery Center (DRC) in ISO-27001 certified Tier-4 data center to provide maximum uptime and data security for delivery of mission critical services to all stake holders of IIFCL and its subsidiaries.

ADOPTION OF PRUDENTIAL NORMS

The Reserve Bank of India has issued a Certificate of Registration (CoR) No. N-14.03288 dated 9th September 2013 to IIFCL, permitting the Company to carry on the business of Non- Banking Financial Company-Non Deposit-Infrastructure Finance Company (NBFC-ND-IFC).

The company vide letter dated 21st November 2014 submitted road map to RBI giving specific time lines for complying with various elements of RBI regulations for NBFC-IFC. Accordingly, during 2016-17, IIFCL complied with RBI Regulations applicable to it.

RESTRUCTURED LOANS, NPAS AND RECOVERY

As on 31st March 2017, 22 accounts have been classified as NPA with an outstanding amount of ₹ 2652.01 Crore and the Restructured SDR stood at ₹1091.71 crore. The percentage of Gross NPA stood at 7.78% and Net NPA at 5.47% as on 31st March 2017. Recovery measures have been initiated in all these cases jointly with the lead and other consortium members. Out of 16 accounts, in 2 accounts, recovery suit has been filed and 5 accounts have achieved PCOD and are partially receiving the dues as the toll collection is less than the projected. For PCOD achieved projects, efforts are being made for achieving COD. In 2 accounts, Arbitration is in progress. In all the other accounts, resolution steps are in progress - 01 account out of these has been upgraded and few accounts are likely to get upgraded during FY 2017-18.

RISK MANAGEMENT

Your Company is exposed to various risks such as credit risk, interest rate risk, liquidity risk etc. Your company has put in place a comprehensive Risk Policy Framework for management of risk in more effective and coherent manner with the regulatory requirements and Industry best practices. The Board through a Risk Management Committee and ALCO Committee reviews the performance of the company and monitors the progress of various risk parameters at regular intervals.

Credit Risk is evaluated on a quarterly basis by way of Asset Portfolio Analysis, Portfolio Spread Analysis, and Portfolio Stress Testing under different scenarios like Sectoral, Group, Single Party, NPA Stress analysis. The Portfolio Risk Assessment Report is presented to Board Level Risk Management Committee (BL-RMC) on quarterly basis. Your company has internally formulated a Risk Based Pricing Policy for the projects in which it will assume the role of Lead lender.

Your company is using Risk Assessment Model (RAM) Software for risk assessment and rating of Infrastructure projects taking into account the sector specific policies, regulations and business risk parameters. The Internal Risk Rating of the projects is approved by the Rating Committee, which consist of members of the senior management.

Your Company has constituted a Board Level Asset Liability Management Committee (ALCO) headed by Deputy Managing Director. ALCO monitors risks related to liquidity & interest rate. The Asset Liability Management framework includes periodic analysis of long term liquidity profile of asset receipts and debt service obligations. Liquidity risk is being monitored with the help of liquidity gap analysis and interest rate risk is managed by analysis of interest rate sensitivity gap statements.

The operational risk management policy recognizes the need to mitigate the operational risks in general and those in specific activities of the Company. Operational risk management standardize the process of identifying new risks and designing appropriate controls for these risks, minimize losses and customer dissatisfaction due to possible failure in processes. Risk Control Self-Assessment (RCSA), Key Risk Indicators and Loss Data Capturing activities are performed periodically to highlight critical Operational Risk Areas.

In line with compliance of RBI guidelines, your company has to maintain a Capital-Risk-Adjusted Ratio (CRAR) of 15%. As a special dispensation case from RBI, IIFCL has to maintain CRAR at 12%. However, IIFCL has maintained a CRAR of 19.20% as on 31st March 2017.

Your company retains the highest Credit rating i.e. AAA by all the domestic credit rating agencies and BBB- by S&P, which is at par with sovereign rating.

ENVIRONMENT AND SOCIAL SAFEGUARDS

IIFCL has adopted an Environmental and Social Policy and has developed Environmental & Social Safeguards Framework (ESSF). Based on operational experiences and changes in regulatory requirements of Govt. of India, ESSF is periodically updated. The latest revision has been done during February 2016 which is available on IIFCL's website.

IIFCL has set up an in-house Environment and Social Safeguards Management Unit (ESMU) comprising of 02 Environmental & 01 Social Safeguards Specialist. ESMU Team has been engaged to work on Environmental & Social safeguards compliance related reporting & monitoring requirements of various lines of credit from Multilateral Financial Institutions; which has helped IIFCL in raising long-term financial resources. During FY 2016-17, ESMU team facilitated drawl of Euro 123.1 million under EIB's line of credit. IIFCL received Greentech Environment Award-2017 under GOLD category in NBFC sector during Greentech 17th Annual Sustainability Conference in February, 2017.

HUMAN RESOURCE MANAGEMENT

The Human Resources play a vital role in the growth of any organization. IIFCL continues to be a lean organization with total staff strength of Ninety Two employees. In order to develop human resources of the company, various initiative were taken during the year which includes imparting training in the areas of Credit Appraisal, Risk Management, Resources & Treasury Management, HR Management, Legal aspect and IT etc. at various renowned Indian and foreign institutions. To keep the workforce motivated and engaged, several initiatives were taken including the Staff Welfare Initiative. In order to automate the HR function, Human Resources Management System (HRMS) has been implemented and is fully operational. The Employee relations during the year remained peaceful and cordial.

SC/ST cell is functional in company. Periodic meeting of SC/ST cell is being held. 'Nil' complaint/grievances from SC/ST employees has been received in the company during the year. All Government policies on reservation/relaxation/exemption to the reserved categories candidates are being complied with.



IIFCL has received the coveted "Rashtriya Khel Protsahan Puruskar 2016" for encouragement of sports through CSR. Besides sports, IIFCL also promotes programs for Swachh Bharat and Green Energy through its CSR- Financed by IIFCL

CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of the Companies Act 2013, IIFCL has a Corporate Social Responsibility (CSR) policy in place that has been duly approved by the Board of Directors. IIFCL's policy is closely linked with the principles of sustainable economic development and entails a two-tier structure to implement and monitor CSR activities (Board level committee headed by CMD and an Internal Implementation Committee with three Chief General Managers.

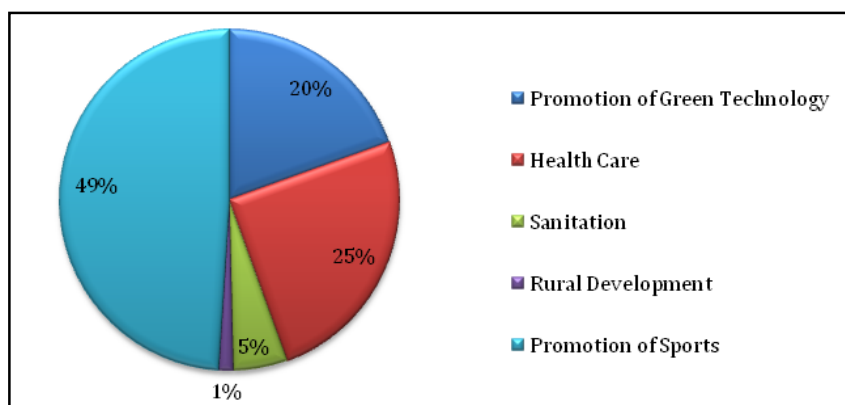
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To ensure transparency, IIFCL has been using the expertise of independent bodies / agencies and approaches the Department of Social Work, University of Delhi for the analysis of proposals received for funding under its CSR initiative. IIFCL has also internally evolved a Risk based template for evaluating CSR projects.

During 2016-17, IIFCL through its CSR has successfully installed 1000 solar LED street lights, developed the first smart village of North East India-“Borsimaluguri”, distributed 35000 solar lamps to BPL families in backward districts of India, contributed to HMCPF & TOP schemes, and funded setting up a low cost diagnosis unit for BPL families in Gurgaon (Haryana). During the year, IIFCL also received the coveted “Rashtriya Khel Protsahan Puruskar 2016” the Highest National Award for encouragement of sports through CSR initiative.

An amount of ₹ 20,78,80,000 (Rupees Twenty Crore & Seventy Eight Lakhs Eighty Thousand only) was allocated with approval from the Board of Directors as budget under the CSR initiatives of IIFCL for the FY2016-17. During the FY2016-17, IIFCL has implemented projects that are reaching out to 18 states in the country and covers diverse areas/beneficiaries requiring social intervention.



The CSR expenditure for the FY2016-17 stands cumulative an amount of ₹ 20,78,80,000 (Rupees Twenty Crore & Seventy Eight Lakhs Eighty Thousand only). The Company was able to achieve its targets as per the provisions of the Companies Act, 2013.

INTERNAL CONTROL

Your company has devised strong internal control mechanism involving systems, safeguards & procedures commensurate with its size and operations. Internal audit is regularly carried out to ensure compliance of process, procedures and provisions laid down by the company for respective action. Prompt action is taken on the observations of the Internal Auditor's report and the same along with the action taken are placed before the Audit Committee of the Board at regular intervals.

RATINGS OF THE COMPANY

During the year, ratings assigned to the company were affirmed by Standard & Poor's as BBB-/Stable/A-3 which are at par with sovereign ratings. IIFCL's various domestic long term borrowings (bonds) have been rated 'AAA/ AAA (SO)' by various rating agencies.

ISO 9001 CERTIFICATION

During the FY 2016-17, Your Company has successfully upgraded and implemented its Quality Management System from earlier ISO standard 9001:2008 to as per new ISO standard 9001:2015. IIFCL has established, documented, implemented Quality Policy & Quality Manual and maintains a Quality Management System (QMS) as a means of ensuring that the services of IIFCL confirm to specified requirements. IIFCL also aims to continually improve its effectiveness in accordance with the requirements.

IIFCL management is committed to ensure quality standards in its services and as a part of ISO certification requirements, periodic internal and external audits are being conducted which are continuously being followed up by Management Review Meetings. For awareness of employees about new ISO standard requirements, in-house training programs were conducted related to QMS Framework & implementation at IIFCL.

BUSINESS DEVELOPMENT

During 2016-17, IIFCL participated in several conferences and seminars held in India and abroad as identified by its Business Development Cell for undertaking Business Development Activities. IIFCL also organized awareness campaign about its various offerings and to gather feedback of stakeholders.

The Company has also organized stakeholder meet at New Delhi. Senior level executives from commercial banks, financial institutions, developer groups, rating agencies and multilateral and bilateral agencies along with Government officials participated in the summit to discuss key issues and sectoral themes across the infrastructure sector with a view to evolve strategic solutions for catalysing investment in the sector. IIFCL signed MoU with DMICDC in August 2016 to develop and finance infrastructure projects related to industrial development and supporting infrastructure in India. Further, IIFCL Projects Limited, wholly owned subsidiary of IIFCL also supported IIFCL in Business Development activities.

SUBSIDIARIES

IIFC (UK) Limited

In April 2008, IIFCL had set up a wholly owned subsidiary at London with the objective of lending in foreign currency to Indian companies implementing infrastructure projects in the country specifically for import of capital equipment. The Reserve Bank of India (RBI) has extended line of credit of USD 5 billion from foreign exchange reserves for the same.

With further disbursements of USD 140 million during 2016-17, IIFC (UK) has made cumulative disbursements of USD 1938 million till March 2017.

IIFCL Asset Management Company Limited (IAMCL)

IIFCL formed a 100% subsidiary viz IIFCL Asset Management Company Ltd (IAMCL) to manage the IIFCL Mutual Fund based Infrastructure Debt Fund (IDF). IIFCL Mutual Fund launched its maiden IDF scheme through private placement route in the name of "IIFCL Mutual Fund Infrastructure Debt Fund Series I". The maiden scheme was fully subscribed and it successfully raised ₹ 300 Crore in February 2014. The Asset Under Management (AUM) of the maiden IDF scheme has grown to ₹ 415.7 Crore as on 31st March, 2017 and has given annual return of 10.96% (since inception) to its investors. IAMCL launched its second scheme on 31st March, 2017. The second scheme is also 10 year closed ended scheme rated as "AAA MF IDF" by two domestic credit rating agencies, with focus on infrastructure sectors with a fund of upto ₹ 200 Crore.

IAMCL has recently obtained approval from its sponsor, IIFCL Board of Directors, for launching Alternative Investment Fund (AIF) dedicated to fund Green sector (Solar and wind energy, waste-to-energy, water and sanitation etc.) and the same is in process of launching shortly after obtaining all the required approvals and consents.

During the financial year 2016-17, IAMCL's total revenue grew to ₹ 5.53 Crore (increase of 7.37 per cent from FY 2015-16 of ₹ 5.15 Crore) The Balance Sheet Size of IAMCL as on 31st March, 2017 is ₹ 17.77 Crore.

IIFCL Projects Limited (IPL)

IIFCL Projects Limited (IPL) was set up in February 2012 as a 100% subsidiary of IIFCL. It specializes in the business of advisory, transaction advisory, project structuring, appraisal and syndications. The company caters to the demand for advisory services to projects across the spectrum of infrastructure sector. IPL booked a top line of ₹ 7.38 Crore which translates into revenue of ₹ 50, 00,000 (approx.) per employee in FY 2016-17. The net profits of the company stood at ₹ 1.40 Crore during FY 2016-17.

The debt syndication team successfully bagged mandates from road sectors giants IL&FS Transportation Networks Limited in the state of Maharashtra and renewable energy player Skeiron Renewables for their SPV Skeiron Renewables Energy Kustagi Private Limited. IPL also managed an appraisal and fund raising mandate from JITF Urban Infrastructure Limited for their three waste-to-energy projects in the state of Andhra Pradesh. However, grim situation of the lenders in the current scenario is leading to delay in achieving financial closure for most mandates. This is also at a time when there is a slowdown in the germination of new projects.

Further, the consultancy team at IPL was appointed by the Ministry of Shipping to provide Institutional Support to its flagship programme Sagarmala Development Company Limited. Foraying into the tourism sector, IPL got empanelled as a consultant for Preparation of Project Reports, Transaction Advisory services and Project Management Support with Goa Tourism Development Corporation. Also, the business plan drafted by IPL for Indian Port Rail Corporation Limited was adopted by its board. IPL has been participating in various bids invited by the central/ state level entities for advisory/ consultancy mandates.

Share Capital

As on 31st March 2017, the Authorised Share Capital of your company stood at ₹ 6000 Crore and the Paid –Up Share Capital was ₹ 4002.32 Crore consisting of 400.23 Crore equity shares of ₹ 10 each, of which Government of India holds 100% of the paid-up capital. With an equity infusion of ₹ 100 crore by Government of India on 11th May 2017, the paid-up capital of your company stood at ₹ 4102.32 crore as on date.

Dividend

During the year under review, your directors did not recommend any dividend. Department of Investment & Public Asset Management (DIPAM), Ministry of Finance, vide Office Memorandum (OM) F. No. 5/2/2016-Policy dated 27th May 2016

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issued Guidelines on Capital restructuring of CPSEs. As per these guidelines, every CPSE would pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions. IIFCL vide letter dated 14th January 2016 had requested Government for exemption from payment of dividend for at least 3 years.

Particulars of Loan, Guarantees or Investment under section 186 of the Companies Act 2016

Your company being Non- Banking Financial Corporation engaged in the business of financing for infrastructure facility is exempt from the relevant provision of Section 186 of the Companies Act 2013.

BOARD OF DIRECTORS

The composition of Board of Directors of your company as on date is as under:

Name and Designation	Category	Date of appointment
Shri Sanjeev Kaushik (<i>Refer Note 1</i>) Chairman & Managing Director (Additional Charge) & Deputy Managing Director	Whole Time Director	2 nd February 2015
Ms. Sharmila Chavaly Joint Secretary (Infrastructure & Energy) Department of Economic Affairs Government of India, Ministry of Finance	Government Nominee Director	4 th December 2015
Shri Pankaj Jain Joint Secretary, Department of Financial services Government of India, Ministry of Finance	Government Nominee Director	1 st January 2016
Shri Praveen Mahto (<i>Refer Note 2</i>) Adviser (PPPAU), NITI Aayog	Government Nominee Director	26 th December 2016
Shri Rajeev Rishi CMD, Central Bank of India	Scheduled Commercial Banks Nominee Director	13 th March 2015
Shri Sunil Mehta (<i>Refer Note 3</i>) M.D & C.E.O, Punjab National Bank	Scheduled Commercial Banks Nominee Director	25 th July 2017

Notes:

- Department of Financial Services, Ministry of Finance, Government of India vide Letter No. F.No. 3/3/2016-IF.I dated 13th June 2017 referring to Department of Personnel and Training (DoPT)'s communication No. 18 (43) EO/2013 (ACC) dated 13th June 2017 on the subject informed that the Government has entrusted Shri Sanjeev Kaushik, IAS (KL:92), DMD, IIFCL with the additional charge of the post of Chairman & Managing Director (CMD), IIFCL for a period of three months with effect from 12.06.2017 subsequent to the completion of tenure of Shri S. B. Nayar on 11th June 2017(AN). Shri S.B.Nayar vide letter dated 11th June 2017 addressed to DFS relinquished office of CMD on 11th June 2017 A/N) and handed over charge to Shri Sanjeev Kaushik, DMD, IIFCL.
- Shri Praveen Mahto, Adviser (PPPAU), NITI Aayog was appointed as Government Nominee Director on the Board of IIFCL in place of Shri Yudhvir Singh Malik, Additional Secretary, NITI Aayog until further orders in terms of the provisions of Article 115(1)(b)(i) and 120 of the Articles of Association of India Infrastructure Finance Company Limited (IIFCL), communicated by Department of Financial Services, Ministry of Finance, Government of India vide Letter No. F.No. 3/1/2010/IF-I (Vol. IV) dated 26th December 2016
- Department of Financial Services, Ministry of Finance, Government of India vide Letter No. F. No. 18/6/2014/IF-I dated 25th July 2017 communicated the appointment of Shri Sunil Mehta, Managing Director and Chief Executive Officer, Punjab National Bank as Scheduled Commercial Banks Nominee Director on the Board of India Infrastructure Finance Company Limited (IIFCL) in place of Shri Animesh Chauhan with immediate effect till further orders in terms of the provisions of Article 115(1)(b)(ii) and 120 of the Articles of Association of IIFCL.

Individual who ceased to be director from the Board of IIFCL from 1st April 2016 to till date are as under:-

Name and Designation	Category	Tenure
Shri S.B. Nayar (<i>Refer Note 1</i>) Chairman & Managing Director	Whole Time Director	12 th December 2013 to 11 th June 2017
Shri Animesh Chauhan (<i>Refer Note 2</i>) MD&CEO, Oriental Bank of Commerce, New Delhi	Scheduled Commercial Banks Nominee Director	13 th March 2015 to 30 th June 2017
Shri V.K. Bhasin (<i>Refer Note 3</i>) Ex-Secretary Legislative Department, Ministry of Law and Justice	Part-Time Non-Official Director	27 th January 2017 to 26 th July 2017
Shri. J. Venkateswarlu (<i>Refer Note 3</i>) Chartered Accountant	Part-Time Non-Official Director	10 th March 2014 to 9 th September 2017

The Board wishes to place on record its appreciation of their contribution to the company.

Notes:

1. Department of Financial Services, Ministry of Finance, Government of India vide Letter No F.No 3/8/2009/IF-I dated 1st November, 2013 communicated the appointment of Shri. S.B. Nayar, (Ex-DMD, SBI), presently CEO & MD, Industrial Finance Corporation of India (IFCI), as Chairman and Managing Director, India Infrastructure Finance Company Limited (IIFCL) for a period of three years from the date of taking charge or till further orders, whichever is earlier.

Tenure of Shri S.B.Nayar, Chairman & Managing Director (CMD) of IIFCL was extended for a period of one month w.e.f 11th December 2016 (AN), till further orders by Department of Financial Services, Ministry of Finance, Government of India vide Letter. F.No. 3/3/2016-IF.I dated 9th December 2016. Subsequently, the tenure of Shri S.B.Nayar, Chairman & Managing Director (CMD) of IIFCL was extended for a period of six month w.e.f 12th December 2016 in supersession of DFS letter dated 9th December 2016 till further orders by Department of Financial Services, Ministry of Finance, Government of India vide Letter No. F.No. 3/3/2016-IF.I dated 21st December 2016. Shri S.B.Nayar vide letter dated 11th June 2017 addressed to DFS relinquished office of CMD on 11th June 2017 A/N) and handed over charge to Shri Sanjeev Kaushik, DMD, IIFCL.

2. Department of Financial Services (DFS), Ministry of Finance, Government of India vide Letter No. F. No. 3/1/2010/IF-1 (Vol. III) dated 13th March 2015 had communicated the appointment of Shri Rajeev Rishi, CMD, Central Bank of India and Shri Animesh Chauhan, MD & CEO, Oriental Bank of Commerce as Scheduled Commercial Banks nominee directors on the Board of IIFCL in place of Shri K.R. Kamath for a period of three years or until further orders, whichever is earlier, with immediate effect. Shri Animesh Chauhan, MD & CEO, Oriental Bank of Commerce vide letter dated 30th June 2017 tendered his resignation from the Board of IIFCL with effect from the close of business hours of 30th June 2017 consequent on his laying down office as MD & CEO of Oriental Bank of Commerce with effect from the close of business hours of 30th June 2017, on attaining superannuation
3. The tenure of Shri V.K. Bhasin (Part- Time Non-Official Director) appointed by Department of Financial Services, Ministry of Finance, Government of India vide Letter No. F.No. 3/1/2010-IF-I dated 27th January 2014 for a period of three years expired on 26th January 2017. The tenure of Shri J. Venkateswarlu (Part –Tine Non- Official Director) appointed by Department of Financial Services, Ministry of Finance, Government of India vide Letter No. F.No. 3/1/2010-IF-I dated 10th March 2014 for a period of three years expired on 9th March 2017. Subsequently, Department of Financial Services (DFS), Ministry of Finance (MoF) vide Letter No. F.No. 18/6/2014-IF-I dated 23rd March 2017 stated that the Central Government has approved extension of tenure of Shri V.K. Bhasin and Shri J. Venkateswarlu as Part Time Non Official Directors on the Board of IIFCL, for a period of six months with effect from 27th January 2017 and 10th March 2017 respectively, or till the appointment of new Independent Directors, or until further orders, whichever is the earliest. Tenure of Shri V.K. Bhasin and Shri J. Venkateswarlu expired on 26th July 2017 and 9th September 2017 respectively.

Directors' Responsibility Statement

Pursuant to the requirement under section 134(5) of the Companies Act, 2013, it is hereby confirmed:

- (a) That in the preparation of Annual Accounts for the financial year ended 31st March 2017 the applicable accounting standard had been followed and no material departures have been made from the same.
- (b) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under review.
- (c) That the Directors had taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (d) That the Directors had prepared the accounts for the Financial Year ended 31st March, 2017 on a going concern basis.
- (e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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Corporate Governance

Corporate Governance is a set of accepted principles by management of the inalienable rights of the shareholders as a true owner of the corporation and of their own role as trustees on behalf of the shareholders. Corporate Governance ensures transparency and accountability which ensures strong and balanced economic development of company and society. Accordingly, there is strong realization in corporate world for adopting and strengthening the Corporate Governance practices.

Your company continues to focus on evolving corporate structure, conduct of business and disclosure practices aligned to such Corporate Governance Philosophy. The composition of Board of Directors of IIFCL as conveyed by Department of Financial Services, Ministry of Finance vide letter no. F.No. 18/6/2014-IF-I dated 22nd January 2015, is :- two (2) Whole Time Directors i.e., the Chairman and Managing Director and Deputy Managing Director, three (3) Government Nominee Directors, two (2) Directors representing the Scheduled Commercial Banks and such number of Independent Directors as may be required under the Companies Act, 2013. Presently, position of one Whole Time Director is vacant. Further, IIFCL is required to appoint four Independent Directors on its Board and has requested the Department of Financial Services, Ministry of Finance, Government of India to consider the appointment of Independent Directors on its Board.

Your Company prepares the consolidated financial statements as per the applicable Accounting Standards in relation to the Consolidation of Financial Statements. The management makes disclosures to the Board relating to all material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the company. Reports on the economy, performance of the company and other operational matters are regularly reviewed by the Board of Directors.

Board Meetings during the year

The Board of Directors of the company provides leadership and strategic direction and brings forth their objective judgment, so as to exercise control over the functioning of the company, ensuring accountability to stakeholders through an efficient management. During the year under review, the Board of Directors met 4 times on 13th May 2016, 22nd July 2016, 15th November 2016 and 30th March 2017.

Committee of the Board of Directors

The Board functions at full Board or through various Committees constituted to oversee specific operational areas. Each Committee of the Board is guided by its terms of reference, which defines the composition, scope and powers of the Committee. The Committees meet at regular intervals and focus on specific areas and make informed decision within the authority delegated to them.

As on 31st March 2017, the Board had the following committees:

1. Audit Committee
2. Management & Investment Committee
3. Risk Management Committee
4. Asset Liability Management Committee
5. Corporate Social Responsibility Committee
6. Remuneration and Nomination Committee
7. Stakeholder Relationship Committee
8. IT Strategy Committee

Audit Committee of the Board

The Audit Committee was constituted in the 3rd Board Meeting held on 29th May, 2006 which was again reconstituted vide Circular Resolution No. 68/2016-17 dated 27th March 2017. The Constitution of the Audit Committee as on date is as under:

Name	Designation
Shri J. Venkateswarlu **	Part- Time Non-Official Director Chairman of the Committee
Shri. Sanjeev Kaushik	Chairman & Managing Director (Additional Charge) & Deputy Managing Director
Shri Praveen Mahto	Government Nominee Director
Shri V.K.Bhasin *	Part-Time Non-Official Director

*Tenure of Shri V.K.Bhasin expired on 26th July 2017.

** Tenure of Shri J. Venkateswarlu expired on 9th September 2017

During the year 2016-17, the Audit Committee of the Board met 4 times on 12th May 2016, 21st July 2016, 10th November 2016 and 7th March 2017.

Management & Investment Committee (MIC)

The MIC was constituted in the 60th Board Meeting held on 20th February, 2013 which was reconstituted in the 86th Board Meeting held on 2nd August 2017. The constitution of the Management and Investment Committee on date is as under:

Name	Designation
Shri. Sanjeev Kaushik	Chairman & Managing Director (Additional Charge) Deputy Managing Director & Chairman of the Committee
Ms. Sharmila Chavaly	Government Nominee Director
Shri Praveen Mahto	Government Nominee Director
Shri. Sunil Mehta	Scheduled Commercial Bank Nominee Director
Shri J. Venkateswarlu *	Part time Non-Official Director

* Tenure of Shri J. Venkateswarlu expired on 9th September 2017

During the year 2016-17, the Management & Investment Committee of the Board met 10 times on 26th April 2016, 9th June 2016, 28th July 2016, 5th September 2016, 20th October 2016, 28th November 2016, 20th December 2016, 24th January 2017, 1st March 2017 & 29th March 2017.

Risk Management Committee

The Board of Directors of IIFCL in 21st Meeting held on 14th November 2008 constituted the Risk Mitigation & Management Committee of the Board. In light of IIFCL being registered as NBFC-IFC with RBI and implementation of Integrated Risk Management Framework at IIFCL, the Board Level – Risk Mitigation & Management Committee was reconstituted as the Board Level-Risk Management & ALCO Committee in 68th Board Meeting held on 3rd February 2014 to give overall guidance to IIFCL Risk Management and to the Assets & Liabilities Management. Subsequently, the Board of Directors of IIFCL in 73rd Meeting held on 26th November 2014 approved the proposal that existing Risk Management & ALCO Committee of IIFCL be segregated into two Committees namely Risk Management Committee & ALCO Committee in view of Regulation 3 of the Master Circular-Corporate Governance issued by Reserve Bank of India vide reference no DNBS (PD) CC No. 390/03.10.001/2014-15 date 1st July, 2014, stipulating that every NBFCs with Public Deposit of ₹20 Crore and above or having an asset size of ₹100 Crore or above shall constitute a risk management committee to manage integrated risk, in addition to the Asset Liability Management Committee (ALCO). The members in both Committees were to be the same. The Risk Management Committee and Asset Liability Management Committee were reconstituted in the 84th Board meeting held on 30th March 2017.

The constitution of the Risk Management Committee as on date is as under:

Name	Designation
Shri. Sanjeev Kaushik	Chairman & Managing Director (Additional Charge) & Deputy Managing Director Chairman of the Committee
Shri Praveen Mahto	Government Nominee Director
Shri V.K.Bhasin*	Part-Time Non-Official Director
Shri J. Venkateswarlu **	Part-Time Non-Official Director

*Tenure of Shri. V.K Bhasin expired on 26th July 2017.

** Tenure of Shri J. Venkateswarlu expired on 9th September 2017

During the year 2016-17, Risk Management Committee of the Board met 3 times on 12th May 2016, 10th November 2016 and 7th March 2017.

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Asset Liability Management (ALCO) Committee

The constitution of the Asset Liability Committee as on date is as under:

Name	Designation
Shri. Sanjeev Kaushik	Chairman & Managing Director (Additional Charge) & Deputy Managing Director Chairman of the Committee
Shri Praveen Mahto	Government Nominee Director
Shri V.K.Bhasin*	Part-Time Non-Official Director
Shri J. Venkateswarlu **	Part-Time Non-Official Director

*Tenure of Shri. V.K Bhasin expired on 26th July 2017.

** Tenure of Shri J. Venkateswarlu expired on 9th September 2017

During the year 2016-17, Asset Liability Committee of the Board met 3 times on 12th May 2016, 10th November 2016 and 7th March 2017.

Corporate Social Responsibility (CSR) Committee

The CSR Committee was constituted in 51st Board Meeting held on 23rd April, 2012 as per guidelines of Department of Public Enterprises which was reconstituted in 86th Board Meeting held on 2nd August 2017. The constitution of the Corporate Social Responsibility (CSR) Committee as on date is as under:

Name	Designation
Shri. Sanjeev Kaushik	Chairman & Managing Director (Additional Charge) & Deputy Managing Director Chairman of the Committee
Ms. Sharmila Chavaly	Government Nominee Director
Shri J. Venkateswarlu *	Part-Time Non-Official Director
Shri Praveen Mahto	Government Nominee Director

* Tenure of Shri J. Venkateswarlu expired on 9th September 2017

During the year 2016-17, Corporate Social Responsibility Committee of the Board met 4 times on 13th May 2016, 22nd July 2016, 20th October 2016 and 7th March 2017.

Remuneration and Nomination Committee

The Remuneration Committee was constituted in the 25th Board Meeting held on 14th July 2009 which was later renamed as the Remuneration and Nomination Committee in 71st Board Meeting held on 11th August, 2014 as per requirement of Companies Act 2013. The Remuneration and Nomination Committee was reconstituted in the 84th Board Meeting held on 30th March 2017.

The constitution of the Remuneration and Nomination Committee as on date is as under:

Name	Designation
Shri Pankaj Jain	Government Nominee Director Chairman of the Committee
Shri Praveen Mahto	Government Nominee Director
Shri V.K.Bhasin *	Part-Time Non-Official Director
Shri J. Venkateswarlu **	Part-Time Non-Official Director

* Tenure of Shri. V.K Bhasin expired on 26th July 2017.

** Tenure of Shri J. Venkateswarlu expired on 9th September 2017

During the year 2016-17, Remuneration and Nomination Committee of the Board met 2 times on 13th May 2016 and 15th November 2016.

Stakeholders Relationship Committee

The Stakeholders relationship Committee was constituted in 71st Board Meeting held on 1st August, 2014 as per requirement of Companies Act 2013. The Committee was reconstituted in the 86th Board Meeting held on 2nd August 2017.

The constitution of the Stakeholder Relationship Committee as on date is as under:-

Name	Designation
Shri Praveen Mahto	Government Nominee Director Chairman of the Committee
Shri. Sanjeev Kaushik	Chairman & Managing Director (Additional Charge) & Deputy Managing Director
Shri. Rajeev Rishi	Scheduled Commercial Bank Nominee Director

During the year 2016-17, Stakeholder Relationship Committee of the Board met 4 times on 12th May 2016, 21st July 2016, 15th November 2016 and 7th March 2017. All investors complaints are attended to on a regular basis.

IT Strategy Committee

The IT Strategy Committee was constituted in 86th Board Meeting held on 2nd August 2017 as per the requirement of the Master Direction-Information Technology Framework for Non- Banking Financial Companies issued by Reserve Bank of India dated 8th June 2017.

The constitution of the IT Strategy Committee as on date in as under:-

Members of the Committee
Shri J. Venkateswarlu* Part Time Non official Director Chairman of the Committee
Shri Sanjeev Kaushik Chairman & Managing Director (Additional Charge) and Deputy Managing Director
Chief Information Officer (CIO)/Chief Technology Officer (CTO)
Head of Risk Department
Chief Information Security officer (CISO)

* Tenure of Shri J. Venkateswarlu expired on 9th September 2017

Company's policies on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of the Companies Act 2013

In terms of notification dated 5th June 2015 issued by Ministry of Corporate Affairs, your Company being a Government Company is not required to comply with the provisions of Sec.134(3) (e) of the Companies Act 2013 pertaining to the company's policies on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of Companies Act 2013.

Statement on declaration given by independent directors under sub-section (6) of section 149 of Companies Act 2013

The Directors on Board of IIFCL being a wholly owned Government Company, are nominated by Department of Financial Services (DFS), Ministry of Finance, Government of India including Independent directors appointed as per provisions of Companies Act, 2013. IIFCL has initiated the process of appointment of Independent directors on its Board.

Statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

In terms of Ministry of Corporate Affairs (MCA) notification dated 5th June 2015, the provisions of Section 134(3)(p) of Companies Act 2013 regarding formal Annual Evaluation by the Board of its own performance and that of its committees and individual directors, shall not apply to Government Companies in case the directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government, as per its own evaluation methodology. The Board of Directors of IIFCL was not required to undertake Formal Annual Evaluation of its own performance and that of its Committee's and Individual Directors in view of MCA Notification. Your Company being a Government company, the evaluation of all the members of the Board is to be undertaken by administrative ministry i.e. Ministry of Finance, Government of India. IIFCL vide Letter no. IIFCL/BS/06/2016-17/26694 dated 21st June 2017 requested the Department of Financial Services (DFS) to take note of the provision of Companies Act 2013 with regard to Annual Evaluation by Board of its on performance and that of its Committees and Individual Directors for the financial year 2016-17.

Particulars of Contracts or Arrangements with related Parties under Section 188 (1) of the Companies Act 2013

No contracts or arrangements were entered into by the company with related parties referred to in section 188 (1) of the Companies Act 2013 during the financial year under review.

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Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company. Irrigation and Water Resources Finance Corporation (IWRFC) have been merged with IIFCL with effect from 1st April, 2016 pursuant to Ministry of Corporate Affairs order dated 21st July, 2016 approving Scheme of Amalgamation of IWRFC with IIFCL.

Significant and material orders passed by the regulators/Courts/Tribunals impacting the going concern status and company's operations in future

No significant or material orders were passed by the regulators or Courts or Tribunals which impact the going concern status and company's operations in future.

Adequacy of internal financial controls with reference to the Financial Statements

The Board of Directors of IIFCL in the 71st Board Meeting held on 11th August 2014 had assigned preparation of Internal Financial Control required vide Directors Responsibility Statement stated in Section 134 (5) (e) of the Companies Act 2013 to Statutory Auditors of IIFCL. The Report on Internal Financial Controls as per the Companies Act 2013 dated 29th January 2015 given by M/s. K.M. Aggrawal & Co., Statutory Auditors of IIFCL along with IIFCL's comments on observations in the report has been reviewed by the Audit Committee and the Board of IIFCL in meeting held on 9th February 2015.

Details of establishment of vigil mechanism for directors and employees

The Board of Directors of IIFCL in 71st Board Meeting held on 11th August 2014 approved the proposal that Vigilance Mechanism as per Central Vigilance Commission (CVC) guidelines of IIFCL would suffice for vigil mechanism of directors and employees to report genuine concerns required under the Companies Act 2013. The Board further resolved that vigil mechanism of IIFCL shall also provide adequate safeguard against victimization of persons and provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases as provided under CVC guidelines. The Board thereafter, approved the proposal for disclosing the details of establishment of such vigil mechanism on company's website and in the Board Report as per requirement of Section 177 of the Companies Act 2013. Your Company has hosted the Vigil mechanism on company's website. Your Company also has a formal whistle blower policy in force which is also displayed on company's website.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013

There is a well-placed mechanism in IIFCL to prevent sexual harassment at workplace. There is an internal committee, which looks after cases of sexual harassments at workplace. Also, cases of sexual harassment have been mentioned as misconduct in IIFCL staff Service Regulation. IIFCL has been constantly making efforts to ensure that the work environment is safer for all the employees including women irrespective of their number, which can be highlighted by the fact that till date no complaint in this regard has been reported in IIFCL.

Right to Information Act, 2005

During the year under review, the Company had received sixteen RTI applications under the Right to Information Act, 2005. The Company has disposed off all the applications and no application/appeal is pending.

Deposits

During the year under review, the Company has not accepted any deposits under Section 73 of the Companies Act, 2013, read with Companies (Acceptance of Deposits) Rules, 2014

Particulars regarding Conservation of energy, technology absorption and Foreign Exchange Earnings and outgo

1. Conservation of energy / Technology Absorption

The Company is not required to disclose particulars relating to conservation of energy and technology absorption as your company does not undertake manufacturing activity. However, company has taken adequate measures to conserve energy consumption in the office premises.

The Company is engaged in providing financial assistance to infrastructure projects, which does not involve any technology absorption.

2. Foreign exchange earnings and outgo

During the year 2016-17 foreign exchanges used/earned is as under:-

(₹ Crore)

	Year ended 31 st March, 2017	Year ended 31 st March, 2016
Total Foreign exchange used	131.84	70.10
Total Foreign exchange earned	-	134.15

Particulars of Employees

Your Company being a Government Company is not required to give particulars of employees in terms of provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 the Companies (Appointment & Remuneration of Managerial Personnel Rules), 2014.

Statutory Auditors

M/s K. M. Agarwal & Co. Chartered Accountants (FRN 000853N) were appointed as Statutory Auditors for the financial year 2016-17 by the Office of Comptroller & Auditor General of India. The Statutory Auditors have audited the Financial Statements of the company for the Financial Year ended 31st March 2017. Also, the Supplementary Audit of the company for the Financial Year 2016-17 was entrusted to the Principal Director, Commercial Audit & Ex-Officio Member Audit Board – III.

The Office of Comptroller & Auditor General of India vide Letter no. CA/V/CoY/ Central Government, IIFCL(1)/15 dated 11th July 2017 has appointed M/s GSA & Associates (DE1177) Chartered Accountants as Statutory Auditors for the financial year 2017-18. Also, the Supplementary Audit of the company for the Financial Year 2017-18 has been entrusted to the Principal Director, Commercial Audit & Ex-Officio Member Audit Board – III.

Secretarial Auditor

M/s P.P Agarwal & Co., Company Secretaries, was appointed as the Secretarial Auditor of the Company for the FY 2016-17 by Board of Directors of the Company in meeting held on 30th March 2017. In terms of Section 204 of the Companies Act 2013 and rules made thereunder they have issued Secretarial Audit Report for the financial year 2016-17 and the same is annexed to this Report.

Management's comments on the Auditor's Report

Management comments on information and explanation on qualifications in Auditor's Report and Secretarial Audit Report as required under the Companies Act 2013 is given in addendum annexed herewith. Comptroller & Auditor General of India have not given any comments on the Financial Statements for Financial Year ended 31st March 2017.

Official Language

Efforts were made during the year towards encouraging use of Hindi in official transactions as to ensure compliance of provisions of Official Language Act, 1963.

Statutory and other Information Requirement

Information required to be furnished as per the Companies Act, 2013 is annexed to this report as under:

S. No.	Particulars	Annexure
1	Secretarial Audit Report	I
2	Extract of Annual Return in Form No. MGT 9	II
3	Annual Report on CSR activities	III
4	Amount, if any carried to any Reserves	IV



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Acknowledgements

The Board of Directors is thankful to the Central Government specially the Ministry of Finance, NITI Aayog, State Governments, Banks, Financial Institutions, Multilateral and Bilateral partners Employees, Customers and all other Stakeholders for their continued support and cooperation. The Board is also thankful to the Auditors of the Company, the Comptroller and Auditor General of India, Reserve Bank of India, SEBI, LIC and MoU Partners for their valuable guidance and advice.

The Board of Directors wishes to place on record its appreciation for dedication, hard work and the efforts of the employees of the company.

**BY ORDER OF THE BOARD OF DIRECTORS
FOR INDIA INFRASTRUCTURE FINANCE COMPANY LTD.**

-Sd-

**Sanjeev Kaushik
Chairman & Managing Director
(Additional Charge)
DIN No. 02842527**

**Place: New Delhi
Date: 11-09-2017**

ADDENDUM TO THE BOARD'S REPORT

1. INFORMATION AND EXPLANATION ON QUALIFICATION IN SECRETARIAL AUDIT REPORT AS REQUIRED UNDER SECTION 134 OF COMPANIES ACT, 2013

SECRETARIAL AUDITORS OBSERVATIONS:

1. *During the year IIFCL has complied with the Non –Banking Financial Companies - Corporate Governance (Reserve Bank) Directions 2015 applicable to it except as regards formation of proper Audit Committee as there was no independent director on its Board. However, the conditions of Corporate Governance as provided in the Corporate Governance Guidelines issued by the Department of Public Enterprises (DPE) vide their OM No. 18(8)/2005-GM dated 14th May, 2010 have not been complied with. In my view, the DPE guidelines are applicable to the Company and during the year, the Company should have complied with corporate governance compliances of DPE also, except MOU, as IIFCL has been exempted by DPE from it.*

MANAGEMENT COMMENTS: It is submitted that IIFCL was constituted as a Special Purpose Vehicle (SPV) and was constituted under the 'sui generis' regulatory scheme referred to as Scheme for Financing Viable Infrastructure Projects (SIFTI) approved by the Union Cabinet vide Ministry of Finance OM F.No. 6(19)/2005-IFI dated 5th December, 2005.

Further, Department of Financial Services (DFS), Ministry of Finance vide Letter No. F.No. 9/3/2007-IF-I dated 2nd March 2009 advised Ministry of Heavy Industries & Public Enterprises, Department of Public Enterprises that as DFS is already monitoring the performance of IIFCL, it is felt that IIFCL should not fall into the ambit of institutions which require to sign MOU as per DPE format. Ministry of Heavy Industries & Public Enterprises, Department of Public Enterprises have vide Letter No. F.No 2(115) 2012-DPE (MOU) dated 6th March 2012 exempted IIFCL from signing of MOU with DPE.

Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Govt. of India vide letter no. F.No. 18(8)/2005-GM dated 10th July 2014 provided that CPSEs constituted as Special Purpose Vehicle (SPV) are exempted from compliance with Guidelines on Corporate Governance for CPSEs. IIFCL has already written to DPE requesting exemption from signing MoU for the year 2016-17.

For the FY 2015-16, Ministry of Heavy Industries & Public Enterprises, Department of Public Enterprises have vide Letter No. M-3/0004/2015-DPE (MOU) dated 25th March 2015 have exempted IIFCL from signing MOU with DPE.

In view of above, IIFCL is not required to follow DPE Guideline on signing MoU with DPE.

IIFCL is registered with Reserve Bank of India (RBI) as NBFC-ND-IFC and is strictly complying with RBI Corporate Governance norms.

2. *The specific requirement of at least one-third of total number of directors to be Independent Directors on the Board as laid down in section 149(4) of the Companies Act, 2013 is not met. Similarly, the composition of Board Committees- Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee, as on 31st March, 2017 does not fulfill the respective requirements of Sections 177, 178, 135 of the Companies Act, 2003, with respect to Independent Directors on its Board.*

The Management has informed that they are pursuing the matter with their administrative ministry on regular basis.

MANAGEMENT COMMENTS: IIFCL is a Government Company and the power of appointment of Directors on board of IIFCL is vested with Administrative Ministry. Government of India, Ministry of Finance, Department of Financial Services is in the process of appointment of Independent Directors on the board of IIFCL.

3. *Certain provisions of the Secretarial Standards on Board Meetings (SS-1) issued by the Institute of Company Secretaries of India and the Companies Act, 2013 relating to recording of proceedings of Board Meetings and attendance of Directors through video conferencing have not been properly complied with.*

MANAGEMENT COMMENTS: IIFCL is in process of implementation of Integrated IT System. The concerns regarding maintenance of video conferencing records of Board meetings would be addressed upon implementation of Integrated IT System.

4. *Barring a few, all other disclosure requirements to be given on website of the Company as prescribed under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 have been fully met.*

MANAGEMENT COMMENTS: Disclosures as prescribed under Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 have since been made on the website of IIFCL.

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STATUTORY AUDITORS OBSERVATIONS

1. *As per office memorandum F.No. 5/1/2016 policy dated 27th May, 2016 of Ministry of Finance Government of India, CPSEs need to pay minimum annual dividend of 30% of profit after tax or 5 percent of net worth of CPSEs whichever is higher subject to maximum dividend permitted under the extant legal provisions. Dividend payable for current financial year has not been provided. (Refer note no 24(B) (26)).*

MANAGEMENT COMMENTS: As per RBI guidelines, financial institutions like IIFCL are now required to keep higher provisioning on loans (Provisioning for Standard Assets has increased from 0.30% during the Financial Year 2015-16 to 0.35% during the Financial Year 2016-17 and provisioning for Restructured Assets has increased from 4.25% during the Financial Year 2015-16 to 5% during the Financial Year 2016-17). As a result, profitability shall be under pressure and hence such high dividend payouts was not feasible. Further, payment of such high dividends (5% of Net Worth) shall result in deterioration of Net Worth of IIFCL and shall also affect the Capital Adequacy and exposure limit. Decreasing Net Worth, profitability and reducing CRAR shall also affect the credit rating of IIFCL. In view of same, IIFCL has requested Government to consider exempting IIFCL from payment of Dividend for at least 3 years.

2. *There are changes in accounting policies viz. (1) Accounting of interest income of strategic debt restructured accounts and provisioning thereof (2) Applicability of guidance note on accounting for derivative contracts in comparison of AS-30 during previous year (refer note no 24(B) (2)).*

MANAGEMENT COMMENTS: Changes are proposed in Accounting Policies in line with RBI Circular on Strategic Debt Restructuring Scheme and Guidance Note issued by Institute of Chartered Accountants of India (ICAI).

3. *Loan account of M/s Jaypee Infratech Limited need close monitoring in view of huge exposure of the company (refer note no 24 (B) (18) (e))*

MANAGEMENT COMMENTS: IIFCL is closely monitoring the loan account of M/s Jaypee Infratech Limited

C & AG OBSERVATIONS

1. Comptroller and Auditor General of India have not given any adverse remarks/comments in their report on the Financial Statement of IIFCL for year ended 31st March 2017.



Conference on Revitalising Public Private Partnership in Infrastructure



IIFCL's 11th Foundation Day- "National Summit on "Infrastructure Development Finance - The Road Ahead " (5th January 2017)



Launch of New Rating System for Infrastructure Projects



The Economics Times Infra Focus 5th Annual Summit

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Yamuna Expressway (U.P.) - Financed by IIFCL



Karaikal Port (T.N.) - Financed by IIFCL



Mumbai Airport Terminal - Financed by IIFCL



Western Region Transmission Gujarat Private Limited - Financed by IIFCL

SECRETARIAL AUDIT REPORT

FINANCIAL YEAR 2016-17

India Infrastructure Finance Company Limited

CIN: U67190DL2006G01144520

Regd. Office: 8th Floor, HT House 18 & 20
Kasturba Gandhi Marg
New Delhi-I 10001

By:
P. P. Agarwal & Co.
Company Secretaries

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P.P. AGARWAL & CO.
Company Secretaries

C-154 EAST OF KAILASH
NEW DELHI — 110065
Ph: 011-46547930
M-9810008621
E-mail: fcs.ppa@gmail.com

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

{Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,

**The Members,
India Infrastructure Finance Company Limited**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by India Infrastructure Finance Company Limited (hereinafter called or 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The applicable provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - (d) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
- (vi) **I further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following other applicable laws:
 - a) The Reserve Bank of India Act, 1934 to the extent applicable on NBFC, rule and regulation made thereunder; and
 - b) The Right to Information Act, 2005.

I have also examined compliance of the applicable clauses of the Secretarial Standards with regard to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

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

1. *During the year IIFCL has complied with the Non —Banking Financial Companies -Corporate Governance (Reserve Bank) Directions 2015 applicable to it except as regards formation of proper Audit Committee as there was no independent director on its Board. However, the conditions of Corporate Governance as provided in the Corporate Governance Guidelines issued by the Department of Public Enterprises (DPE) vide their OM No. 18(8)12005-GM dated 14th May, 2010 have not been complied with. In my view, the DPE guidelines are applicable to the Company and during the year, the Company should have complied with corporate governance compliances of DPE also, except MOU, as IIFCL has been exempted by DPE from it.*
2. *The specific requirement of at least one-third of total number of directors to be Independent Directors on the Board as laid down in section 149(4) of the Companies Act, 2013 is not met. Similarly, the composition of Board Committees- Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee, as on 31st March, 2017 does not fulfill the respective requirements of Sections 177, 178, 135 of the Companies Act, 2003, with respect to Independent Directors on its Board.*

The Management has informed that they are pursuing the matter with their administrative ministry on regular basis.
3. *Certain provisions of the Secretarial Standards on Board Meetings (SS-1) issued by the Institute of Company Secretaries of India and the Companies Act, 2013 relating to recording of proceedings of Board Meetings and attendance of Directors through video conferencing have not been properly complied with.*
4. *Barring a few, all other disclosure requirements to be given on website of the Company as prescribed under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 have been fully met.*

I further report that in view of the reasons mentioned in paragraph 1 and 2 of above observations, the Board of Directors of the Company is not constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. However, the changes in the composition of the Board of Directors that took place during the Audit period were carried out in proper compliance with the provisions of the Act.

I further report that the systems and processes in the Company need to be improved so that they are commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Generally, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous in all cases and no dissenting views have been recorded.

I further report that during the audit period, the Irrigation and Water Resources Finance Corporation Limited (a government company) was amalgamated with the Company vide Ministry of Corporate Affairs Letter No. 24/1/2016-CL-III dated 21st July, 2016 in due compliance of the applicable laws. Beside this, there was no event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards etc.

For **P.P. Agarwal & Co.**

Company Secretaries

U.C. No. S2012DE174200

-sd-

Pramod P. Agarwal

Prop.

C.P. No. : 10566

Place : New Delhi

Date: 25.07.2017

This report is to be read with our letter of even date which is annexed as 'Annexure-A' and forms an integral part of this report.

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Annexure-A

To,

**The Members,
India Infrastructure Finance Company Limited**

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have relied on the correctness and appropriateness of financial records and Books of Accounts of the Company, based on audited & approved financials.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For P.P. Agarwal & Co.
Company Secretaries
U.C. No. S2012DE174200**

-sd-

**Pramod P. Agarwal
Prop.
C.P. No. : 10566**

**Place : New Delhi
Date: 25.07.2017**

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS

1	CIN	U67190DL2006GOI144520
2	Registration Date	5 th January 2006
3	Name of the Company	India Infrastructure Finance Company Limited
4	Category/Sub-category of the Company	Government of India Enterprise
5	Address of the Registered office & contact details	8 th Floor, Hindustan Times Building 18 & 20, Kasturba Gandhi Marg New Delhi-110 001 Phone: 91-11- 23708263,23708264 Fax : 91-11-23766256,23730251 email: info@iifcl.org
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	KARVY Computershare Private Limited Mr. Umesh Pandey Karvy Selenium Tower B, Plot number 31 & 32 Financial District Gachibowli, Hyderabad 500 032-India P : +91 040 6716 1595, Fax – 91 040 2343 0814 RCMC Private Limited Mr Ravinder Dua B-25/1, Okhla Industrial Area Phase – II, New Delhi – 110 020 Ph - 011-26387320,21,23 Fax – 011-26387322

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service*	% to total turnover of the company
1	Infrastructure Financing**	649-Other financial service activities, except insurance and pension funding activities	100%

* As per National Industrial Classification – Ministry of Statistics and Programme Implementation

IIFCL was set up by the Government of India in 2006 with the main objective of channelizing long-term finance to viable infrastructure projects through the Scheme for Financing Viable Infrastructure Projects through a Special Purpose Vehicle called India Infrastructure Finance Company Ltd (IIFCL), broadly referred to as SIFTI. The sectors eligible for financial assistance from IIFCL are the Harmonized list of infrastructure sub-sectors as approved by the Cabinet Committee on Infrastructure on 1st March 2012. These include transportation, energy, water, sanitation, communication, social and commercial infrastructure

IIFCL has been registered as a NBFC-ND-IFC with RBI since September 2013.

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III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name of Company	Address of Company	CIN/GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable section
1	IIFC(UK) Limited	Third Floor 72 King William Street London EC4N 7HR United Kingdom Telephone & Email General: +44-20-7776 8950 info@iifc.org.uk	06496661*	Subsidiary	100%	2(87)(ii)
2	IIFCL Projects Limited	3 rd Floor, 14, Ambadeep Building Kasturba Gandhi Marg New Delhi-110 001 Phone: 91-11-23708263, 23708264 Fax : 91-11-23766256, 23730251 Email id: contact@iifclprojects.com	U74999DL2012GOI231473	Subsidiary	100%	2(87)(ii)
3	IIFCL Asset Management Company Limited	3 rd Floor, 301-312, Ambadeep Building Kasturba Gandhi Marg, New Delhi – 110001 Phone: 011 4371 71 25/26 Email: cio@iifclmf.com	U65991DL2012GOI233601	Subsidiary	100%	2(87)(ii)

* India Infrastructure Finance Company (UK) Limited was incorporated with the Registrar of Companies of England and Wales at London on February 7, 2008 [Company No. 649666] under the UK Companies Act 1985

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									-
(1) Indian									-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	390 crore	390 crore	100%	-	400.23 crore	400.23 crore	100%	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
SUB - TOTAL (A) (1)	-	390 crore	390 crore	100%	-	400.23 crore	400.23 crore	100%	-
(2) Foreign									-
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB - TOTAL (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)(1) + (A)(2)	-	390 crore	390 crore	100%	-	400.23 crore	400.23 crore	100%	-
B. Public Shareholding									-
1. Institutions									-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									-
a) Bodies Corp.									-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)									-
i. QFIs	-	-	-	-	-	-	-	-	-
ii. NRIs	-	-	-	-	-	-	-	-	-
iii. Clearing Member	-	-	-	-	-	-	-	-	-
iv. Shares held by Subsidiary Companies on which no voting rights are exercisable	-	-	-	-	-	-	-	-	-

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2016-17

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
v. Unclaimed Shares Suspense Account	-	-	-	-	-	-	-	-	-
vi. Trusts	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	390 crore	390 crore	100%	-	400.23 crore	400.23 crore	100%	-

ii. Shareholding of Promoter

Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2016)			Shareholder's Name	Shareholding at the end of the year (As on 31-03-2017)			% change in shareholding during the year
	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares					
The Hon'ble President of India Representative share holding*	389,99,50,000 50,000	100	-	The Hon'ble President of India Representative share holding*	400,22,66,230 50,000	100	-	NIL
	390,00,00,000	100%			400,23,16,230	100%		NIL

* Includes seven shareholders as representative on behalf of Government of India.

iii. Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year (As on 01-04-2016)		Cumulative Shareholding during the year (As on 31-03-2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	390,00,00,000	100	400,23,16,230	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	<p>Ministry of Corporate Affairs (MCA) vide order dated 21st July 2016 conveyed sanction of the Central Government to the Scheme of Amalgamation of Irrigation and Water Resources Finance Corporation Ltd. (IWRFC) with India Infrastructure Finance Company Limited (IIFCL) under Section 391 (2) read with section 394 of the Companies Act, 1956. The scheme of amalgamation is binding with effect from 1st April, 2016, being appointed date for coming into force of the said Scheme.</p> <p>The Board of IIFCL in meeting held on 22nd July 2016 was informed that on the Scheme of Amalgamation of Irrigation and Water Resources Finance Corporation Ltd. (IWRFC) with India Infrastructure Finance Company Limited (IIFCL) becoming effective, the Authorised Share Capital of IIFCL (presently ₹ 5,000,00,00,000/-) has increased by merger of authorised share capital of the transferor company i.e IWRFC (₹ 1,000,00,00,000/-) to ₹ 6,000,00,00,000/- (Rupees Six Thousand Crores) without payment of any stamp duty/filing fees. Accordingly, Capital Clause V of the Memorandum of Association relating to Authorised Share Capital shall stand modified without any further act, obligation or deed. .</p> <p>The Board was further informed that upon the scheme becoming effective and in consideration of the undertaking of the transferor company being transferred to and vested in the transferee company, the transferee company i.e IIFCL shall issue and allot to the shareholders of the transferor company, one equity share of ₹ 10/- each in the transferee company as fully paid up for every one equity share of ₹ 10/- each fully paid up held by them in the transferor company after the effective date. Accordingly, IIFCL is required to cancel 10,23,16,230 equity shares ₹10/- (Rupees Ten) aggregating to ₹ 102,31,62,300/- (Rupees One Hundred and Two Crore Thirty One Lakh Sixty Two Thousand and Three Hundred Only) of IWRFC held by GoI provided by DFS to IIFCL vide letter dated 21st July 2014.</p> <p>After deliberations, the Board approved allotment and issue of 10,23,16,230 equity share of ₹ 10/- each aggregating to ₹ 102,31,62,300/- (Rupees One Hundred and Two Crore Thirty One Lakh Sixty Two Thousand and Three Hundred Only) in favour of Government of India in name of Hon'ble President of India, being shareholder of erstwhile IWRFC.</p>			
	At the end of the year	390,00,00,000	100	400,23,16,230	100

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iv. Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01-04-2016)		Cumulative Shareholding during the Year (As on 31-03-2017)	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
At the end of the year	-	-	-	-

v. Shareholding of Directors and Key Managerial Personnel:

Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (As on 01-04-2016)		Cumulative Shareholding during the Year (As on 31-03-2017)	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
At the end of the year	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in lac)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2016)				
i) Principal Amount	149,491,837,000	162,934,485,172	17,002,810,961	329,429,133,133
ii) Interest due but not paid				
iii) Interest accrued but not due		7,592,505,408		7,592,505,407.72
Total (i+ii+iii)	149,491,837,000	170,526,990,580	17,002,810,961	337,021,638,541
Change in Indebtedness during the financial year				
* Addition				
* Reduction				
Net Change	(20,05,000)	(1,731,620,535)	(8,036,186,851)	(9,769,812,386)
Indebtedness at the end of the financial year (31.03.2017)				
i) Principal Amount	149,489,832,000	161,359,595,485	8,966,624,109	319,816,051,594
ii) Interest due but not paid				
iii) Interest accrued but not due		7,435,774,560		7,435,774,560
Total (i+ii+iii)	149,489,832,000	168,795,370,045	8,966,624,109	7,251,826,154

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ in lac)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
	Name	S.B.Nayar	Sanjeev Kaushik	
	Designation	CMD	DMD	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	37.42	33.15	70.57
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.83	2.70	4.53
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	39.25	35.85	75.10

B. Remuneration to other directors

(₹ in lac)

SN.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2	Other Non-Executive Directors (Part-Time Non-Official Directors)	V.K.Bhasin	J.Venkateswarlu	-	-	-
	Fee for attending board committee meetings	2.00	2.70	-	-	4.70
	Commission	-	-	-	-	-
	Others, please specify	-	0.33	-	-	0.33
	Total (2)	2.00	3.03	-	-	5.03
	Total (B)=(1+2)	2.00	3.03	-	-	5.03

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C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in lac)

SN	Particulars of Remuneration	Key Managerial Personnel		
		Rajeev Mukhija	Manjari Mishra	Total
	Designation	CFO	CS	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22.76	9.97	32.73
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	12.04	13.40	25.44
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	Others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	34.80	23.37	58.17

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

NIL

Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

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

India Infrastructure Finance Company Limited (IIFCL), a Government of India Enterprise has taken its obligation to the society and the people in need especially in under developed areas of the country under its Corporate Social Responsibility (CSR). IIFCL as per the provisions of the Companies Act 2013 has a Corporate Social Responsibility Policy (CSR) policy in place that has been duly approved by the Board of Directors. The policy entails a two-tier structure to implement and monitor CSR activities (Board level committee headed by Chairman & Managing Director (CMD) and an Implementation Committee comprising of the senior officers of the Company).

IIFCL CSR initiatives during FY2016-17 have focused on construction of toilets in schools, Health, animal welfare, promotion of green and energy efficient technologies, promotion of sports, development of backward regions, and upliftment of the marginalised and under-privileged sections of the society. IIFCL under its CSR initiative will further like to participate/contribute and makes its presence in development initiatives for augmenting the quality of life of people across the country.

Details of IIFCL CSR initiative are also available at: <http://www.iifcl.co.in/Content/CSR%20Initiatives.aspx>

- 2. The Composition of the CSR Committee.**

In terms of Section 135 of Companies Act, 2013, a Board level Committee for CSR with the following members has been constituted at IIFCL:

- Chairman & Managing Director, IIFCL - Chairman of the Committee
- A Govt. Nominee Director
- A Whole Time Director

Further, a CSR implementation Committee has been constituted consisting of the following members:

- Chief General Manager – CSR (Nodal Officer)
- Chief General Manager (Credit)
- Chief Financial Officer

- 3. Average net profit of the company for last three financial years**

Particulars	Amount (In Rupees lakhs)
Financial year 2013-14	93,539.04
Financial year 2014-15	121,691.26
Financial year 2015-16	96,591.22
<i>Total</i>	<i>331,821.52</i>
Average Net Profit	103,940.50

- 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

Rs. 2078.81 lakhs

- 5. Details of CSR spent during the financial year.**

(a) *Total amount to be spent for the financial year;* Rs. 2078.81 lakhs

(b) *Amount unspent, if any;* Nil

(c) Manner in which the amount spent during the financial year is detailed below.

Amount in Rs. Crore

(1) S. No	(2) CSR project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	(7) Cumulative expenditure up to the reporting period	(8) Amount spent: Direct or through implementing agency*
01	Distribution of 35,000 solar Lanterns in backward districts of India	Promotion of Green and Energy efficient Technologies	Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Bihar, Uttar Pradesh, Jharkhand, Uttarakhand, West Bengal	4.20	1.85	3.95	1.85 (Solar Energy Corporation of India)
02	Installation of 1050 solar home lighting systems	Promotion of Green and Energy efficient Technologies	Rohtas (Bihar)	1.575	1.10	1.10	1.10 (Central Electronics Limited)
03	Contribution to the Health Minister's cancer Patient Fund (HMCPPF) of Ministry of Health and Family Welfare, GoI	Health	Various Cancer Hospitals across India	4.09	4.09	4.09	4.09 (Ministry of Health and Family Welfare, GoI)
04	Construction of toilets in Schools for Boys and Girls	Safe drinking water, Health care & Sanitation	Bhilwara (Rajasthan)	0.26	0.15	0.15	0.15 (Vivekananda Kendra)
05	Construction of toilets in Schools for Girls	Safe drinking water, Health care & Sanitation	Thiruvannur (Tamil Nadu)	1.85	0.45	0.99	0.45 (Sulabh International Social Service Organization)
06	Installation of 500 Solar Street Lighting System phase 01	Promotion of Green and Energy Efficient Technologies	Sant Ravidas and Allahabad district (Uttar Pradesh)	1.09	0.43	1.09	0.43 (Rajasthan electronics and Instruments Limited)
07	Integrated development of Baghmundi (Purulia), WB	Development of Backward Regions	Purulia (West Bengal)	0.26	0.18	0.18	0.18 (Pyari Foundation India Trust)
08	Construction of toilets in Government aided schools for Boys and Girls	Safe drinking water, Health care & Sanitation	Palakkad (Kerala)	0.31	0.19	0.19	0.19 (Lions Club of Palakkad)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
09	Skill development of 500 women cab drivers	Skill Development	Karnataka, Gujarat, Maharashtra and Delhi NCR	0.50	0.10	0.10	0.10 (National Safai Karamcharis Finance and development Corporation)
10	Integrated development of Borsimaluguri (Assam)	Development of Backward Regions	Assam	1.66	0.10	1.58	0.10 (Himachal Consultancy and Services Limited)
11	Construction of low cost diagnosis unit in Gurgaon (Haryana)	Health	Gurgaon, Haryana	1.00	1.00	1.00	1.00 (Gurgaon Municipal Corporation)
12	Installation of 1500 Solar Street lights in Bhadohi(UP)-phase 02	Promotion of Green and Energy Efficient Technologies	Sant Ravidas and Allahabad district (Uttar Pradesh)	3.27	0.61	0.61	0.61 (Rajasthan Electronics and Instruments Limited)
13	Distribution of medical van for injured animals	Animal Welfare	Delhi NCR	0.13	0.13	0.13	0.13 (Dhyan Foundation)
14	Release of second installment to Ministry of Youth Affairs and Sports (MYAS), Government of India for contribution to the TOP Scheme of NSDF.	Promotion of Sports	Pan India	30.00	10.0	20.00	10.00 (Ministry of Sports and Youth Affair)
15	Construction of toilets at Ramdevra (Rajasthan)	Safe drinking water, Health care & Sanitation	Rajasthan	1.78	0.27	0.27	0.27 (Public Works Department, Ramdevra)
16	CSR Overhead Expenditure				0.13	0.13	0.13

*Give details of implementing agency.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

IIFCL has utilized its allocated CSR budget for FY2016-17.

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

CSR Committee of the Board of Directors in its meeting held on 15th May, 2017 has issued responsibility statement that the implementation and monitoring of CSR Policy during FY2016-17, is in compliance with CSR objectives and Policy of the Company.

-sd-
(Sanjeev Kaushik)
Chairman and Managing Director (CMD)
DIN: 02842527

STATEMENT OF AMOUNT TRANSFER FROM/TO RESERVE FOR THE YEAR 2016-17

₹ in lac

Particulars	Year ended 31 st March 2017	Year ended 31 st March 2016
Profit after Tax for the current year 2016-17	6,857.63	46,849.91
Add: Transfer from Reserve for Loan Assets	-	-
Add: Transfer from Staff Welfare Reserve	-	65.00
Add: Transfer from Corporate Social Responsibility Reserve	-	-
Less: Transfer to Staff Welfare Reserve	32.71	30.45
Less: Transfer to Corporate Social Responsibility Reserve	-	-
Less: Transfer to Debenture redemption Reserve	18,183.48	17,117.63
Less: Transfer to Special Reserve u/s 36(1)(vii) of Income Tax Act, 1961	17,203.94	24,749.51
Less: Adjustment of carrying amount of fixed assets (applying transitional provisions)	-	-
Less: Interim Dividend	-	-
Less: Dividend Distribution Tax	-	-
Balance c/f to balance sheet	(28,563)	4948.22

INDEPENDENT AUDITOR'S REPORT

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **India Infrastructure Finance Company Limited** ("the company") which comprises the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial control system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by Company's Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2017, its profit and its cash flows for the year ended on that date.

Other Matters

- (i) *As per office memorandum F.No. 5/1/2016 policy dated 27th May, 2016 of Ministry of Finance Government of India, CPSEs need to pay minimum annual dividend of 30% of profit after tax or 5 percent of net worth of CPSEs whichever is higher subject to maximum dividend permitted under the extant legal provisions. Dividend payable for current financial year has not been provided. (Refer note no 24(B) (26)).*
- (ii) *There are changes in accounting policies viz. (1) Accounting of interest income of strategic debt restructured accounts and provisioning thereof (2) Applicability of guidance note on accounting for derivative contracts in comparison of AS-30 during previous year (refer note no 24(B) (2)).*

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(iii) *Loan account of M/s Jaypee Infratech Limited need close monitoring in view of huge exposure of the company (refer note no 24 (B) (18) (e)).*

Our opinion is not qualified / modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure I** a statement on the matters specified in paragraph 3 & 4 of the order to the extent applicable.
2. As required by section 143(3) of the Act, we report that:-
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) The requirement of sub section(2) of section 164 of the Companies Act, 2013 relating to the disqualification of the Directors are not applicable to the Company being a Government Company in term of notification no G.S.R.463 (E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in **Annexure II**.
 - g) *In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to 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 from time to time.
 - i. The Company does not have any pending litigation which would impact its financial position.
 - ii. *The Company has made provisions as required under the applicable law or accounting standards for material foreseeable losses on long term contracts including derivative contracts (Refer Note No. 24(B)(9)).
 - iii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.
 - iv. *As required vide MCA notification G.S.R. 308(E) dated 30th March, 2017 it is stated that the company has provided requisite disclosures in the standalone financial statement as regards its holding and dealings in specified bank notes as defined in notification S.O. 3407 (E) dated 8th November, 2016 of the Ministry of Finance during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedure performed and representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the company and produced to us by the management (Refer Note No. 24(B)27(B)).
3. The Directions/ Sub Directions issued by C & AG under section 143(5) of Companies Act, 2013 have been verified during the audit of annual accounts of the company for the year 2016-17 and compliance to the directions is enclosed in **Annexure III**.

For K. M. Agarwal & Co.
Chartered Accountants
(Firm's Registration No. 000853N)

-sd-
Meenakshi Gupta
Partner
(Membership No. 92834)

Place: New Delhi
Date: 02nd August 2017

** Underlined words has been added at print stage of Annual Report pursuant to assurances/replies given to the Office of Principal Director of Commercial Audit, Member Audit Board-III New Delhi during course of audit on observations in Half Margins of Phase-III Audit of Annual account of IIFCL for the year 2016-17.*

***ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL
STATEMENT ON INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED**

Reference to in Paragraph-1 under "Report on Other Legal and Regulatory Requirements" of our report of even date.

- i. In respect of its fixed assets:
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
 - c) This clause is not applicable.
- ii. The nature of business of the company does not require it to hold inventories as such clause 3(ii) of Companies (Auditor's Report) Order 2016 is not applicable to the company.
- iii. The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there were no transactions which attract the provisions of Section 185 and 186 of the Companies Act, 2013.
- v. According to the information and explanations given to us, the company has not accepted any deposit from the public.
- vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013.
- vii. a) According to the information and explanations given to us, and on the basis of our examination of books of account, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Service Tax and other statutory dues as applicable with the appropriate authorities.
- b) #According to the information and explanations given to us, there are no dues outstanding on account of Income tax/ Service Tax that have not been deposited on account of dispute except following:

Nature of Statute	Nature of the Dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax	159.00	AY 2008-09	ITAT	Amount Adjusted by Income Tax department from refund of AY 2010-11 and AY 2011-12
Income Tax Act, 1961	Income Tax	934.55	AY 2014-15	CIT(A)	Amount deposited by IIFCL is under protest

- viii. According to the information and explanations given to us, and on the basis of examination of the books of account, the company has not defaulted in repayment of loans or borrowings to any financial institution, Bank, Government or bond holders.
- ix. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the company were, prima facie, applied by the company during the year for the purpose for which loans were obtained except for temporary deployment in deposits with banks pending application. Further, during the year no money has been raised by way of public offer(including debt instrument).

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- x. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.
- xi. Being a Government Company, Section 197 of the Companies Act, 2013 managerial remuneration is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the xiii. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standard.
- xiv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on the examination of the records of the company, the company has not entered into non-cash transactions with the directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The company is registered under section 45-IA of the Reserve Bank of India Act, 1934 vide Certificate No. N-14.03288 dated September 09, 2013.

For K. M. Agarwal & Co.
Chartered Accountants
(Firm's Registration No. 000853N)

-sd-
Meenakshi Gupta
Partner
(Membership No. 92834)

Place: New Delhi

Date: 02nd August 2017

**Heading of ANNEXURE-I has been changed at print stage of Annual Report pursuant to assurances/replies given to the Office of Principal Director of Commercial Audit, Member Audit Board-III New Delhi during course of audit on observations in Half Margins of Phase-III Audit of Annual account of IIFCL for the year 2016-17.*

Table relevant to status of Income Tax Demand has been added at print stage of Annual Report pursuant to assurances/replies given to the Office of Principal Director of Commercial Audit, Member Audit Board-III New Delhi during course of audit on observations in Half Margins of Phase-III Audit of Annual account of IIFCL for the year 2016-17.

**ANNEXURE “II” TO THE INDEPENDENT AUDITOR’S REPORT ON THE STANDALONE
FINANCIAL STATEMENTS OF INDIA INFRASTRUCTURE FINANCE COMPANY 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 have audited the internal financial controls over financial reporting of India Infrastructure Finance Company Limited (IIFCL) (“the company”), as at 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance that whether adequate internal financial control over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Control over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and 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.



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Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of its inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Also, projections of any evaluation of internal financial controls over financial reporting to future periods are subject to the risk that internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K. M. Agarwal & Co.
Chartered Accountants
(Firm's Registration No. 000853N)

-sd-
Meenakshi Gupta
Partner
(Membership No. 92834)

Place: New Delhi
Date: 02nd August 2017

Annexure III

Directions / Sub-Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of India Infrastructure Finance Company Limited for the year 2015-16 issued by the Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013.

Sr. No.	Directions	Auditor's Comments																																													
(1)	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.	As company does not hold any free/lease hold land, this para is not applicable.																																													
(2)	Please report whether there are any cases of waiver/ write off of debts/ loans/ interest etc., if yes, the reasons there for and the amount involved.	<p>We are informed that during the year ended 31st March 2017, the Company had written off 15 loan accounts amounting to ₹ 65,880.48 lac referred in Note No. 24(B) (21)(b). The following accounts were written off:-</p> <table border="1"> <thead> <tr> <th>S.No.</th><th>Name of the Borrowers</th><th>₹ in Lac</th></tr> </thead> <tbody> <tr><td>1</td><td>Pride India Co-Operative Textile Park Ltd</td><td>135.23</td></tr> <tr><td>2</td><td>RDF Power Projects Limited</td><td>577.86</td></tr> <tr><td>3</td><td>Bee Pee Power Limited</td><td>272.50</td></tr> <tr><td>4</td><td>Hema Sri Power Projects Limited</td><td>486.86</td></tr> <tr><td>5</td><td>Transstroy Bhopal Biaora Tollways Pvt Ltd</td><td>7541.13</td></tr> <tr><td>6</td><td>Sew LSY Highway Pvt. Ltd</td><td>8906.60</td></tr> <tr><td>7</td><td>Jetpur Somnath Tollways Ltd.</td><td>9474.54</td></tr> <tr><td>8</td><td>Transstroy Obedullaganj – Betul Tollway Pvt .Ltd</td><td>7083.38</td></tr> <tr><td>9</td><td>Raiganj Dalkhola Highways Limited</td><td>1881.26</td></tr> <tr><td>10</td><td>Bhubaneswar Expressway Pvt. Ltd</td><td>7333.55</td></tr> <tr><td>11</td><td>Barasat – Krishnagar Expressways Ltd</td><td>12188.87</td></tr> <tr><td>12</td><td>#Essel Walajahpet Poonamallee Toll Road Pvt. Ltd.</td><td>4365.53</td></tr> <tr><td>13</td><td>Srinivasa Gayithri</td><td>178.37</td></tr> <tr><td>14</td><td>Corporate Power</td><td>5454.80</td></tr> </tbody> </table> <p>Reason: The above mentioned accounts from S.No 1 to 14 were NPA as on 31.03.2017. The company did not have any securities in respect to these accounts. Therefore, these accounts have been written off in accordance with the accounting policy no. 24(A) (3.3) (viii).</p>	S.No.	Name of the Borrowers	₹ in Lac	1	Pride India Co-Operative Textile Park Ltd	135.23	2	RDF Power Projects Limited	577.86	3	Bee Pee Power Limited	272.50	4	Hema Sri Power Projects Limited	486.86	5	Transstroy Bhopal Biaora Tollways Pvt Ltd	7541.13	6	Sew LSY Highway Pvt. Ltd	8906.60	7	Jetpur Somnath Tollways Ltd.	9474.54	8	Transstroy Obedullaganj – Betul Tollway Pvt .Ltd	7083.38	9	Raiganj Dalkhola Highways Limited	1881.26	10	Bhubaneswar Expressway Pvt. Ltd	7333.55	11	Barasat – Krishnagar Expressways Ltd	12188.87	12	#Essel Walajahpet Poonamallee Toll Road Pvt. Ltd.	4365.53	13	Srinivasa Gayithri	178.37	14	Corporate Power	5454.80
S.No.	Name of the Borrowers	₹ in Lac																																													
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14	Corporate Power	5454.80																																													
(3)	Whether proper records are maintained for inventories lying with the third parties & assets received as gift/ grant(s) from the Government or other authorities.	<p>We are informed that the company is not required to hold any inventories for the year ended 31st March, 2017.</p> <p>Further, during the year ended 31st March 2017, no assets as gift/grand were received from Government or other authorities.</p>																																													

**For K. M. Agarwal & Co.
Chartered Accountants
(Firm's Registration No. 000853N)**

**-sd-
Meenakshi Gupta
Partner
(Membership No. 92834)**

**Place: New Delhi
Date: 02nd August 2017**

Merger of two loan accounts Essel Walajahpet Poonamalle Toll Road Private Limited Sub & Essel Walajahpet Poonamalle Toll Road Private Limited Sr Debt has been made at print stage of Annual Report pursuant to assurances/replies given to the Office of Principal Director of Commercial Audit, Member Audit Board-III New Delhi during course of audit on observations in Half Margins of Phase-III Audit of Annual account of IIFCL for the year 2016-17.

Compliance Certificate

We have conducted the audit of accounts of India Infrastructure Finance Company Limited for the year ended 31st March, 2017 in accordance with the directions/sub-directions issued by the C & AG of India under Section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the Directions/Sub-directions issued to us.

**For K. M. Agarwal & Co.
Chartered Accountants
(Firm's Registration No. 000853N)**

**-sd-
Meenakshi Gupta
Partner
(Membership No. 92834)**

**Place: New Delhi
Date: 02nd August 2017**

NON-BANKING FINANCIAL COMPANIES AUDITOR'S REPORT

To
The Board of Directors
India Infrastructure Finance Company Limited
8th Floor, Hindustan Times House
18 & 20, Kasturba Gandhi Marg
New Delhi- 110001

As required by the Non- Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 issued by Reserve Bank of India (RBI) on the matters specified in paragraphs 3 and 4 of the said Directions to the extent applicable to India Infrastructure Finance Company Limited and according to the information and explanations given to us for the purpose of audit, we report that:

1. The company is engaged in the business of Non- Banking Financial Institution and it has obtained a certificate of Registration from Reserve bank of India under the provision of section 45-I(a) of the Reserve Bank of India Act, 1934 vide registration no. N-14.03288 dated 09.09.2013 and meeting the Principal Business Criteria (financial asset/ income pattern) as laid down vide the bank's press release dated April 08, 1999, and master direction Para 82 issued by DNBR.
2. The company is entitled to continue to hold such CoR in terms of its Principal Business Criteria (Financial asset/ income pattern) as on March 31st, 2017.
3. The company is meeting the required net owned fund requirement as laid down in Master Direction – Non Banking Financial Company – Systemically Important Non- Deposit taking Company and Deposit Company (Reserve Bank) Directions, 2016.
4. The Board of directors has passed a resolution for non- acceptance of any public deposits during the year ended 31.03.2017.
5. The company has not accepted any public deposits during the year 2016-17.
6. The company complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in term of Non-Banking Financial Company – Systemically Important Non- Deposit taking Company and Deposit Company (Reserve Bank) Directions, 2016.
7. In terms of RBI Circular No. DNBS/PD/CC. No.93/03.05.002/2006.07 dated 27th April, 2007, India Infrastructure Finance Company Limited, being a Government Company, is exempt from submitting NBS-7 to Reserve Bank of India. Accordingly to the information and explanation given to us, the company is in compliance with the minimum CRAR prescribed by the Bank.

For K. M. Agarwal & Co.
Chartered Accountants
(Firm's Registration No. 000853N)

-sd-
Meenakshi Gupta
Partner
(Membership No. 92834)

Place: New Delhi
Date: 02nd August 2017

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INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL) BALANCE SHEET AS AT 31ST MARCH 2017 CIN No. U67190DL2006GOI144520

₹ in Lac

S. No.	PARTICULARS	Note No.	Year ended 31 st March 2017	Year ended 31 st March 2016
I	EQUITY AND LIABILITIES			
	(1) Shareholders' Funds			
	(a) Share capital	1	400,231.62	390,000.00
	(b) Reserves and Surplus	2	342,163.27	336,468.27
	SUB-TOTAL (1)		742,394.89	726,468.27
	(2) Non-current liabilities			
	(a) Long-term borrowings	3	3,067,364.06	3,046,109.35
	(b) Deferred tax liabilities (Net)	4	29,415.22	26,817.14
	(c) Other long term liabilities	5	41,646.99	31,075.00
	(d) Long-term provisions	6	124,053.93	66,556.70
	SUB-TOTAL (2)		3,262,480.20	3,170,558.19
	(3) Current liabilities			
	(a) Short-term borrowings	7	89,666.24	170,028.11
	(b) Trade payables	8	-	2.54
	(c) Other current liabilities	9	118,483.93	156,571.44
	(d) Short-term provisions	10	2,652.86	3,770.28
	SUB-TOTAL (3)		210,803.03	330,372.37
	TOTAL (1)+(2)+(3)		4,215,678.12	4,227,398.83
II	ASSETS			
	(1) Non-current assets			
	(a) Fixed Assets	11		
	(i) Tangible assets		171.73	265.22
	(ii) Intangible assets		30.12	40.85
	(iii) Capital Work in Progress		14,895.70	9,120.84
	(b) Non-current investments	12	193,276.79	89,830.36
	(c) Long term loans and advances	13	3,246,270.54	3,042,032.45
	(d) Other non-current assets	14	97,744.74	131,109.29
	SUB-TOTAL (1)		3,552,389.62	3,272,399.01
	(2) Current assets			
	(a) Trade Receivables	15	17.25	25.53
	(b) Cash and Bank Balances	16	421,199.19	739,889.18
	(c) Short term loans and advances	17	6,750.62	6,623.79
	(d) Other current assets	18	235,321.44	208,461.32
	SUB-TOTAL (2)		663,288.50	954,999.82
	Significant accounting policies and other notes to the financial statements	24		
	TOTAL (1)+(2)		4,215,678.12	4,227,398.83

Notes from 1 to 24 form integral part of Accounts.

In terms of our Report of even date
For K M Agarwal & Co
Chartered Accountants
(Firm Regn. No: 000853N)

-sd-
Meenakshi Gupta
Partner
Membership No.: 92834
Place: New Delhi
Dated: 02.08.2017

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

-sd-
Praveen Mahto
(Director)
DIN No.: 06956796

-sd-
Manjari Mishra
(AGM & Company Secretary)

-sd-
Sanjeev Kaushik
(Chairman & Managing Director)
DIN No.: 02842527

-sd-
Rajeev Mukhija
(Chief General Manager-CFO)

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017
CIN No. U67190DL2006GOI144520

₹ in Lac

S.NO.	PARTICULARS	Note No.	Year ended 31 st March 2017	Year ended 31 st March 2016
I.	Revenue from operations	19	375,094.49	421,097.06
II.	Other Income	20	15,169.41	44,847.59
III.	Total Revenue (I+II)		390,263.90	465,944.65
IV.	Expenses			
	Finance Costs	21	220,460.97	266,094.93
	Employee Benefits Expense	22	2,595.67	2,131.74
	Provision for Loan Assets	24(B)(9)	55,977.94	12,368.25
	Marked to Market Losses on Derivatives	24(B)(15)(a)	(768.12)	422.56
	Depreciation and amortisation expense	11	117.94	26.11
	CSR Expenditure	24(B)(22)(a)	2,078.81	2444.57
	Other Expenses	23	68,394.38	86,003.90
	Total Expenses		348,857.59	369,492.06
V.	PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)		41,406.31	96,452.59
VI.	Exceptional Items		-	-
VII.	PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V+VI)		41,406.31	96,452.59
VIII.	Extraordinary Items		-	-
IX.	PROFIT BEFORE TAX (VII-VIII)		41,406.31	96,452.59
X.	Tax Expense:			
(1)	Current Tax			
	- Current Year		(27,898.23)	(44,295.57)
	- Earlier Year		(4,119.55)	-
(2)	Deferred Tax			
	- Current Year	4	(2,598.08)	(5,307.11)
	- Earlier Year		-	-
XI.	Profit for the year from continuing operations (IX-X)		6,790.45	46,849.91
XII.	Earnings per equity share (face value of ₹ 10/- each)	24(B)(7)		
(1)	Basic		0.17	1.20
(2)	Diluted		0.17	1.20
Significant accounting policies and other notes to the financial statements		24		

Notes from 1 to 24 form integral part of Accounts.

In terms of our Report of even date
For K M Agarwal & Co
Chartered Accountants
(Firm Regn. No: 000853N)

-sd-
Meenakshi Gupta
Partner
Membership No.: 92834
Place: New Delhi
Dated: 02.08.2017

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

-sd-
Praveen Mahto
(Director)
DIN No.: 06956796

-sd-
Manjari Mishra
(AGM & Company Secretary)

-sd-
Sanjeev Kaushik
(Chairman & Managing Director)
DIN No.: 02842527

-sd-
Rajeev Mukhija
(Chief General Manager-CFO)

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INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL) CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017 CIN No. U67190DL2006GOI144520

₹ in Lac

S.NO.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
A	<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
(i)	Net Profit before Tax	41,406.31	96,452.59
	Adjustments for:		
(ii)	Depreciation and amortisation expense	133.52	26.11
(iii)	Provision/write offs	121,140.97	68,653.01
(iv)	Provisions/ Amounts written back	(216.87)	(391.97)
(v)	Foreign Exchange Fluctuation Loss / (Profit) on borrowings	(8,308.54)	33,149.63
(vi)	(Profit)/ Loss on sale of fixed assets	0.13	0.40
(vii)	Dividend received from subsidiary company	-	(13,229.50)
(viii)	Interest accrued and due on loans and advances	5,008.67	(4,050.36)
(ix)	Interest accrued but not due on borrowings	(1,567.30)	2,767.08
(x)	Interest on income tax	940.32	-
(xi)	Stamp Duty on issue of Share Capital	10.23	-
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	158,547.44	183,376.99
(i)	Cash Flow From Lending Operations	(308,019.19)	(517,539.43)
(ii)	Sale of/ (Addition) to Investments	(103,497.10)	(11,702.77)
(iii)	(Increase)/decrease in Trade Receivables	8.28	(25.53)
(iv)	(Increase)/decrease in Current Assets, Loans and Advances	37,125.60	(110,262.45)
(v)	(Increase)/decrease in other bank balances	325,627.98	270,539.89
(vi)	Increase/(decrease) in other current liabilities	937.51	1,114.81
	CASH FLOW FROM OPERATIONS BEFORE TAX	110,730.52	(184,498.49)
(i)	Taxes paid (Net)	(32,428.03)	(44,295.57)
(ii)	Increase/(decrease) in non-current liabilities	10,537.51	12,287.55
	NET CASH FROM OPERATIONS	88,840.00	(216,506.51)
B	<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
(i)	(Purchase of)/ Sale for Fixed Assets	(28.98)	(176.76)
(ii)	(Increase)/decrease in Capital Work in progress	(5,774.86)	(9,090.83)
(iii)	Redemption of Investments in Venture Capital Units	-	240.55
(iv)	Dividend received from subsidiary company	-	13,229.50
	NET CASH FROM INVESTING ACTIVITIES	(5,803.84)	4,202.46
C	<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
(i)	Proceeds from Long term Borrowings	29,563.25	95,619.89
(ii)	Proceeds/ (Repayment) from Short term Borrowings	(80,361.87)	159,749.95
(iii)	Proceeds from Current Maturities of Long term debt	(37,023.67)	(48,257.66)
(iv)	Stamp Duty on issue of Share Capital	(10.23)	-
	NET CASH FROM FINANCING ACTIVITIES	(87,832.52)	207,112.18
	NET CHANGE IN CASH & CASH EQUIVALENT (A+B+C)	(4,796.36)	(5,191.87)
	Add: Opening Cash and Cash Equivalents	5,430.85	10,622.72
	Additions on Amalgamation	55.32	-
	Closing Cash and Cash Equivalents	689.81	5,430.85
	Closing Cash and Cash Equivalent Comprises of :-		
(i)	Cash in hand	0.32	0.02
(ii)	Current Accounts	689.49	5,430.83
(iii)	Flexi Deposit Accounts	-	-
	TOTAL	689.81	5,430.85

- Figures of previous period (s) have been re-grouped /re-arranged wherever necessary to make them comparable to the reporting period presentation.
- The following bank balances are not available for free use by the company:
 - (Increase)/ decrease in other bank balances of ₹ 3,25,627.98 lac as on 31st March 2017 (₹2,70,539.89 lac as on 31st March 2016) includes ₹ 8,000 lac (₹ 8,000 lac as on 31st March 2016) on which lien has been marked for interest payment of bonds.
 - Balance in current accounts includes ₹Nil as on 31st March 2017 (₹ 31.25 lac as on 31st March 2016) on account of grant received from World Bank to be utilized for Building Capacity and Strengthening Monitoring, which has been reflected in "Other bank balances".

In terms of our Report of even date
For K M Agarwal & Co
Chartered Accountants
(Firm Regn. No: 000853N)

-sd-
Meenakshi Gupta
Partner
Membership No.: 92834

Place: New Delhi
Dated:02.08.2017

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

-sd-
Praveen Mahto
(Director)
DIN No.: 06956796

-sd-
Manjari Mishra
(AGM & Company Secretary)

-sd-
Sanjeev Kaushik
(Chairman & Managing Director)
DIN No.: 02842527

-sd-
Rajeev Mukhija
(Chief General Manager-CFO)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : SHARE CAPITAL

₹ in Lac

PARTICULARS	Year ended 31 st March 2017	Year ended 31 March 2016
Authorized Share Capital 6,000,000,000 equity shares of ₹ 10/- each (5,000,000,000 equity shares of ₹ 10/- each as at 31 st March 2016)	600,000.00	500,000.00
Issued, Subscribed & Fully Paid up 4,002,316,230 (3,900,000,000 as at 31 st March 2016) equity shares of ₹ 10/- each	400,231.62	390,000.00

Footnotes:

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

PARTICULARS	Year ended 31 st March 2017		Year ended 31 st March 2016	
	No. of Shares	₹ in Lac	No. of Shares	₹ in Lac
Shares outstanding at the beginning of the reporting period	3,900,000,000	390,000.00	3,300,000,000	330,000.00
Shares Issued during the reporting period	102,316,230	10,231.60	600,000,000	60,000.00
Shares outstanding at the end of the reporting period	4,002,316,230	400,231.60	3,900,000,000	390,000.00

- b) Entire equity share capital of the company is held by Government of India and its nominees.
- c) "Ministry of Corporate Affairs (MCA) vide order dated 21st July 2016 has conveyed sanction of the Central Government to the Scheme of Amalgamation of Irrigation and Water Resources Finance Corporation Ltd. (IWRFC) with India Infrastructure Finance Company Limited (IIFCL) under Section 391 (2) read with section 394 of the Companies Act, 1956. The scheme of amalgamation is binding with effect from 1st April, 2016, being appointed date for coming into force of the said Scheme. Consequent upon the amalgamation of companies and the Scheme becoming effective:
- (i) The authorized share capital of IIFCL, being transferee company, increased from 50,000 lac equity shares of ₹ 10 each aggregating ₹ 5,00,000 lac to 60,000 lac equity shares of ₹ 10 each aggregating ₹ 6,00,000 lac.
- (ii) IIFCL issued 10,23,16,230 fully paid up equity shares of ₹ 10 each to the Government of India on 22nd July 2016 consequent upon merger of IWRFC with it w.e.f. 1st April 2016 in lieu of 10,23,16,230 fully paid up equity shares of Rs. 10 each held by the Government of India in IWRFC. (See Note 24 (B) (27)(a)).

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Note 2 : RESERVES & SURPLUS

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(a)	CAPITAL RESERVE (PROFIT ON SALE OF NON CURRENT SECURITIES) Opening Balance Add: Transfer from Surplus in Statement of Profit and Loss Closing Balance	 585.14 - 585.14	 585.14 - 585.14
(b)	SECURITIES PREMIUM ACCOUNT (ON BONDS) Opening Balance Add: For the year Closing Balance	 235.50 - 235.50	 235.50 - 235.50
(c)	DEBENTURE/ BOND REDEMPTION RESERVE Opening Balance Add: Transfer from Surplus in Statement of Profit and Loss Closing Balance	 45,507.67 18,183.48 63,691.15	 28,390.04 17,117.63 45,507.67
(d)	CASH FLOW HEDGE RESERVE Opening Balance Add: Transfer from Surplus in Statement of Profit and Loss Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss Closing Balance	 91,940.25 97,800.61 (5,860.36)	 - - -
(e)	OTHER RESERVES		
(i)	SPECIAL RESERVE U/S 36(1)(viii) OF INCOME TAX ACT, 1961 (Footnote 1) Opening Balance Add: Transfer from Surplus in Statement of Profit and Loss (Net) Add: Transfer from IWRFC on merger Closing Balance	 103,338.76 17,200.18 220.46 120,759.40	 78,589.25 24,749.51 - 103,338.76
(ii)	STAFF WELFARE RESERVE (Footnote 2) Opening Balance Add: Transfer from Surplus of Profit & Loss Account Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss Closing Balance	 68.93 - 32.71 36.22	 34.39 65.00 30.45 68.94
(iii)	CORPORATE SOCIAL RESPONSIBILITY RESERVE (Footnote 3) Opening Balance Add: Transfer from IWRFC on merger Closing Balance	 2,497.42 136.36 2,633.78	 2,497.42 - 2,497.42
(f)	SURPLUS IN STATEMENT OF PROFIT AND LOSS Opening Balance Add: Profit for the current year Add: Surplus in Statement of Profit & Loss of IWRFC as on 31 st March 2016 (Footnote 4) Add: Transfer from Staff Welfare Reserve Less: Transfer to Staff Welfare Reserve Less: Transfer to Debenture Redemption Reserve Less: Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 Closing Balance	 184,234.84 6,790.45 4,408.10 32.71 - 18,183.48 17,200.18 160,082.44	 179,286.62 46,849.91 - 30.45 65.00 17,117.63 24,749.51 184,234.84
	TOTAL	342,163.27	336,468.27

Footnotes:

- 1 Special Reserve is the statutory reserve required to be maintained u/s 36(1)(viii) of Income Tax Act, 1961 by companies providing long term finance for development of infrastructure facility in India.
- 2 Staff Welfare Reserve is created to promote, among the staff, sports, cultural and other welfare activities.
- 3 From the year ended 31st March 2015, IIFCL has not created CSR Reserve towards CSR expenditure required to be incurred as per provisions of the Companies Act, 2013 and vide letter dated 3rd July 2015, has referred the issue to Department of Public Enterprises (DPE) for clarification on continuation of creating CSR Reserve and its utilization in addition to the amount required to be spent under CSR as per the provisions of the Companies Act, 2013 and the Companies (CSR Policy) Rules, 2014. The reply from DPE is still awaited.
- 4 Surplus in the Statement of Profit and Loss of IWRFC as on 31st March 2016 is considered as Surplus in Statement of Profit and Loss of IIFCL.

Note 3 : LONG TERM BORROWINGS

₹ in Lac

S. No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2017
(A)	SECURED BONDS[^]		
(i)	500 (500 as at 31 st March 2016) 9.36% Bonds of face value ₹ 10 lac each, redeemable on 27/07/2042	5,000.00	5,000.00
(ii)	10,500 (10,500 as at 31 st March 2016) 9.41% Bonds of face value ₹ 10 lac each, redeemable on 27/07/2037	105,000.00	105,000.00
(iii)	12,59,825 (12,59,825 as at 31 st March 2016) 8.55% Tax Free Bonds Tranche III Series 3A of face value ₹ 1000 each, redeemable on 27/03/2034	12,598.25	12,598.25
(iv)	13,15,838 (13,24,163 as at 31 st March 2016) 8.80% Tax Free Bonds Tranche III Series 3B of face value ₹ 1000 each, redeemable on 27/03/2034	13,158.38	13,241.63
(v)	96,943 (88,618 as at 31 st March 2016) 8.55% Tax Free Bonds Tranche III of face value ₹ 1,000 each, redeemable on 27/03/2034	969.43	886.18
(vi)	4,01,389 (3,27,721 as at 31 st March 2016) 8.66% Tax Free Bonds Series IV of face value ₹ 1,000 each, redeemable on 22/01/2034	4,013.89	3,277.21
(vii)	75,43,989 (75,43,989 as at 31 st March 2016) 8.66% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2034	75,439.89	75,439.89
(viii)	55,57,608 (56,31,276 as at 31 st March 2016) 8.91% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2034	55,576.08	56,312.76
(ix)	1,28,046 (1,19,541 as at 31 st March 2016) 8.50% Tax Free Bonds Series III of face value ₹ 1,000 each, redeemable on 12/11/2033	1,280.46	1,195.41
(x)	18,68,982 (18,68,982 as at 31 st March 2016) 8.50% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2033	18,689.82	18,689.82
(xi)	24,51,575 (24,60,080 as at 31 st March 2016) 8.75% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2033	24,515.75	24,600.80
(xii)	265 (265 as at 31 st March 2016) 8.37% Tax Free Bonds Series VI of face value ₹ 10 lac each, redeemable on 30/08/2033	2,650.00	2,650.00
(xiii)	20 (20 as at 31 st March 2016) 8.19% Tax Free Bonds Series V of face value ₹ 10 lac each, redeemable on 23/08/2033	200.00	200.00
(xiv)	35,812 (28,822 as at 31 st March 2016) 7.08% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2033	358.12	288.22
(xv)	1,97,353 (2,04,343 as at 31 st March 2016) 7.58% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2033	1,973.53	2,043.43
(xvi)	1,01,12,152 (1,00,83,588 as at 31 st March 2016) 7.40% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2033	101,121.52	100,835.88
(xvii)	14,52,072 (14,80,636 as at 31 st March 2016) 7.90% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2033	14,520.72	14,806.36
(xviii)	210 (210 as at 31 st March 2016) 7.41% Tax Free Bonds Series IV-C of face value ₹ 10 lac each, redeemable on 21/11/2032	2,100.00	2,100.00
(xix)	3,400 (3,400 as at 31 st March 2016) 7.41% Tax Free Bonds Series III-C of face value ₹ 10 lac each, redeemable on 15/11/2032	34,000.00	34,000.00
(xx)	93,915 (55,433 as at 31 st March 2016) 8.55% Tax Free Bonds Tranche III of face value ₹ 1,000 each, redeemable on 27/03/2029	939.15	554.33
(xxi)	1,59,58,486 (1,59,58,486 as at 31 st March 2016) 8.55% Tax Free Bonds Tranche III Series 2A of face value ₹ 1000 each, redeemable on 27/03/2029	159,584.86	159,584.86
(xxii)	27,39,954 (27,78,436 as at 31 st March 2016) 8.80% Tax Free Bonds Tranche III Series 2B of face value ₹ 1000 each, redeemable on 27/03/2029	27,399.54	27,784.36
(xxiii)	52,550 (34,333 as at 31 st March 2016) 8.48% Tax Free Bonds Series IV of face value ₹ 1,000 each, redeemable on 22/01/2029	525.50	343.33
(xxiv)	27,98,922 (27,98,922 as at 31 st March 2016) 8.48% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2029	27,989.22	27,989.22

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S. No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2017
(xxv)	14,26,308 (14,44,525 as at 31 st March 2016) 8.73% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2029	14,263.08	14,445.25
(xxvi)	58,112 (38,388 as at 31 st March 2016) 8.38% Tax Free Bonds Series III of face value ₹ 1,000 each, redeemable on 12/11/2028	581.12	383.88
(xxvii)	30,35,330 (30,35,330 as at 31 st March 2016) 8.38% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2028	30,353.30	30,353.30
(xxviii)	16,02,208 (16,21,932 as at 31 st March 2016) 8.63% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2028	16,022.08	16,219.32
(xxix)	11,297 (11,297 as at 31 st March 2016) 8.48% Tax Free Bonds Series VII of face value ₹ 10 lac each, redeemable on 05/09/2028	112,970.00	112,970.00
(xxx)	11,597 (11,597 as at 31 st March 2016) 8.46% Tax Free Bonds Series VI of face value ₹ 10 lac each, redeemable on 30/08/2028	115,970.00	115,970.00
(xxxi)	6,303 (6,303 as at 31 st March 2016) 8.26% Tax Free Bonds Series V of face value ₹ 10 lac each, redeemable on 23/08/2028	63,030.00	63,030.00
(xxxii)	3,56,419 (3,54,029 as at 31 st March 2016) 7.02% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2028	3,564.19	3,540.29
(xxxiii)	1,09,199 (1,11,589 as at 31 st March 2016) 7.52% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2028	1,091.99	1,115.89
(xxxiv)	67,22,052 (67,05,758 as at 31 st March 2016) 7.36% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2028	67,220.52	67,057.58
(xxxv)	8,87,501 (9,03,795 as at 31 st March 2016) 7.86% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2028	8,875.01	9,037.95
(xxxvi)	500 (500 as at 31 st March 2016) 7.38% Tax Free Bonds Series IV-B of face value ₹ 10 lac each, redeemable on 21/11/2027	5,000.00	5,000.00
(xxxvii)	1,000 (1,000 as at 31 st March 2016) 7.38% Tax Free Bonds Series III-B of face value ₹ 10 lac each, redeemable on 15/11/2027	10,000.00	10,000.00
(xxxviii)	38,58,714 (38,58,714 as at 31 st March 2016) 8.16% Tax Free Bonds Tranche III Series 1A of face value ₹ 1000 each, redeemable on 27/03/2024	38,587.14	38,587.14
(xxxix)	12,95,786 (13,03,644 as at 31 st March 2016) 8.41% Tax Free Bonds Tranche III Series 1B of face value ₹ 1000 each, redeemable on 27/03/2024	12,957.86	13,036.44
(xL)	25,913 (18,055 as at 31 st March 2016) 8.16% Tax Free Bonds Tranche III of face value ₹ 1,000 each, redeemable on 27/03/2024	259.13	180.55
(xLi)	1,44,938 (1,14,165 as at 31 st March 2016) 8.41% Tax Free Bonds Series IV of face value ₹ 1,000 each, redeemable on 22/01/2024	1,449.38	1,141.65
(xLii)	79,57,885 (79,57,885 as at 31 st March 2016) 8.41% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2024	79,578.85	79,578.85
(xLiii)	41,16,411 (41,47,184 as at 31 st March 2016) 8.66% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2024	41,164.11	41,471.84
(xLiv)	17,26,340 (17,26,340 as at 31 st March 2016) 8.01% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2023	17,263.40	17,263.40
(xLv)	12,39,118 (12,45,503 as at 31 st March 2016) 8.26% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2023	12,391.18	12,455.03
(xLvi)	20,340 (13,955 as at 31 st March 2016) 8.01% Tax Free Bonds Series III of face value ₹ 1,000 each, redeemable on 12/11/2023	203.40	139.55
(xLvii)	50 (50 as at 31 st March 2016) 8.11% Tax Free Bonds Series VII of face value ₹ 10 lac each, redeemable on 05/09/2023	500.00	500.00
(xLviii)	100 (100 as at 31 st March 2016) 8.01% Tax Free Bonds Series VI of face value ₹ 10 lac each, redeemable on 30/08/2023	1,000.00	1,000.00
(xLix)	19,23,359 (19,21,694 as at 31 st March 2016) 6.86% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2023	19,233.59	19,216.94
(L)	1,02,278 (1,03,943 as at 31 st March 2016) 7.36% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2023	1,022.78	1,039.43

S. No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2017
(Li)	85,13,922 (84,96,641 as at 31 st March 2016) 7.19% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2023	85,139.22	84,966.41
(Lii)	11,51,070 (11,68,351 as at 31 st March 2016) 7.69% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2023	11,510.70	11,683.51
(Liii)	2,140 (2,140 as at 31 st March 2016) 7.21% Tax Free Bonds Series IV-A of face value ₹ 10 lac each, redeemable on 21/11/2022	21,400.00	21,400.00
(Liv)	600 (600 as at 31 st March 2016) 7.20% Tax Free Bonds Series III-A of face value ₹ 10 lac each, redeemable on 15/11/2022	6,000.00	6,000.00
(Lv)	1,30,407 (1,30,407 as at 31 st March 2016) 8.30% Bonds of face value ₹ 1000 each, redeemable on 28/3/2026 with earliest buyback on 29/3/2018	1,304.07	1,304.07
(Lvi)	5,38,811 (5,40,816 as at 31 st March 2016) 8.15% Bonds of face value ₹ 1000 each, redeemable on 28/3/2021 with earliest buyback on 29/3/2016	5,388.11	5,408.16
	SUB-TOTAL (A)	1,494,898.32	1,494,918.37
(B)	UNSECURED BONDS[^]		
(i)	10,000 8.55% Bonds of face value ₹ 10 lac each, redeemable on 03/11/2024 #	100,000.00	100,000.00
(ii)	4,000 8.12% Bonds of face value ₹ 10 lac each, redeemable on 24/08/2024 #	40,000.00	40,000.00
(iii)	6,000 8.12% Bonds of face value ₹ 10 lac each, redeemable on 12/08/2024 #	60,000.00	60,000.00
(iv)	5,000 7.90% Bonds of face value ₹ 10 lac each, redeemable on 28/04/2024 #	50,000.00	50,000.00
(v)	5,000 8.10% Bonds of face value ₹ 10 lac each, redeemable on 08/04/2024 #	50,000.00	50,000.00
(vi)	2,000 8.68% Bonds of face value ₹ 10 lac each, redeemable on 18/12/2023 #	20,000.00	20,000.00
(vii)	2,000 9.35% Bonds of face value ₹ 10 lac each, redeemable on 17/11/2023 #	20,000.00	20,000.00
(viii)	2,000 8.82% Bonds of face value ₹ 10 lac each, redeemable on 19/12/2022 #	20,000.00	20,000.00
	SUB-TOTAL (B)	360,000.00	360,000.00
(C)	UNSECURED TERM LOANS FROM OTHER PARTIES		
(i)	Asian Development Bank (ADB)*	931,701.47	977,095.04
(ii)	IBRD (World Bank)*	120,265.23	129,349.16
(iii)	European Investment Bank (EIB)*	138,494.95	56,321.63
(iv)	Kreditanstalt für Wiederaufbau (KfW)*	22,004.09	28,425.15
	SUB-TOTAL (C)	1,212,465.74	1,191,190.98
	TOTAL (A)+(B)+(C)	3,067,364.06	3,046,109.35

Unsecured Bonds are Guaranteed by Government of India [including Nil as on 31st March 2017 (₹ 50,000 Lac as on 31st March 2016) being the amount due to within 1 year from the end of reporting period and shown as "Other Current Liabilities" in Note 9]

* Unsecured Term loans from other parties are Guaranteed by Government of India [including ₹ 30,754.07 Lac, ₹ 4,206.10 Lac and ₹ 6,170.04 Lac as on 31st March 2017 (₹ 23,592.58 Lac, ₹ 4,561.30 Lac and ₹ Nil as on 31st March 2016) being the amount due to ADB, KfW and World Bank respectively within 1 year from the end of reporting period and shown as "Other Current Liabilities" in Note 9].

[^] All secured and unsecured bonds issued by IIFCL are non convertible and redeemable at par. Further, the secured bonds are secured on pari passu basis by all rights, titles, interests, benefit, claims and demands whatsoever of the Company's accounts including receivables of the Company of whatsoever nature, present and future.

360,000.00 410,000.00

1,253,595.95 1,219,344.86

TERMS OF REPAYMENT OF LONG TERM LOANS

i) Asian Development Bank

Tranche	Loan Amount (including short term) as per Agreement (\$ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
I	3000	6M USD LIBOR +20bps	15.12.2012	15.06.2032	Semi-Annual	Each instalment of 2.50% of loan amount
II	2000	6M USD LIBOR +20bps	15.06.2014	15.12.2033	Semi-Annual	Each instalment of 2.50% of loan amount
III	2100	6M USD LIBOR +20bps	15.12.2014	15.06.2034	Semi-Annual	Ballooning instalments starting from 0.827816% to upto 5.550311% of loan amount
IV	2500	6M USD LIBOR +30bps	15.12.2015	15.06.2035	Semi-Annual	
V	2400	6M USD LIBOR +40bps	15.12.2016	15.06.2036	Semi-Annual	
VI	4000	6M USD LIBOR +40bps	15.03.2018	15.03.2033	Semi-Annual	Ballooning instalments starting from 2.173900% to upto 4.559913% of loan amount
Total	16000					

ii) IBRD (World Bank)

	Loan Amount as per Agreement (\$ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
	1950*	6M USD LIBOR +variable spread	15.04.2017	15.04.2037	Semi-Annual	Instalment (s) of 2.44% of loan amount upto 15.10.2036 and 2.40% on 15.04.2037

* The loan amount of IBRD (World Bank) has reduced to \$ 1,950 lac due to restructuring of its line of credit dated 18th December 2013 giving details of cancellation of loan amount of \$ 10,000 lac.

iii) Kreditanstalt für Wiederaufbau (KfW)

	Tranche	Loan Amount as per Agreement (Euro in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
	Portion-I	165.89	0.75%	30.06.2020	30.06.2050	Semi-Annual	- Euro 271,000 from 30.06.2020 to 30.12.2021 - Euro 272,000 from 30.06.2022 to 30.12.2049 and Euro 272,581.03 on 30.06.2050
	Portion-II	334.11	4.99%	30.06.2015	30.06.2020	Semi-Annual	- Euro 3,037,000 from 30.06.2015 to 30.06.2018 - Euro 3,038,000 from 30.12.2018 to 30.12.2019 and Euro 3,038,418.97 on 30.06.2020
	Total	500.00					

iv) European Investment Bank

	Tranche	Loan Amount as per Agreement (Euro in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
	Portion-I	350.00	6M EURIBOR+All-in spread of 0.275%	22.06.2020	20.12.2034	Semi-Annual	Each instalment of Euro 11,66,666.67
	Portion-II	400.00	6M EURIBOR+All-in spread of 0.436%	21.06.2021	20.12.2034	Semi-Annual	Each instalment of Euro 14,28,571.43
	Portion-III	400.00	6M EURIBOR+All-in spread of 0.426%	21.06.2021	20.12.2034	Semi-Annual	Each instalment of Euro 14,28,571.43
	Portion-IV	850.00	6M EURIBOR+All-in spread of 0.346%	21.06.2021	20.12.2034	Semi-Annual	Each instalment of Euro 30,35,714.29
	Total	2000.00					

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Note 4 : DEFERRED TAX LIABILITIES (NET)

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(I)	Deferred tax Liability on account of:		
(i)	Special Infrastructure Reserve created under section 36(1)(viii) of Income Tax Act, 1961	41,792.42	35,763.48
(ii)	Depreciation	-	3.78
(iii)	Provision for Leave Fare Concession	22.03	21.29
(iv)	Deduction claimed for standard loan assets	1,511.95	1,511.95
	Deferred Tax Liability	43,326.40	37,300.50
(II)	Deferred tax Assets on account of:		
(i)	Interest credited to Sundry Liabilities Account (Interest Capitalisation) offered for tax	12,890.91	9,232.87
(ii)	Depreciation	12.52	-
(iii)	Provision for Leave Encashment	-	16.86
(iv)	Provision for Sick Leave	25.42	21.17
(v)	Expenses on which TDS not deducted	4.98	3.98
(vi)	Provision for Performance Linked Incentive to Wholtime Directors	(15.39)	10.11
(vii)	Provision for Medical Assistance Scheme	168.51	108.31
(viii)	Provision for contingencies*	824.23	1,090.06
	Deferred Tax Assets	13,911.18	10,483.36
	Deferred Tax Liability (Net)	29,415.22	26,817.14

*Created in respect of marked to market losses on derivatives

Note 5 : OTHER LONG TERM LIABILITIES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(a)	Trade payables	-	-
(b)	Others:		
(i)	Security deposit received	8.75	6.65
(ii)	Sundry Liabilities Account (Interest Capitalisation)	41,638.24	31,068.35
	TOTAL	41,646.99	31,075.00

Note 6 : LONG TERM PROVISIONS

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Provision for Employee Benefits [See note 24 (B) (9)]		
(i)	Leave Encashment	29.33	153.30
(ii)	Sick Leave	115.47	103.39
(iii)	Post-retirement medical benefit	476.20	306.37
(iv)	Leave Fare Concession	54.25	11.42
(v)	Performance Linked Incentive to Wholetime Directors	18.12	91.80
	SUB-TOTAL (A)	693.37	666.28
(B)	Others [See note 24 (B) (9)]		
(i)	Marked to market losses on derivatives	2,381.61	3,149.73
(ii)	Contingent Provisions against Standard Assets	10,480.27	8,752.93
(iii)	Provisions against Sub-standard Assets	23,236.26	18,280.06
(iv)	Provisions against Doubtful Assets	55,237.54	7,393.05
(v)	Provisions against Restructured Assets	19,910.39	19,171.42
(vi)	Provisions against Strategic Debt Restructured Assets	12,114.49	9,143.23
	SUB-TOTAL (B)	123,360.56	65,890.42
	TOTAL (A)+(B)	124,053.93	66,556.70

Note 7 : SHORT TERM BORROWINGS

₹ in Lac

PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
Loans repayable on demand from banks* (Secured by pledge of fixed deposit receipts of ₹ 3,94,574 Lac (₹ 3,51,078.78 Lac as at 31 st March 2016))	89,666.24	170,028.11
TOTAL	89,666.24	170,028.11

* Net of debit balance

0.14

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Note 8 : TRADE PAYABLES

₹ in Lac

PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
Miscellaneous Liabilities	-	2.54
TOTAL	-	2.54

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Note 9 : OTHER CURRENT LIABILITIES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Current maturities of long term debt (See footnotes of Note 3):		
(i)	IBRD (World Bank)	6,170.04	-
(ii)	Asian Development Bank (ADB)	30,754.07	23,592.58
(iii)	Kreditanstalt für Wiederaufbau (KFW)	4,206.10	4,561.30
(iv)	5,000 8.70% Bonds of face value ₹ 10 lac each, redeemable on 02/09/2016	-	50,000.00
	SUB-TOTAL (A)	41,130.21	78,153.88
(B)	Interest accrued but not due on borrowings		
	On bonds and term loans	74,357.75	75,925.05
	SUB-TOTAL (B)	74,357.75	75,925.05
(C)	Income received in advance		
(i)	Amount pending appropriation*	2,732.70	2,159.05
(ii)	Grants received from World Bank	(0.02)	17.99
	SUB-TOTAL (C)	2,732.68	2,177.04
(D)	Other payables		
(i)	Duties & Taxes payable	82.03	97.75
(ii)	PF deducted on behalf of employees/ whole time directors	6.70	6.52
(iii)	Unclaimed Interest on Bonds	1.38	1.38
(iv)	Commitment Charges payable	(0.33)	-
(v)	Payable to Employees/ Wholetime Directors	5.12	4.77
(vi)	Contribution towards gratuity fund payable to LIC	23.68	36.72
(vii)	Others	144.71	168.33
	SUB-TOTAL (D)	263.29	315.47
	TOTAL (A)+(B)+(C)+(D)	118,483.93	156,571.44

* Amount pending appropriation is adjustable in loan accounts towards interest/ principal on due date and/or prepayment in loan accounts.

Note 10 : SHORT TERM PROVISIONS

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Provision for Employee Benefits [See note 24 (B) (9)]		
(i)	Leave Encashment	-	20.63
(ii)	Sick Leave	3.76	3.55
(iii)	Leave Fare Concession	4.96	1.02
(iv)	Post-retirement medical benefit	10.87	6.69
(v)	Wage Revision [See note 24(B)(17)]	696.05	459.15
	SUB-TOTAL (A)	715.64	491.04
(B)	Others [See note 24 (B) (9)]		
(i)	Income Tax (Net)	483.43	-
(ii)	Contingent Provisions against Standard Assets	370.39	334.69
(iii)	Provisions against Sub-standard Assets	285.26	1,358.42
(iv)	Provisions against Doubtful Assets	19.00	688.58
(v)	Provisions against Restructured Assets	644.33	897.55
(vi)	Provisions against Strategic Debt Restructured Assets	134.81	-
	SUB-TOTAL (B)	1,937.22	3,279.24
	TOTAL (A)+(B)	2,652.86	3,770.28

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Note 11 : FIXED ASSETS

₹ in Lac

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Addition	Disposals/ Adjustments	As at 31.03.2017	As at 01.04.2016	For the Period	Deductions/ Reversals	As at 31.03.2017	As at 31.03.2016
TANGIBLE ASSETS									
FURNITURE & FITTINGS	133.95	3.96	0.99	136.92	41.00	31.42	0.55	71.87	92.95
VEHICLES	95.97	-	-	95.97	38.23	16.62	-	54.85	57.74
OFFICE EQUIPMENTS	35.66	0.74	5.62	30.78	25.00	2.80	4.53	23.27	10.66
PLANT & MACHINERY	7.81	0.55	0.45	7.91	2.65	0.90	0.25	3.30	5.16
COMPUTER HARDWARE	309.73	41.67	102.23	249.17	211.02	56.75	72.04	195.73	98.71
TOTAL	583.12	46.92	109.29	520.75	317.90	108.49	77.37	349.02	265.22
Previous Year	426.23	179.78	22.89	583.12	333.04	94.06	109.20	317.90	93.19
INTANGIBLE ASSETS*									
COMPUTER SOFTWARE*	98.63	14.30	-	112.93	57.78	25.03	-	82.81	40.85
TOTAL	98.63	14.30	-	112.93	57.78	25.03	-	82.81	40.85
Previous Year	98.26	0.37	-	98.63	35.63	22.77	0.62	57.78	62.63
Capital Work-in-progress									
Capital Work-in-progress [#]	9,120.84	5,774.86	-	14,895.70	-	-	-	14,895.70	9,120.84
TOTAL	9,120.84	5,774.86	-	14,895.70	-	-	-	14,895.70	9,120.84
Previous Year	30.01	9,090.83	-	9,120.84	-	-	-	9,120.84	30.01

* Intangible Assets held by company are other than internally generated intangible assets.

[#] Details of Capital Work-in-progress in above table are indicated at print stage of Annual Report pursuant to assurances/replies given to the Office of Principal Director of Commercial Audit, Member Audit Board-III, New Delhi during course of audit on observations in Half Margins of Phase-III Audit on Annual accounts of IIFCL for the year 2016-17

Note 12 : NON-CURRENT INVESTMENTS

₹ in Lac

S.NO.	PARTICULARS	Year ended 31 st March 2017			Year ended 31 st March 2016		
		Number of Shares	Face Value		Number of Shares	Face Value	
(A)	<u>TRADE INVESTMENTS</u>						
(a)	<u>Investment in Equity Instruments - Unquoted (Fully Paid) (See footnotes b and c)</u>						
	Wholly owned Subsidiaries						
(i)	India Infrastructure Finance Company (UK) Ltd.	50,000,000	US \$ 1	23,394.80	50,000,000	US \$ 1	23,394.80
(ii)	IIFCL Asset Management Company Ltd.	12,500,000	₹ 10	1,250.00	12,500,000	₹ 10	1,250.00
(iii)	IIFCL Projects Ltd.	4,750,000	₹ 10	475.00	500,000	₹ 10	50.00
				25,119.80			24,694.80
(b)	<u>Investment in Equity Instruments - Unquoted (Fully Paid) (See footnotes b and c)</u>	Number of Units	Face Value		Number of Units	Face Value	
	Delhi Mumbai Industrial Corridor Development Corporation Ltd.	4,100,000	₹ 10	411.03	4,100,000	₹ 10	411.03
				411.03			411.03
(c)	<u>Investment in Venture Capital Units (Unquoted) (Fully Paid) (See footnotes b and c)</u>	Number of Units	Face Value		Number of Units	Face Value	
	IDFC Project Equity Domestic Investors Trust II (Fully Paid)	5,212,020	₹ 100	5,212.02	7,467,022	₹ 100	7,467.02
				5,212.02			7,467.02
(d)	<u>Investment in Bonds (Quoted) (Fully Paid) (See footnote a and c)</u>	Number of Bonds	Face Value		Number of Bonds	Face Value	
(i)	8.90% PNB 2019	200	₹10 lac	1,984.03	200	₹10 lac	1,984.03
(ii)	10.60% IRFC 2018	50	₹10 lac	500.13	50	₹10 lac	500.22
(iii)	11.00% PFC 2018	50	₹10 lac	470.00	50	₹10 lac	478.11
(iv)	11.25% PFC 2018	100	₹10 lac	940.96	100	₹10 lac	959.23
(v)	6.90% PFC 2018	10,600	₹10 lac	106,000.00	-	-	-
				109,895.12			3,921.59
	SUB-TOTAL (A)			140,637.97			36,494.44
(B)	<u>OTHER INVESTMENTS</u>	Number of Units	Face Value		Number of Units	Face Value	
(a)	<u>Investment in Government Securities (Unquoted) (See footnote b and c)</u>						
(i)	6.05% GOI 2019	2,000,000	₹ 100	1,980.00	2,000,000	₹ 100	1,980.00
(ii)	6.35% GOI 2020	7,500,000	₹ 100	6,834.51	7,500,000	₹ 100	6,834.51
(iii)	6.90% GOI 2019	2,000,000	₹ 100	1,952.09	2,000,000	₹ 100	1,952.09
(iv)	7.76% SL (Karnataka) 2019	500,000	₹ 100	503.82	500,000	₹ 100	505.81
(v)	7.85% SL (Andhra Pradesh) 2019	1,000,000	₹ 100	1,000.74	1,000,000	₹ 100	1,001.06
(vi)	8.27% SL (Kerala) 2019	1,000,000	₹ 100	1,002.45	1,000,000	₹ 100	1,003.69
(vii)	8.43% SL (West Bengal) 2019	1,500,000	₹ 100	1,523.77	1,500,000	₹ 100	1,535.99
(viii)	8.48% SL (Tamil Nadu) 2019	2,500,000	₹ 100	2,516.41	2,500,000	₹ 100	2,524.85
				17,313.79			17,338.00

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(b)	<u>Investment in Bonds (Quoted)</u> <u>(Fully Paid) (See footnote a and c)</u>	Number of Bonds		Face Value	Number of Bonds		Face Value
	8.83% Neyveli Lignite Corp. Ltd. 2019	100	₹10 lac	965.92	100	₹10 lac	965.92
				965.92			965.92
(c)	<u>Investment in Mutual Funds (Unquoted) (Fully Paid) (See footnote b and c)</u>	Number of Units		Face Value	Number of Units		Face Value
	IIFCL Mutual Fund IDF Series I (Subscribed units of IIFCL Mutual Fund- Infrastructure Debt Fund Series- I managed by IIFCL Asset Management Company Limited as Strategic Investor as per SEBI (Mutual Funds) Regulation 1996)*	1300	₹10 lac	13,000.00	1300	₹10 lac	13,000.00
				13,000.00			13,000.00
(d)	<u>Investment in Security Receipts (Unquoted) (Fully Paid) (See footnote b and c)*</u>	Number of Security Receipts		Face Value	Number of Security Receipts		Face Value
(i)	Edelweiss Asset Reconstruction Company Ltd. (EARC Trust-SC 135-Series I)	42500	₹ 1000	425.00	42500	₹ 1000	425.00
(ii)	Edelweiss Asset Reconstruction Company Ltd. (EARC Trust-SC 207-Series I)	923780	₹927.16	8,564.91	923780	₹ 1000	9,237.80
(iii)	Asset Reconstruction Company (India) Ltd. (Arcil-AST-VIII-Trust)	990420	₹ 1000	9,904.20	990420	₹ 1000	9,904.20
(iv)	Phoenix ARC Private Limited (Phoenix Trust FY 16-20)	246500	₹ 1000	2,465.00	246500	₹ 1000	2,465.00
				21,359.11			22,032.00
	SUB-TOTAL (B)			52,638.82			53,335.92
	TOTAL (A)+(B)			193,276.79			89,830.36

Footnotes:

(a) Aggregate amount of quoted investments:

(i)	Cost/ Book Value	110,861.04	4,887.51
(ii)	Market Value	6,196.38	5,211.39

(b)	Aggregate amount of unquoted investments - Cost/ Book Value	82,415.75	84,942.85
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(c) Refer Note 24(A)(5) for valuation of individual investments.

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

The domestic debt instruments of IIFCL have “AAA” rating- the highest rating assigned by CRISIL, CARE, India Ratings & Research, ICRA and Brickworks- Credit Rating Agencies.

The ratings assigned to the company were affirmed by Standard and Poor’s as BBB-/Negative/A-3 which are at par with the sovereign ratings.

There has been no migration of ratings during the year.

* NAV (in Rs.) per unit of the following investments is under:

(i)	IIFCL Mutual Fund IDF Series I	1,385,719.32	1,248,010.25
(ii)	EARC Trust-SC 135-Series I	1,000.00	1,000.00
(iii)	EARC Trust-SC 207-Series I	1,390.74	NA.
(iv)	Arcil-AST-VIII-Trust	1,000.00	1,000.00
(v)	Phoenix Trust FY 16-20	1,000.00	NA.

The fluctuation in NAV is considered as temporary.

Note 13: LONG TERM LOANS AND ADVANCES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	SECURITY DEPOSIT (Unsecured, Considered good)	701.24	706.77
	SUB-TOTAL (A)	701.24	706.77
(B)	LOANS AND ADVANCES TO RELATED PARTIES <u>Secured, Considered good</u> Loan to employees*	8.23	10.33
	SUB-TOTAL (B)	8.23	10.33
(C)	OTHER LOANS AND ADVANCES		
(I)	<u>Secured, Considered good</u> Infrastructure Loans: Standard Assets		
(i)	Direct Lending	2,239,747.85	2,092,669.25
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	4,634.47	8,730.97
(iii)	Takeout financing Scheme	773,621.48	855,739.83
(II)	<u>Secured, Others</u> Infrastructure Loans: Sub-standard Assets		
(i)	Direct Lending	43,024.63	66,941.42
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	2,020.11	696.90
(iii)	Takeout financing Scheme	90,000.00	4,254.80
	Loan to employees	267.34	252.50
(III)	<u>Unsecured, Considered good</u> Advance recoverable from employees	17.34	12.04
(IV)	<u>Doubtful</u> Infrastructure Loans (Doubtful Assets)		
(i)	Direct Lending	91,709.21	10,680.01
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	518.64	1,337.63
(iii)	Takeout financing Scheme	-	-
	SUB-TOTAL (C)	3,245,561.07	3,041,315.35
	TOTAL (A) + (B) + (C)	3,246,270.54	3,042,032.45

Footnote:

Sector	Particulars of Security #	Amount (₹ in Lac)	
Power and Other Sectors	Mortgage: First parri-passu charge by way of mortgage of Borrower's all immovable properties, present and future. Hypothecation: First parri-passu charge by way of hypothecation of all the Borrower's movable assets including plant and machinery etc. Pledging of shares minimum of 51% Escrow account and all rights and titles and interest of borrowers rank parri-passu	2,186,136.48	1,986,856.44
Road and Airport (PPP)	Right to receive annuity and toll collections of the project Escrow account and all rights and titles and interest of borrower rank pari passu Hypothecation: First parri-passu charge by way of hypothecation of all the Borrower's movable assets.	1,220,955.21	1,174,384.50
	TOTAL#	3,407,091.69	3,161,240.94

The Infrastructure loan amount in Footnote giving particulars of security above includes ₹ 1,61,815.30 lac as on 31st March 2017 (₹ 1,20,190.13 lac as on 31st March 2016) being amount of loans due within a year and principal overdue amount which are shown in Note 18. Further, aggregate provisions of ₹ 122,432.74 Lac has been made against these advances till 31st March 2017 (₹ 66,019.93 Lac till 31st March 2016) as per RBI norms.

* Pursuant to applicability of provisions of The Companies Act, 2013 w.e.f. 1st April 2014 and approval of the Board of Directors in the meeting held on 11th November 2014, Chief General Manager- Chief Financial Officer is considered as Key Managerial Personnel. Accordingly, House Building Loan extended to him is classified as loans and advances to related parties. The total amount of loan was ₹ 10.33 lac as on 31st March 2017 (₹ 12.43 lac as on 31st March 2016).

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Note 14: OTHER NON CURRENT ASSETS

₹ in Lac

PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
Derivative Asset	97,744.74	131,109.29
TOTAL	97,744.74	131,109.29

Note 15: TRADE RECEIVABLES

₹ in Lac

PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
Unsecured, considered good: Dues not exceeding six months		
Guarantee Fees Receivable	17.25	25.53
TOTAL	17.25	25.53

Note 16: CASH AND BANK BALANCES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	CASH AND CASH EQUIVALENTS		
(i)	Balances with banks*	689.49	5,430.83
(ii)	Cash on hand	0.32	0.02
	SUB-TOTAL (A)	689.81	5,430.85
(B)	OTHER BANK BALANCES		
(i)	Earmarked balances with banks for unclaimed interest on bonds	1.38	1.38
(ii)	Earmarked balances with banks on account of grant received from World Bank	-	31.25
(iii)	Funds under remittance	-	30,176.00
(iv)	Fixed Deposits with banks (Unencumbered) (original maturity more than three and upto twelve months)	105,816.08	336,070.92
(v)	Fixed Deposits with banks (Encumbered): (original maturity more than three and upto twelve months)		
(a)	Held as security against Interest Payment of Bonds	69,658.92	17,100.00
(b)	Pledged to avail overdraft facility from banks	245,033.00	351,078.78
	SUB-TOTAL (B)	420,509.38	734,458.33
	TOTAL (A)+(B)	421,199.19	739,889.18

* Net of credit balance

2.05

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Note 17: SHORT TERM LOANS & ADVANCES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Loans and advances to related parties (Unsecured, considered good)		
(i)	Expenses Incurred on behalf of subsidiary companies	0.35	9.11
(ii)	Expenses Incurred on behalf of associate company i.e.Irrigation & Water Resources Finance Corporation Limited	-	1.21
(iii)	Loan to employees*	2.10	2.10
	SUB-TOTAL (A)	2.45	12.42
(B)	Others		
(I)	Secured, considered good		
	Loan to employees	57.23	54.50
(II)	Unsecured, considered good		
(i)	Security deposit	29.57	16.20
(ii)	Advances recoverable from employees	22.86	17.37
(iii)	Advance Tax paid (Net)	-	860.52
(iv)	Income Tax Recoverable	6,600.11	5,617.99
(v)	Service Tax Recoverable (CENVAT)	5.40	-
(vi)	Prepaid Expenses	26.70	28.40
(vii)	Other advances	6.30	16.39
	SUB-TOTAL (B)	6,748.17	6,611.37
	TOTAL (A)+(B)	6,750.62	6,623.79

* Pursuant to applicability of provisions of The Companies Act, 2013 w.e.f. 1st April 2014 and approval of the Board of Directors in the meeting held on 11th November 2014, Chief General Manager- Chief Financial Officer is considered as Key Managerial Personnel. Accordingly, House Building Loan extended to him is classified as loans and advances to related parties. The total amount of loan was ₹ 10.33 lac as on 31st March 2017 (₹ 12.43 lac as on 31st March 2016).

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Note 18: OTHER CURRENT ASSETS

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Infrastructure Loans (See Footnote in Note 13)		
(I)	<u>Secured, Considered good</u>		
	Standard Assets:		
(i)	Direct lending	80,981.68	62,596.48
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	2,180.43	1,339.76
(iii)	Takeout financing Scheme	40,725.09	41,744.63
(II)	<u>Secured, Others</u>		
	Sub-standard Assets:		
(i)	Direct lending	30,362.42	4,726.13
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	12.57	45.94
(iii)	Takeout financing Scheme	-	1,328.27
(III)	<u>Doubtful</u>		
	Doubtful Assets:		
(i)	Direct lending	7,499.99	8,138.34
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	53.12	270.58
(iii)	Takeout financing Scheme	-	-
	SUB-TOTAL (A)	161,815.30	120,190.13
(B)	Interest accrued and due on loans and advances	30,806.09	35,814.76
	SUB-TOTAL (B)	30,806.09	35,814.76
(C)	Interest accrued but not due on:		
(i)	Fixed Deposits with Banks	6,239.89	15,721.84
(ii)	Bonds	644.97	145.35
(iii)	Government Securities	204.88	204.88
(iv)	Loans & Advances	35,519.02	30,709.34
	SUB-TOTAL (C)	42,608.76	46,781.41
(D)	Others	91.29	5,675.02
	SUB-TOTAL (D)	91.29	5,675.02
	TOTAL (A)+(B)+(C)+(D)	235,321.44	208,461.32

Note 19: REVENUE FROM OPERATIONS

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Interest		
(i)	Interest on Loans and Advances under Direct Lending	221,164.63	255,064.54
(ii)	Interest on Loans under PMDO Scheme	907.65	1,156.55
(iii)	Interest on Loans and Advances under Refinancing Scheme	-	4,492.89
(iv)	Interest on Loans and Advances under Takeout Financing Scheme	95,936.04	80,728.16
(v)	Penal Interest	423.38	682.48
(vi)	Interest on Government Securities	1,273.70	1,273.69
(vii)	Interest on Bonds	985.81	488.75
(viii)	Interest on Deposits with Banks	48,815.34	74,118.79
	SUB-TOTAL (A)	369,506.55	418,005.85
(B)	Other Financial Services		
(i)	Upfront Fee	2,279.96	1,576.55
(ii)	Processing fee	220.00	329.22
(iii)	Pre-Payment Charges	1,629.81	335.30
(iv)	Commission Received	392.72	364.49
(v)	Fees from Credit Enhancement	172.30	115.09
(vi)	Other Charges	893.15	370.56
	SUB-TOTAL (B)	5,587.94	3,091.21
	TOTAL (A) + (B)	375,094.49	421,097.06

Note 20: OTHER INCOME

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Dividend received from subsidiary company		
	Dividend received from India Infrastructure Finance Company (UK) Ltd.	-	13,229.50
	SUB-TOTAL (A)	-	13,229.50
(B)	Other Non-Operating Income		
(i)	Gain on Swap Deals	6,621.23	30,965.97
(ii)	Net foreign exchange gain	8,308.54	-
(iii)	Grants received	-	245.13
(iv)	Amounts/ Provisions other than provision on loan assets written back	216.87	391.97
(v)	Miscellaneous Income	22.77	15.02
	SUB-TOTAL (B)	15,169.41	31,618.09
	TOTAL (A) + (B)	15,169.41	44,847.59

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Note 21: FINANCE COSTS

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Interest Expense:		
(i)	Interest on Bonds & Debentures	155,450.40	159,085.43
(ii)	Interest on Bank Borrowings	3,900.56	12,033.13
(iii)	Interest on loan from NSSF	-	8,839.73
(iv)	Interest on loan from LIC	-	6,162.41
(v)	Interest on loan from ADB	13,496.06	5,354.07
(vi)	Interest due to net settlement of swap transactions on ADB Loan	31,721.84	29,912.07
(vii)	Interest on loan from IBRD (World Bank)	1,610.01	684.84
(viii)	Interest due to net settlement of swap transactions on IBRD (World Bank) Loan	7,520.37	4,844.58
(ix)	Interest on loan from KFW	960.93	1,210.79
(x)	Interest due to net settlement of swap transactions on KFW Loan	431.80	483.44
(xi)	Interest on loan from EIB	152.81	73.99
(xii)	Interest on Income Tax	940.32	-
	SUB-TOTAL (A)	216,185.10	228,684.48
(B)	Other Borrowing Costs:		
(i)	Guarantee Fees to Govt. of India	4,001.10	3,597.40
(ii)	Commitment charges	91.97	122.54
(iii)	Bond Servicing Expenses	182.80	165.88
(iv)	Penal Charges	-	375.00
	SUB-TOTAL (B)	4,275.87	4,260.82
(C)	Net loss on foreign currency transactions and translations	-	33,149.63
	SUB-TOTAL (C)	-	33,149.63
	TOTAL (A) + (B) + (C)	220,460.97	266,094.93

Note 22: EMPLOYEE BENEFITS EXPENSE

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(i)	Salaries and Wages	1,642.02	1,260.34
(ii)	Contribution to provident and other funds	122.94	110.85
(iii)	Staff Welfare Expenses	830.71	760.55
	TOTAL	2,595.67	2,131.74

Note 23: OTHER EXPENSES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(i)	Power and Fuel	19.59	19.02
(ii)	Lease Rent	1,357.84	1,065.02
(iii)	Insurance	1.37	1.60
(iv)	Professional Fees	72.77	192.54
(v)	Rates and Taxes	10.23	-
(v)	Amortization of Premium Paid on non-current securities	50.67	137.51
(vi)	Net loss on foreign currency transactions and translations	-	27,724.29
(vii)	Loan Amount Written Off [See note 24(B)(21)]	65,880.48	55,724.69
(viii)	Establishment and Other Expenses (including auditors' remuneration) [See note 24(B)(19)]	1,001.43	1,139.23
	TOTAL	68,394.38	86,003.90

Note 24: SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

IIFCL is set up with an objective to provide long term finance to viable infrastructure projects through the Scheme for Financing Viable Infrastructure Projects. Reserve Bank of India has issued Certificate of Registration no N-14.03288 as Non-Banking Financial Company - Non Deposit - Infrastructure Finance Company (NBFC-ND-IFC) to India Infrastructure Finance Company Limited (IIFCL) on 9th September 2013. RBI has allowed IIFCL to carry on the business of Non-Banking Financial Institution without accepting public deposits.

(A) SIGNIFICANT ACCOUNTING POLICIES**1. Basis of Preparation of Financial Statements**

- a) **Accounting Convention:** The Financial Statements have been prepared in accordance with historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP), notified accounting Standards, relevant provisions of the Companies Act, 2013 and RBI Prudential Norms as contained in RBI's Master Circular for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company as amended from time to time.
- b) **Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. Recognition Of Income / Expenditure

- 2.1 Upfront fee income on loans granted is considered as income on accrual basis in cases where loan documents have been signed on allocated amount.
- 2.2 Commitment charges on loans taken by the company are accounted for as expense when draw down of loan is less than sanctioned amount of loan as per the Loan agreement.
- 2.3 Recoveries in borrower's accounts are appropriated as per the respective loan agreements.
- 2.4 Dividend is accounted on accrual basis when right to receive the dividend is established. However, right to receive final dividend arises only on approval thereof by the shareholders in Annual General Meeting.
- 2.5 Income from investment in Growth of mutual funds schemes including Infrastructure Debt Mutual Fund is accounted for on the basis of actual instance of sale or redemption as the case may be.
- 2.6 The amount(s) of prior period items of income/expense are included in their regular heads of accounts. Prior Period income/expense above ₹ 5,000/- are disclosed under 'Other notes to the financial statement'.
- 2.7 Expenditure incurred in raising of bonds is charged to the statement of Profit and Loss in the year of allotment of bonds.
- 2.8 Partial Credit Enhancement Guarantee fee is recognized in the accounting year on accrual basis when reasonable right of recovery is established. Any Partial Credit Enhancement Guarantee fee received in advance is deferred and is recognized as income over period of accrual.
- 2.9 Unrealized interest already booked in Strategic Debt Restructuring (SDR) cases is reversed from reference date of Strategic Debt Restructuring of respective case. Interest Income in these cases is booked on realization.
- 2.10 Interest is recognized on accrual basis taking into account the amount outstanding and rate applicable.
- 2.11 Income including interest/discount or any other charges on Non-Performing Assets (NPA) is recognized only when it is actually realized. Any such income recognized before the asset became non-performing and remaining unrealized is reversed.

3. Loan Assets

The company has adopted norms for income-recognition, asset classification and provisioning applicable to Non-Banking Financial Companies-Infrastructure Finance Company (NBFC-IFC) as per RBI's Master Circular for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company as amended from time to time. The salient features of these norms are as under:

3.1 "Non-Performing Asset" means

- (a) An asset, in respect of which interest has remained overdue for a period of four months or more for the financial year ending 31st March 2017 and three months or more for the financial year ending 31st March 2018 and thereafter.
- (b) A term loan inclusive of unpaid interest, when the installment is overdue for a period of four months or more for the financial year ending 31st March 2017 and three months or more for the financial year ending 31st March 2018 and thereafter or on which interest amount remained overdue for a period four months or more for the financial year ending 31st March 2017 and three months or more for the financial year ending 31st March 2018 and thereafter.
- (c) In respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset.
- (d) An infrastructure loan is classified as NPA during any time before commencement of commercial operations as per Para 3.3 of Annexure III 'Norms on Restructuring of Advances by NBFC' prescribed by RBI's Master Circular for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company as amended from time to time.

3.2 Asset Classification

All advances are classified as:

- (a) "Standard assets" means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
- (b) "Sub-standard assets" means
 - (i) an asset which has been classified as non-performing asset for a period not exceeding 14 months for the financial year ending 31st March 2017; and not exceeding 12 months for the financial year ending 31st March 2018 and thereafter.
 - (ii) an asset where the terms of the agreement regarding interest and/ or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms
- (c) "Doubtful asset" means a term loan or any other asset which remains sub-standard asset for a period of exceeding 14 months for the financial year ending 31st March 2017; and exceeding 12 months for the financial year ending 31st March 2018 and thereafter.
- (d) "Loss Asset" means
 - (i) An asset which has been identified as loss asset by the company or its internal or external auditor to the extent it is not written off by the company.
 - (ii) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

3.3 Provisioning

- (i) Standard Assets: General Provision is made on outstanding amount of loans, including on interest accrued but not due at the year end at 0.35 percent by the end of March 2017 and 0.40 percent by the end of March 2018 and thereafter.
- (ii) Sub-Standard Assets: A general provision of 10 percent of total outstanding amount is made.

(iii) Doubtful Assets

- (a) 100 percent provision to the extent to which the advance is not covered by the realizable value of the security to which the company has a valid recourse is made.
- (b) In addition to item (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20 percent to 50 percent of secured portion i.e. estimated realizable value of the outstanding, is made on the following basis:

Period for which the asset has been considered as doubtful	Percentage of provision
Up to one year	20
One to three years	30
More than three years	50

(iv) Loss Assets

The entire asset is written off, however if the assets are permitted to remain in the books for any reason, 100 percent of the outstanding is provided for.

(v) Restructured loan Assets

For the following cases, the provisioning against Restructured Standard Assets will be as per RBI norms, including provision on diminution in fair value:

- (a) New project loans to companies sanctioned w.e.f. January 24, 2014, provisioning will be at the rate of 5%.
- (b) Stock of restructured outstanding loans as on January 23, 2014 to all companies (as per RBI in case of stock of outstanding restructured loan, the provision is at 5%.

(vi) Structured Debt Restructuring Assets

IIFCL is required to build provisions of Structured Debt Restructuring (SDR) cases such that by the end of 18 months from Reference Date, it holds provision of 15% of Residual Loan. The required provision is to be made in equal installments of four quarters. This provision shall be reversed only when the outstanding loan in the account perform satisfactorily during the 'specified period' (as defined in the extant norms on restructuring of advances) after transfer of ownership/management control to new promoters.

(vii) Accelerated Provisioning

IIFCL, as a prudent lender, in addition to normal provisioning to be done under RBI guidelines, in terms of applying stipulated percentages for secured/unsecured portions depending on asset classification, as may be amended from time to time, considers accelerated provisioning on a case-to-case basis, depending on the expected recovery scenario.

Accelerated provisioning is proposed in such exceptional cases, wherein even though provisioning might be adequate as per extant RBI guidelines, however, in the view of the Management, there might be circumstances which could affect recovery prospects. In such cases, the Management takes a case-to-case view on accelerated provisioning as a prudent measure.

The accelerated provisioning depends broadly on the following parameters:

- Status of the project.
- Promoter's ability to infuse the funds.
- Tangible security, cash flow and concessions available.
- Steps taken by the consortium for recovery.
- Management's perception.

The provision to be made in the account ranges from 10% to 100% taking into consideration the factors mentioned above

(viii) In addition to above :

- (a) Projects where Concession Agreement (CA) has been terminated by the Project Authority, account is written off in the financial year in which the contract is terminated.
- (b) Projects where Concession Agreement (CA) has been terminated by the Concessionaire, provisioning is made on the basis of merits and facts of the case.
- (c) In cases where certain value of financial asset can be attached based on valuation report/ offer from Asset Reconstruction Companies etc., provision is made to the extent of shortfall.

3.4 Restructured loan Assets

i. Loans are subjected to restructuring and/or rescheduling and/or renegotiation of terms under the following stages:

- (a) Before commencement of commercial production/operation;
- (b) After commencement of commercial production/operation but before the asset has been classified as sub-standard;
- (c) After commencement of commercial production/operation and the asset has been classified as sub-standard or doubtful.

ii. Treatment of restructured loans

- (a) The accounts classified as 'standard assets' is immediately reclassified as 'sub-standard assets' upon restructuring.
- (b) The non-performing assets, upon restructuring, would continue to have the same asset classification as prior to restructuring and slip into further lower asset classification categories as per extant asset classification norms with reference to the pre-restructuring repayment schedule.
- (c) Standard accounts classified as NPA and NPA accounts retained in the same category on restructuring are upgraded only when all the outstanding loan / facilities in the account perform satisfactorily during the 'specified period' (period of one year from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with longest period of moratorium under the terms of restructuring package), i.e. principal and interest on all facilities in the account are serviced as per terms of payment during that period.
- (d) In case, however, satisfactory performance after the specified period is not evidenced, the asset classification of the restructured account would be governed as per the applicable prudential norms with reference to the pre-restructuring payment schedule.
- (e) Any additional finance may be treated as 'standard asset' during the specified period under the approved restructuring package. However, in the case of accounts where the pre-restructuring facilities were classified as 'sub-standard' and 'doubtful', interest income on the additional finance should be recognized only on cash basis. If the restructured asset does not qualify for upgradation at the end of the above specified period, the additional finance shall be placed in the same asset classification category as the restructured debt.
- (f) If a restructured asset, which is a standard asset on restructuring is subjected to restructuring on a subsequent occasion, it should be classified as substandard. If the restructured asset is a sub-standard or a doubtful asset and is subjected to restructuring, on a subsequent occasion, its asset classification will be reckoned from the date when it became NPA on the first occasion. However, such advances restructured on second or more occasions may be allowed to be upgraded to standard category after the specified period in terms of the current restructuring package, subject to satisfactory performance.

iii. Diminution in fair value of advances

Pursuant to Reserve Bank of India (RBI) notification no. DNBR.009/CGM(CDS)-2015 Systematically Important Non-Banking Financial (Non Deposit Accepting) dated 27th March 2015 it is provided that reduction in the rate of interest and/or re-schedulement of the repayment of principal amount, as part of the restructuring, will result in diminution in the fair value of the advance. Such diminution in value is an economic loss for the NBFC and will have impact on the NBFC's market value. It is, therefore,

necessary for NBFCs to measure such diminution in the fair value of the advance and make provisions for it by debiting to Statement of Profit & Loss. Such provision is required to be held in addition to the provisions as per existing provisioning norms prescribed by RBI, and in an account distinct from that for normal provisions. The erosion in the fair value of the advance is computed as the difference between the fair value of the loan before and after restructuring. Fair value of the loan before restructuring will be computed as the present value of cash flows representing the interest at the existing rate charged on the advance before restructuring and the principal, discounted at a rate equal to the NBFC's bare lending rate i.e. the interest rate applicable to the borrower as per the loan agreement had the loan been serviced without any default, as applicable to the concerned borrower, as on the date of restructuring. Fair value of the loan after restructuring will be computed as the present value of cash flows representing the interest at the rate charged on the advance on restructuring and the principal, discounted at a rate equal to the NBFC's bare lending rate as applicable to the borrower as on the date of restructuring.

iv. Income Recognition norms for FITL accounts

As per Reserve Bank of India master direction regarding Income recognition norms for conversion of unpaid interest into Funded Interest Term Loan (FITL), Debt or Equity instruments on restructuring of advances are as under:

- (a) The income, if any, generated by these instruments may be recognised on accrual basis, if these instruments are classified as 'standard', and on cash basis in the cases where these have been classified as a non-performing asset.
- (b) The unrealised income represented by FITL / Debt or equity instrument should have a corresponding credit in an account styled as "Sundry Liabilities Account (Interest Capitalisation)".
- (c) In the case of conversion of unrealised interest income into equity, which is quoted, interest income can be recognized after the account is upgraded to standard category at market value of equity, on the date of such upgradation, not exceeding the amount of interest converted into equity.
- (d) Only on repayment in case of FITL or sale / redemption proceeds of the debt / equity instruments, the amount received will be recognised in the Statement of Profit and Loss, while simultaneously reducing the balance in the "Sundry Liabilities Account (Interest Capitalisation)".

4. Taxes On Income

- 4.1 Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961.

Tax on income for previous years is determined based on expected outcome of assessments/appeals and on the basis of changes adopted by the company in accounting policies & estimates and addition if any is provided in the current year.

- 4.2 Deferred tax is recognized on timing differences between the accounting income and the taxable income for the period, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- 4.3 Deferred tax assets are recognized and reassessed at each reporting date and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

5. Investments

5.1 Non-Current Investments

- (a) Unquoted Investments: Equity shares in subsidiary companies, associate company and Venture Capital Units are carried at cost.
- (b) Unquoted investments in Government securities: Each scrip is carried at its acquisition cost or at amortized cost, if acquired at a premium over the face value. Any premium on acquisition is amortized over the remaining maturity period of the security on constant yield basis.
- (c) Quoted Bonds: Units of Infrastructure Debt Funds/Bonds are carried at acquisition cost or lower of book value or market / fair value in case of inter class transfer. The excess over face value from date of acquisition/ transfer is amortized over the remaining maturity period of the security on constant yield basis.

- (d) Security Receipts of Asset Reconstruction Company: Valued at Net Asset Value (NAV) declared by Asset reconstruction Companies.

5.2 Current Investments

- (a) Quoted Bonds – Each scrip is revalued at the market price or fair value based on yield to maturity method and only the net depreciation is provided for and net appreciation, if any, is ignored.
- (b) Mutual Funds – valued at lower of cost or net asset value at the year end.
- (c) Certificate of deposits – valued at cost. The difference between face value and cost is recognized as income over the remaining maturity period of certificate of deposit on constant yield basis and is added to the value of certificate of deposit.

5.3 Inter-Class Transfer of investments

The inter-class transfer, if warranted is effected with approval of the Board and in such case investments are transferred scrip wise from current to non-current investments and carried at book value or market / fair value, whichever is lower.

6. Foreign Exchange Transactions

- 6.1 Expenses and income in foreign currency are accounted for at the exchange rates of banks prevailing on the date of transactions.
- 6.2 The following balances are translated in Indian currency at the exchange rates (RBI reference rates) prevailing on the date of closure of accounts:
 - (a) Incomes or Expenses accrued but not due on foreign currency loans granted and foreign currency borrowings respectively.
 - (b) Contingent Liability in respect of Letter of Comfort issued in foreign currency.
- 6.3 Foreign Currency Loan liability is translated in Indian currency at RBI Reference rate prevailing on the date of reporting. The exchange difference is charged to Statement of Profit & Loss as per Accounting Standard 11, The Effect of Changes in Foreign Exchange Rates.
- 6.4 The actual/translation gain/loss (net) on foreign currency loan assets, liabilities and income & expenditure accrued/accrued but not due are credited/charged to the statement of profit and loss.

7. Accounting For Revenue Grants

- 7.1 Grants are recognized in the Statement of Profit and Loss as 'other income' on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate provided there is reasonable assurance of compliance of the terms attached with the sanction and of realization of amount of grants.
- 7.2 Grants received in respect of expenditure already incurred in prior periods are recognized in the Statement of Profit & Loss in the year of approval of grant.
- 7.3 The unspent amount of grant at the year end, if any, is shown under Current Liabilities.

8. Fixed Assets

- 8.1 Fixed Assets shown at historical cost of an asset or other amount substituted for cost, less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.
- 8.2 The gross value of fixed assets is reduced by amount of grants received for acquiring these assets. The grant is thus recognized in the Statement of Profit and Loss over the useful life of a depreciable asset by way of a reduced depreciation charge.
- 8.3 The additions to fixed assets are capitalized on the approval of bills/invoices.

9. Depreciation

- 9.1 Depreciation of fixed assets is provided using the useful lives and in the manner provided in Schedule II of the Companies Act, 2013 following written down value method.

9.2 Depreciation on individual assets having cost ₹ 5000/- or less is charged at 100%.

9.3 Permanent improvement in leasehold premises is depreciated over the remaining lease term or its useful life, whichever is shorter.

10. **Intangible Assets / Amortization**

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. These assets are amortized on the basis of Straight Line Method over a period of 4 years.

11. **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

12. **Cash And Cash Equivalents**

Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

13. **Employee Benefits**

13.1 All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.

13.2 Employee benefits under defined contribution plans comprising NPS are recognized on the undiscounted obligation of the company to contribute to the plan. The same is paid to the IDBI Bank, which is the Point of Presence (POP) service provider for NPS facility and are expensed relating to the period.

13.3 All post-employment and other long term employee benefits are recognized as an expense in Statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable, determined using actuarial valuation technique.

13.4 Termination benefits are recognized as an expense immediately

13.5 Gain or loss arising out of actuarial valuation is recognized immediately in the Statement of Profit & Loss as income or expense

14. **Borrowing Costs**

The Exchange differences on foreign currency borrowings are charged to Statement of Profit & Loss. The amount of exchange difference not exceeding the difference between interest on local currency borrowings and interest on foreign currency borrowings is considered as borrowings costs and is accounted for under Accounting Standard 16 – Borrowing Costs and the remaining exchange difference, if any, is accounted for under Accounting Standard 11 - The Effects of Changes in Foreign Exchange Rates.

For this purpose, the interest rate for the local currency borrowings is considered as that rate of bank overdraft taken by the company.

15. **Retirement Benefits**

15.1 The contribution towards Provident Fund deducted from remuneration of employees and employer contribution thereon is deposited with Regional Provident Fund Commissioner (RPFO).

15.2 The contribution towards National Pension Scheme deducted from remuneration of employees and employer contribution thereon is deposited with IDBI Bank, which is the Point of Presence (POP) service provider for NPS facility and are expensed relating to the period.

15.3 The employee benefits obligations i.e., sick leave, leave travel concession and Medical Assistance Scheme has been provided for the period up to date of reporting on the actuarial valuation of same.

15.4 Gratuity has been provided on the basis of amount payable to LIC on Group Gratuity Scheme through trust in the name of IIFCL Employees Group Gratuity Fund.

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15.5 Leave Encashment has been provided on the basis of amount payable to LIC Group Leave Encashment Plan.

15.6 Provision for leave encashment, gratuity and sick leave of Executive Directors wherever applicable as per terms of appointment is accrued and made on the basis of estimated amount of liability.

16. **Accounting For Operating Leases**

Lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

17. **Derivative Accounting**

17.1 Wherever the company has entered into forward contract or an instrument i.e., in substance of a forward exchange contract, the difference between the forward rate and the exchange rate on the date of forward exchange contract is recognized as income or expenses over the life of the contract as per AS-11.

17.2 Hedging taken on foreign currency loans is adjusted on FIFO basis after adjusting for the Loans given in foreign currency (i.e. natural hedge).

17.3 Any profit or loss arising on cancellation or renewal of forward exchange contracts including interest rate swaps is recognized as income or as expense for the year.

17.4 In respect of interest rate swap transactions in JPY Yen entered by the company, the company is providing mark to market loss as on Balance Sheet Date.

17.5 The surplus or deficit on account of difference in spot exchange rate at the inception of forward contract and repayment of underlying foreign currency loan obligation recovered from or paid to counter party respectively as per the hedging contract is recognized as gain or loss at the time of repayment of such loan.

17.6 The foreign currency loan (which is an underlying transaction) and the swap contract (to hedge against any loss arising on the aforesaid loans) are treated as separate transactions.

17.7 Foreign currency borrowings are restated as per Accounting Standard 11, The Effects of Changes in Foreign Exchange rates.

The guidance note issued by the ICAI on “Accounting for Derivative Contracts” issued in June 2015, is applicable from 1st April 2016 and the same is applied by the company from Financial year ended 31st March 2017. Any change in exchange rate, on amount of foreign currency borrowing as on reporting date since previous reporting date and from the date of drawdown borrowing during the period, is set off against Fair Value of Derivative Contracts and any gain or loss is recognized as Cash Flow Hedge Reserve. Fair Value of Derivative Contract are provided by the respective Counter parties.

As per the Guidance Note, under a cash flow hedge, the hedging instrument is measured at fair value, but any gain or loss that is determined to be an effective hedge is recognized in equity, e.g., Cash Flow Hedge Reserve. This is intended to avoid volatility in Statement of Profit & Loss in a period when the gains or losses on the hedged items are not realized therein.

18. **Provisions, Contingent Liabilities And Contingent Assets**

A provision is made when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. No provision is made for liabilities arising from transactions and events whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the note of contingent liability on the basis of judgment of the management/independent expert. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimate.

(B) OTHER NOTES TO THE FINANCIAL STATEMENTS

1. **Prior Period Income & Expenses (Accounting Standard-5)** which have been included under the regular heads in Statement of Profit & Loss are as under:

(₹ in lac)

Particular	Year Ended 31 st March 2017	Year Ended 31 st March 2016
(A) Income		
(i) Income on Loans & Advances	(1,057.12)	(196.40)
(ii) Penal Interest	(17.55)	(0.32)
(iii) Other Charges	0.16	(2.00)
Total (A)	(1,074.51)	(198.72)
(B) Expenditure		
(i) Establishment and other expenses	0.54	(0.11)
(ii) Salaries and Wages	1.35	(0.26)
(iii) Depreciation and amortization expense	-	(90.72)
(iv) Net loss on foreign currency transactions and translations	-	1,119.29
(v) Amortization of Premium paid on non-current securities	-	55.62
(vi) Interest Expense on Bonds	-	(5.09)
Total (B)	1.89	1,078.73
Net impact via Gain/(Loss) on current year profit [(A)-(B)]	(1,076.40)	(1,277.45)

2. **Changes in Accounting Policies:**

The details along with the financial impact of changes made in Significant Accounting Policies are given below:

- The change in accounting policy 24(A)15 regarding funding of employee benefit obligation pertaining to Leave Encashment with LIC has no impact on Books of accounts.
- Due to change in Accounting Policy 24(A)2.9 unrealized interest of ₹ 2,057.17 lacs booked from reference date of Strategic Debt Restructuring of respective case upto 31st March 2016 is reversed. Further IIFCL has not booked interest income of ₹ 8,421.28 lacs in SDR cases for Financial Year ended 31st March 2017. As a result, Profit before tax is lower by ₹ 10,478.45 lacs.

Due to the change in Accounting Policy 24(A)3.4(vi), IIFCL has created a provision of ₹ 12,249.30 lacs Structured Debt Restructuring (SDR) cases as on 31st March 2017.
- There is no impact on profitability of IIFCL due to change in Accounting Policy 24(A)17.8 regarding applicability of Guidance Note on Accounting for Derivative Contracts. However there is a decrease in Reserves by ₹ 5,980.36 crores. As a result, Profit before tax is higher by ₹ 5,980.36 lacs.
- There is no impact due to change in accounting policy no. 24(A)3.2 defining the Non-Performing Assets.

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3. Disclosure under Accounting Standard 15 (revised 2005) “Employee Benefits” (Accounting Standard-15)

As per AS-15 “Employee Benefits”, the disclosures as defined in the Accounting Standard are given below:

(₹ in Lac)

A) GRATUITY PLAN (FUNDED): The Gratuity liability arises on account of future payments, which are required to be made in the event of retirement, death in service or withdrawal. The same has been provided on the basis of amount payable to LIC on Group Gratuity Scheme through trust in the name of IIFCL Employees Group Gratuity Fund. IIFCL pays amount of gratuity liability of employees under LIC group gratuity scheme and has not ascertained amount of actuarial valuation of gratuity liability as on date of financial statements.

I. Assumptions for Gratuity Plan:

Particular	2016-17	2015-16
Mortality rate	LIC (2006-08)	LIC (1994-96)
Withdrawal rate	1 % to 3 % depending on age	1 % to 3 % depending on age
Discount rate (p.a.)	8%	8%
Salary escalation (p.a.)	6%	6%

As per IRDA circular no. IRDA/ACTL/REG/CIR/123/06/2013 dated 28th June 2013, no new member can be added to the Existing Policy. Hence, IIFCL subscribed to a new policy viz Policy No.103001183 for new employees in addition to the earlier policy viz Policy No. 331776.

The details of group gratuity scheme of employees covered under Policy No. 331776 are as follows:

Particular	2016-17	2015-16
A) MEMBERSHIP DATA		
i) Number of members	44	45
ii) Average Age (years)	40.68	40.13
iii) Average Monthly Salary	1.06	0.95
iv) Average Past Service (years)	6.82	5.80
B) RESULTS OF VALUATION		
i) Present Value of Past Service Benefit	157.74	146.92
ii) Current Service Cost	3.32	6.26
iii) Total Service Gratuity	436.72	441.68
iv) Accrued Gratuity	300.85	241.75
v) Life Cover Sum Assured (LCSA)	135.88	199.93
vi) LC Premium	0.30	0.49
vii) Service Tax @14.5%	0.04	0.07
C) RECOMMENDED CONTRIBUTION RATE		
i) Fund Value as on renewal date	177.29	141.57
ii) Additional Contribution for existing fund	-	5.35
iii) Current Service Cost	-	6.27
TOTAL AMOUNT PAYABLE [(C(ii))+ C(iii)+B(vi)+B(vii)]	0.34	12.18
D) FUND BALANCE		
i) Opening Balance	153.10	132.52
ii) Amount credited towards the Fund	11.62	9.05
iii) Amount paid as Claim	0.80	-
iv) Interest Credited for the year	13.37	11.53
Closing Balance	177.29	153.10

The details of group gratuity scheme of employees covered under Policy No. 103001183 are as follows:

Particular	2016-17	2015-16
A) MEMBERSHIP DATA		
i) Number of members	47	42
ii) Average Age (years)	34.62	32.76
iii) Average Monthly Salary	0.78	0.64
iv) Average Past Service (years)	2.62	1.55
B) RESULTS OF VALUATION		
i) Present Value of Past Service Benefit	38.54	17.83
ii) Current Service Cost	13.35	10.09
iii) Total Service Gratuity	461.93	386.36
iv) Accrued Gratuity	56.38	26.09
v) LCSA	405.55	360.27
vi) LC Premium	0.72	0.39
vii) Service Tax @14.5%	0.11	0.06
C) RECOMMENDED CONTRIBUTION RATE		
i) Fund Value as on renewal date	29.39	17.83
ii) Additional Contribution for existing fund	9.15	-
iii) Current Service Cost	13.35	10.09
TOTAL AMOUNT PAYABLE [(C(ii)+ C(iii)+B(vi)+B(vii)]	23.33	28.37
D) FUND BALANCE		
i) Opening Balance	3.84	3.67
ii) Amount credited towards the Fund	24.64	0.10
iii) Amount paid as Claim	-	-
iv) Total Mortality /Pol Admin /Fund Management Charges for the period along with Service Tax thereon	1.01	0.26
v) Interest Credited for the year	1.93	0.33
Closing Balance	29.39	3.84

II. OTHER EMPLOYEE BENEFITS (UNFUNDED)

Actuarial assumptions for other employee benefits (unfunded)

a) Economic Assumptions

Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
i) Discounting Rate (%)	8.00	8.00
ii) Future salary Increase (%)	5.50	5.50
iii) Expected Rate of return on plan assets (%)	0.00	0.00

b) Demographic Assumptions

Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
i) Retirement Age (Years)	60	60
ii) Mortality Table	Indian Assured Lives Mortality (IALM) (2006 – 08)	
iii) Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	3.00	3.00
From 31 to 44 years	2.00	2.00
Above 44 years	1.00	1.00

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B) EARNED LEAVE LIABILITY: The earned leave due to an employee is the period which the employee has earned, diminished by the period of leave actually taken by the employee. It is earned at one-eleventh part of duty.		
Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
1. Change in present value of obligation		
a) Present value of obligation as the beginning	173.93	129.10
b) Acquisition adjustment	-	-
c) Interest Cost	13.91	10.33
d) Past service cost	-	-
e) Current service cost	58.45	43.50
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	(20.69)	(19.66)
i) Actuarial (gain) / loss	46.15	10.67
j) Present value of the defined benefit obligation as at end of the period	271.75	173.93
2. Change in the fair value of plan assets		
a) Fair value of plan assets at the beginning	-	-
b) Acquisition adjustment	-	-
c) Expected return on plan assets	-	-
d) Contributions	198.85	-
e) Benefits paid	-	-
f) Actuarial (gain) / loss	9.91	-
g) Fair value of plan assets at the end of the period	208.75	-
3. Fair value of plan assets		
a) Fair value of plan assets at the beginning	-	-
b) Acquisition adjustment	-	-
c) actual return on plan assets	9.91	-
d) Contributions	198.85	-
e) Benefits paid	-	-
f) Fair value of plan assets at the year end	208.75	-
g) Funded status	(63.00)	(173.93)
h) Excess of actual over estimated return of plan assets	9.91	-
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	(46.15)	(10.67)
b) Actuarial gain/ (loss) for the period – plan assets	(9.91)	-
c) Total (gain) / loss for the period	36.24	10.67
d) Actuarial (gain) / loss recognized in the period	36.24	10.67
e) Unrecognized actuarial (gains) / losses at the end of the period	-	-
5. The amount recognized in balance sheet and statement of profit and loss		
a) Present value of obligation as at the end of the period	271.75	173.93
b) Fair value of plan assets as at the end of period	208.75	-
c) Funded status	(63.00)	(173.93)
d) Excess of actual over estimated	9.91	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(63.00)	(173.93)

6. Expense recognized in the statement of profit and loss		
a) Current service cost	58.45	43.50
b) Past service cost	-	-
c) Interest cost	13.91	10.33
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	36.24	10.67
h) Expenses recognized in the statement of profit and loss	108.61	64.50
<p>C) LEAVE FARE CONCESSION: All whole-time employees of the Company who have completed one year of service including continuous temporary service on the date the journey is performed by him or his family are eligible for this facility. The concession shall be admissible once in every block of two years. and the first of such set / block shall commence from the first date of the month in which an employee joins the Company, but the same can be availed of only after his/her completion of one year of continuous service including temporary service / probation period.</p>		
1. Change in present value of obligation		
a) Present value of obligation as the beginning	12.44	9.26
b) Acquisition adjustment	-	-
c) Interest Cost	1.00	0.74
d) Past service cost	-	-
e) Current service cost	19.18	5.07
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	(183.80)	(63.70)
i) Actuarial (gain) / loss	210.40	61.07
j) Present value of the defined benefit obligation as at end of the period	59.21	12.44
2. Change in the fair value of plan assets		
a) Fair value of plan assets at the beginning	-	-
b) Acquisition adjustment	-	-
c) Expected return on plan assets	-	-
d) Contributions	-	-
e) Benefits paid	-	-
f) Actuarial (gain) / loss	-	-
g) Fair value of plan assets at the end of the year	-	-
3. Fair value of plan assets		
a) Fair value of plan assets at the beginning	-	-
b) Acquisition adjustment	-	-
c) actual return on plan assets	-	-
d) Contributions	-	-
e) Benefits paid	-	-
f) Fair value of plan assets at the year end	-	-
g) Funded status	(59.21)	(12.44)
h) Excess of actual over estimated return of plan assets	-	-
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	(210.40)	(61.07)
b) Actuarial gain/ (loss) for the period – plan assets	-	-

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c)	Total (gain) / loss for the period	210.40	61.07
d)	Actuarial (gain) / loss recognized in the period	210.40	61.07
e)	Unrecognized actuarial (gains) / losses at the end of the period	-	-
5. The amount recognized in balance sheet and statement of profit and loss			
a)	Present value of obligation as at the end of the period	59.21	12.44
b)	Fair value of plan assets as at the end of period	-	-
c)	Funded status	(59.21)	(12.44)
d)	Excess of actual over estimated	-	-
e)	Unrecognized actuarial (gains)/ losses	-	-
f)	Net assets/ (liability) recognized in balance sheet	(59.21)	(12.44)
6. Expense recognized in the statement of profit and loss			
a)	Current service cost	19.18	5.07
b)	Past service cost	-	-
c)	Interest cost	1.00	0.74
d)	Expected return on plan assets	-	-
e)	Curtailment cost / (credit)	-	-
f)	Settlement cost / (credit)	-	-
g)	Net actuarial (gain) / loss recognized in the period	210.40	61.07
h)	Expenses recognized in the statement of profit and loss	230.57	66.88
<p>D) SICK LEAVE: Sick leave is a half leave pay. Where an employee has served the company for at least a period of three years, the employee may, on request, be permitted to avail of, during the full period of service of the employee, sick leave on leave pay upto a maximum of nine months, such leave on leave pay being entered in sick leave account of the employee as twice the period of leave availed of by the employee.</p>			
1. Change in present value of obligation			
a)	Present value of obligation as the beginning	106.94	65.40
b)	Acquisition adjustment	-	-
c)	Interest Cost	8.56	5.23
d)	Past service cost	-	-
e)	Current service cost	28.12	26.32
f)	Curtailment cost / (credit)	-	-
g)	Settlement cost / (credit)	-	-
h)	Benefits paid	-	-
i)	Actuarial (gain) / loss	(24.39)	9.99
j)	Present value of the defined benefit obligation as at the end of period	119.23	106.94
2. Change in the fair value of plan assets			
a)	Fair value of plan assets at the beginning	-	-
b)	Acquisition adjustment	-	-
c)	Expected return on plan assets	-	-
d)	Contributions	-	-
e)	Benefits paid	-	-
f)	Actuarial (gain) / loss	-	-
g)	Fair value of plan assets at the end of the year	-	-
3. Fair value of plan assets			
a)	Fair value of plan assets at the beginning	-	-

b) Acquisition adjustment	-	-
c) actual return on plan assets	-	-
d) Contributions	-	-
e) Benefits paid	-	-
f) Fair value of plan assets at the year end	-	-
g) Funded status	(119.23)	(106.94)
h) Excess of actual over estimated return of plan assets	-	-
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	24.39	(9.99)
b) Actuarial gain/ (loss) for the period – plan assets	-	-
c) Total (gain) / loss for the period	(24.39)	9.99
d) Actuarial (gain) / loss recognized in the period	(24.39)	9.99
e) Unrecognized actuarial (gains) / losses at the end of the period	-	-
5. The amount recognized in balance sheet and statement of profit and loss		
a) Present value of obligation as at the end of the period	119.23	106.94
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(119.23)	(106.94)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(119.23)	(106.94)
6. Expense recognized in the statement of profit and loss		
a) Current service cost	28.12	26.32
b) Past service cost	-	-
c) Interest cost 3	8.56	5.23
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	(24.39)	9.99
h) Expenses recognized in the statement of profit and loss	12.29	41.54
E) Post-retirement medical benefit (PRMB) (Introduced from Sep 2015): Actuarial valuation of the Post-retirement medical benefit (PRMB) liability as on 31 st March 2017, as per AS-15(R).		
1. Change in present value of obligation		
a) Present value of obligation as the beginning	313.06	-
b) Acquisition adjustment	-	-
c) Interest Cost	25.04	-
d) Past service cost	-	260.25
e) Current service cost	69.68	52.81
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	-	-
i) Actuarial (gain) / loss	79.29	-
j) Present value of the defined benefit obligation as at the end of period	487.07	313.06
2. Change in the fair value of plan assets		
a) Fair value of plan assets at the beginning	-	-
b) Acquisition adjustment	-	-
c) Expected return on plan assets	-	-

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d) Contributions	-	-
e) Benefits paid	-	-
f) Actuarial (gain) / loss	-	-
g) Fair value of plan assets at the end of the year	-	-
3. Fair value of plan assets		
a) Fair value of plan assets at the beginning	-	-
b) Acquisition adjustment	-	-
c) actual return on plan assets	-	-
d) Contributions	-	-
e) Benefits paid	-	-
f) Fair value of plan assets at the year end	-	-
g) Funded status	(487.07)	(313.06)
h) Excess of actual over estimated return of plan assets	-	-
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	(79.29)	-
b) Actuarial gain/ (loss) for the period – plan assets	-	-
c) Total (gain) / loss for the period	79.29	-
d) Actuarial (gain) / loss recognized in the period	79.29	-
e) Unrecognized actuarial (gains) / losses at the end of the period	-	-
5. The amount recognized in balance sheet and statement of profit and loss		
a) Present value of obligation as at the end of the period	487.07	313.06
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(487.07)	(313.06)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(487.07)	(313.06)
6. Expense recognized in the statement of profit and loss		
a) Current service cost	69.68	52.81
b) Past service cost	-	260.25
c) Interest cost	25.04	-
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	79.29	-
h) Expenses recognized in the statement of profit and loss	174.01	313.06

1.2) In respect of Whole Time Director: -

(₹ in lac)

Particular	Gratuity	Leave Encashment	Sick Leave
Expenses recognized in Statement of Profit & Loss	0.40	0.85	0.64
Amount recognized in Balance Sheet	1.39	4.76	2.07

4. The Company's main business is to provide finance/ refinance for Infrastructure Projects and the company does not have more than one reportable segment in terms of **Accounting Standard-17, Segment Reporting** issued by the Institute of Chartered Accountants of India.

5. As per **Accounting Standard-18, Related Party Disclosures**, the disclosures of transactions with the related parties are given below:

A) Managerial Remuneration and related party disclosures

(i) Key Managerial Personnel

Whole Time Directors

- Shri S.B Nayar - Chairman and Managing Director
- Shri Sanjeev Kaushik - Whole Time Director and Deputy Managing Director

Other than Directors

- Shri Rajeev Mukhija - Chief General Manager-CFO
- Smt. Manjari Mishra - Assistant General Manager-Company Secretary

(ii) Directors

- Shri V.K. Bhasin - Part Time Non- Official Director
- Shri J. Venkateshwarlu - Part Time Non- Official Director

(iii) Wholly owned Subsidiary Company:

- (a) India Infrastructure Finance Company (UK) Limited
- (b) IIFCL Projects Ltd.
- (c) IIFCL Asset Management Company Ltd.

(iv) Associate Company:

- (a) IFCI Limited
(Deputy Managing Director of the company also holds additional charge as Deputy Managing Director of IFCI Limited w.e.f. 12th December 2016)

B) Transactions during the year ended 31st March 2017 (Previous year ended on 31st March 2016) with related parties:

(₹ in lac)

S.No.	Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
(a)	Managerial Remuneration (Whole time directors)		
	(i) Shri S.B. Nayar		
	Remuneration	37.42	35.45
	Perquisite	1.83	0.71
	Provision for Performance linked incentive	10.00	10.00
	Leave encashment, LFC, Sick Leave, PF & Gratuity	7.07	6.07
	(ii) Shri Sanjeev Kaushik		
	Remuneration	33.15	29.15
	Perquisite	2.70	1.72
	Provision for Performance linked incentive	8.12	9.20
(b)	Managerial Remuneration (Other than directors)		
	(i) Shri Rajeev Mukhija (Chief General Manager- CFO)		
	Remuneration	34.80	25.69
	(ii) Smt. Manjari Mishra (Assistant General Manager-CS)		
	Remuneration	23.37	13.64

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(c)	Rent received/ recoverable from subsidiaries/ associate companies		
	IIFCL Projects Ltd.	71.07	44.11
	IIFCL Asset Management Company Ltd	86.62	75.61
	Erstwhile Irrigation and Water Resources Finance Corporation Limited (IWRFC)*	-	24.23
(d)	Expenses recovered/recoverable from associate companies:		
	Irrigation and Water Resources Finance Corporation Limited	-	2.94
(e)	Amounts recovered/recoverable from subsidiaries:		
	IIFCL Projects Ltd.	17.57	75.44
	IIFCL Asset Management Company Ltd	51.88	52.91
(f)	(i) Sitting fee paid to Part Time Non- Official Directors:		
	Shri V. K. Bhasin	2.00	2.20
	Shri J. Venkateshwarlu	2.70	2.10
	(ii) Conveyance reimbursement to Part Time Non- Official Directors :		
	Shri J. Venkateshwarlu	0.33	0.27

* Erstwhile IWRFC has been merged with IIFCL w.e.f 1st April 2016 pursuant to Ministry of Corporate Affairs order dated 21st July 2016.

C) Balances outstanding

(₹ in lac)

S.No.	Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
i)	Remuneration & other benefits		
	Key Managerial Person		
	Provision for Performance Linked Incentive to Whole time Directors#	18.12	75.67
	Leave Encashment(Provision)	4.76	3.91
	Sick Leave(Provision)	2.07	1.43
	Gratuity(Provision)	1.39	0.99
	Provident Fund	0.22	0.21
ii)	Investment in equity shares :		
	Wholly owned subsidiaries :		
	(a) IIFC (UK) Ltd.	23,394.80	23,394.80
	(b) IIFCL Projects Ltd.	475.00	50.00
	(c) IIFCL Asset Management Company Ltd.	1,250.00	1,250.00
	Amount /Rent recoverable from subsidiaries/ associate		
	(a) IIFCL Projects Ltd.	-	0.57
	(b) IIFCL Asset Management Company Ltd.	-	8.20
	(c) Irrigation and Water Resources Finance Corporation Limited	-	1.21
	(d) IIFC (UK) Ltd.	0.35	0.35

Provision for Performance Linked Incentive to Whole time Directors reversed upto 31st March 2016 in view of target vis a vis achievement as per matrix received from DFS.

Provision for financial year 2016-17 created as Key Performance Indicators yet to be received from DFS.

6. Provisions of Accounting Standard-19, Leases

- a) Financial Lease: NIL
- b) Operating Lease: The Company has taken office premises under operating lease with varying lease periods and disclosure requirements are as under:-

(₹ in lac)

Period	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Total of future minimum lease payments (Gross Investment)	4,374.85	6,174.14
Present value of lease payments	3,890.42	5,321.12
10 Year G-Sec Yield	7.12%	7.46%
Maturity profile of total of future minimum lease payments		
Not later than one year	1,856.77	1,799.30
Later than one year but not later than five year	2,189.06	3,782.62
Later than five year	329.01	592.22
Total	4,374.85	6,174.14

7. In terms of Accounting Standard-20, Earnings Per Share, issued by the Institute of Chartered Accountants of India, Earnings per share (Basic & Diluted) is as under:

Particulars	Year Ended 31 st March 2017		Year Ended 31 st March 2016	
	Shares	Amount ₹ in lac	Shares	Amount ₹ in lac
Nominal Value of share (₹)	10/-		10/-	
Number of Equity Share (No. in lac)	40,023.16		39,000.00	
Weighted Average Number of Equity Shares (No. in lac) (Denominator) [#]	39,706.40		39,000.00	
Net Profit (after tax) (Numerator) [#]		6,790.45		46,849.91
Earnings Per Share (Basic) (₹)		0.17		1.20
Earnings Per Share (Diluted) (₹)		0.17		1.20

[#] Words 'Numerator' and 'Denominator' are indicated at print stage of Annual Report pursuant to assurances/replies given to the Office of Principal Director of Commercial Audit, Member Audit Board-III, New Delhi during course of audit on observations in Half Margins of Phase-III Audit on Annual accounts of IIFCL for the year 2016-17.

8. Fixed assets possessed by the company are treated as 'Corporate Assets' and not 'Cash Generating Units' as defined by Accounting Standard-28 on "Impairment of Assets". As on 31st March 2017, there were no events or change in circumstances, which indicate any impairment in the assets.

9. (A) Disclosure under Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets (AS-29)"

(₹ in lac)

Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Proposed Wage Revision		
Opening Balance	459.15	276.95
Addition during the period	236.90	182.20
Amount Paid/ Transferred to current liabilities	-	-
Closing Balance	696.05	459.15

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Contingent Provision against Standard Assets		
Opening Balance	9,087.62	6,715.05
Addition during the period	1,758.36	2,372.57
Carry forward from IWRFC	4.68	-
Closing Balance	10,850.66	9,087.62
Provision against Sub-standard Assets		
Opening Balance	19,638.48	7,056.09
Addition during the period	3,452.84	13,534.69
Carry forward from IWRFC	430.20	-
Provision write back on account of NPA write off	-	(952.30)
Closing Balance	23,521.52	19,638.48
Provision against Restructured Assets		
Opening Balance	20,068.97	21,900.53
Addition during the period	499.75	(1,831.56)
Provision write back on account of NPA write off	(14.00)	-
Closing Balance	20,554.72	20,068.97
Provision against Doubtful Assets		
Opening Balance	8,081.63	17,980.01
Addition during the period	47,763.89	10,282.32
Provision write back on account of NPA write off	(588.98)	(20,180.70)
Closing Balance	55,256.54	8,081.63
Strategic Debt Restructured Assets		
Opening Balance	9,143.23	-
Addition during the period	8,004.18	9,143.23
Provision adjusted on account being transferred to NPA	4,898.11	-
Closing Balance	12,249.30	9,143.23

(B) Other Disclosures:

(₹ in lac)

Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Income Tax (Net)		
Opening Balance	(860.52)	(4,830.37)
Addition during the period	32,017.78	(44,295.57)
Amount paid/ adjusted during the period	(30,673.83)	(49,986.46)
Closing Balance	483.43	(860.52)
Leave Fare Concession		
Opening Balance	12.44	9.26
Addition during the period	200.36	64.54
Amount paid/adjusted during the period	153.59	61.36
Closing Balance	59.21	12.44
Medical Assistance Scheme		
Opening Balance	313.06	-
Addition during the period	166.23	313.06
Amount paid/adjusted during the period	(7.78)	-
Closing Balance	487.07	313.06

Leave Encashment		
Opening Balance	173.93	130.63
Addition during the period	74.93	64.50
Amount paid/adjusted during the period	219.53	21.20
Closing Balance	29.33	173.93
Sick Leave		
Opening Balance	106.94	65.40
Addition during the period	12.29	41.54
Amount paid/adjusted during the period	-	-
Closing Balance	119.23	106.94
Performance Linked Incentive to Whole Time Directors		
Opening Balance	91.80	73.94
Addition during the period	18.12	18.12
Amount paid/adjusted during the period	91.80	0.26
Closing Balance	18.12	91.80
Marked to Market Losses on Derivative		
Opening Balance	3,149.73	2,727.17
Addition during the period	-	422.56
Amount paid/adjusted during the period	768.12	-
Closing Balance	2,381.61	3,149.73

10. Contingent liabilities and commitments (to the extent not provided for) are as under:-

(₹ In lac)

S.No.	Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
(A)	Contingent liabilities:		
	(a) Claims against the company not acknowledged as debt:		
	(i) Demand of Income Tax dues for Assessment Year 2008-09 made by the Income Tax Deptt. Vide order dated 7 th March 2014	159.00	159.00
	(ii) Demand of Income Tax dues for Assessment Year 2014-15 made by the Income Tax Deptt. Vide order dated 21 st November 2016.	934.55	-
	(b) Guarantees	Nil	Nil
	(c) Other money for which the company is contingently liable:		
	(i) Letter of Comfort for issue of Letter of Credit (LC) (The company has issued letters of comfort to respective lead banks/member bank in the consortium of lenders for issuing LC on behalf of respective borrowers for subsequently releasing the amount of LC towards disbursement of sanctioned loan assistance)	61,454.29	47,804.78
	(ii) Guarantee given under credit enhancement scheme	15,155.19	16,096.00
(B)	Commitments:		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
	Estimated amount of contracts remaining to be executed on capital account (net of advances)	13,826.72	17,589.15
	(b) Uncalled liability on shares and other investments partly paid:		
	Uncalled liability on account of capital commitment in respect of Venture Capital Units of IDFC Project Equity Domestic Investors Trust II	752.44	765.89
	(c) Other commitments :		
	Estimated amount of contracts under Corporate Social Responsibility (CSR) remaining to be executed (net of advances)	1,759.24	2,656.50

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11. Earnings and Expenditure in Foreign Currency

(₹ in lac)

Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
(a) Earnings in foreign currency (Actual Receipt excluding interest received under IRS derivative contracts):		
(i) Interest	-	-
(ii) Grants Received	0.27	185.70
(iii) Dividend Received	-	13,229.50
TOTAL	0.27	13,415.20
(b) Expenditure in Foreign Currencies on account of interest and other matters (Actual outgo):		
(i) Interest on borrowings	13,397.71	6,780.87
(ii) Commitment Charges	95.10	130.36
(iii) Foreign Travelling	19.65	30.96
(iv) Other Expenses	30.81	68.42
TOTAL	13,543.27	7,010.61

12. Investment in Venture Capital Units

During the year ended 31st March 2017, the company has invested ₹ 13.45 lac (NIL as at 31st March 2016) in Venture Capital Units of IDFC Project Equity Domestic Investors Trust II promoted by the company along with IDFC, Citi bank (cumulative amount of investment by the company is ₹ 9,247.56 lac). Out of total commitment of ₹ 10,000 lac, the company have contributed as investor in the venture and does not have joint control. Since there is no distributable profit in the fund, no income is accounted for, in the books of accounts in relation to such investments. However, the company has received during the year ended, a sum of ₹ 2,268.45 lac (₹ 240.55 lac during year ended 31st March 2016) including tax paid ₹ 4.16 lac (₹ 49.55 lac during year ended 31st March 2016) in respect of redemption of venture capital units.

13. The company has created net deferred tax liability of ₹ 2,598.08 lac during year ended 31st March 2017 (increase in deferred tax liability of ₹ 6,025.90 lac & net of increase in deferred tax asset by ₹ 3,427.82 lac), Previous year ended 31st March 2016 the company has created net deferred tax liability of ₹ 5,307.11 lac (increase in deferred tax liability of ₹ 9,747.59 lac & net of increase in deferred tax asset by 4,440.48 lac).

14. Based on information available with the company, there are no suppliers/service providers who are registered as Micro, Small and Medium undertakings under “The Micro, Small and Medium Enterprises Development Act 2006” as on 31st March 2017. Hence the company has no outstanding liability towards Micro, Small and Medium Enterprises and other information to be prescribed under this act is Nil.

15. Derivative Transactions

- a) During the year 2007-08, the company had entered into two interest rate swap (IRS) transactions of notional principal amounts of ₹ 5,000 lac each (equivalent to notional principal of JPY 2,73,23.62 lac) which will mature on 19th December 2022. According to these IRS deals, the company will pay interest @ 7.46% p.a. on JPY notional amount (wherein coupon payments remains fixed for 5 years at the rate of 1 JPY= ₹ 0.3658 in one deal and 1 JPY= ₹ 0.3662 in second deal) and receive interest @ 8.82% p.a. on ₹ notional principal amounts. The company has provided for entire Mark-to-Market loss, as computed by the counter party banks

and confirmed by other valuer, on the above swap transactions amounting to ₹ 2,381.61 lac as at 31st March 2017 (₹ 3,149.73 lac as at 31st March 2016) which includes loss of ₹ 768.12 lac for the year ended 31st March 2017 (gain of ₹ 422.56 lac for the year ended 31st March 2016).

- b) Notional principal amount of ₹ 2,000 lac out of the two interest rate swap (IRS) transactions referred in note 15 (a) above, was unwound during the year ended 31st March 2014. Consequently, the aggregate notional principal amounts of two interest rate swap (IRS) transactions referred in note 15(a) above, is reduced to ₹ 8,000 lac.

- c) The company has undertaken composite contracts i.e. Cross currency swaps (Principal and Interest) to hedge risks relating to floating interest rates as well as foreign exchange fluctuations on foreign currency borrowings from multilateral institutions as under:

(₹ in Lac)

Institution	Amount of Cross Currency Swaps	
	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Asian Development Bank (ADB):-		
USD	11,065.57	10,735.72
INR	6,10,922.88	5,82,548.64
Kreditanstalt für Wiederaufbau (KfW):-		
EURO	192.84	223.79
INR	11,781.93	13,672.43
IBRD World Bank:-		
USD	1,949.87	1,949.87
INR	1,27,126.91	1,27,126.91

As per the Mark-to-Market (M2M) valuations furnished by the counter party banks and other valuer on the above contracts, the net M2M gain as on 31st March 2017 amounts to ₹ 97,744.74 lac (Gross gain of ₹ 1,11,524.91 lac less Gross loss ₹ 13,780.17 lac) and M2M gain as on 31st March 2016 amounts to ₹ 1,31,109.29 lac (Gross gain of ₹ 1,34,429.01 lac less Gross loss ₹ 3,319.73 lac).

During the financial year ended 31st March 2012, the company sought the opinion of Expert Advisory Committee of the Institute of Chartered accountants of India to advice on the correct accounting treatment to be followed by the company for accounting treatments in respect of foreign currency loan to the extent hedged. In this regard, ICAI vide letter dated 22nd September 2015 provided opinion in the matter. ICAI also issued guidance note on "Accounting for Derivative Contracts" in June 2015 which is applicable from 1st April 2016 and the same is applied by the company from Financial year ended 31st March 2017. Any change in exchange rate, on amount of foreign currency borrowing as on reporting date since previous reporting date and from the date of drawdown borrowing during the period, is set off against Fair Value of Derivative Contracts and any gain or loss is recognized as Cash Flow Hedge Reserve. Fair Value of Derivative Contract are provided by the respective Counter parties.

In this regard, IIFCL vide letter dated 26th December 2016 informed Institute of Chartered Accountants of India (ICAI), the issues faced by IIFCL pertaining to market to market/ Fair Value on hedge contracts while applying Guidance Note on Derivatives, with a copy to Reserve Bank of India. The matter has been referred to the Research Committee of ICAI as per their letter dated 3rd May 2017.

The details of hedged portion of loan restated at closing rate in line with AS-11 are as follows:

(₹ in Lac)

Institution	Amount of Hedged Position	
	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Asian Development Bank (ADB):-		
USD	11,065.57	10,735.72
INR	7,17,476.07	7,12,131.44
Kreditanstalt für Wiederaufbau (KfW):-		
EURO	192.84	223.79
INR	13,353.71	16,805.62
IBRD World Bank:-		
USD	1,949.87	1,949.87
INR	1,26,426.84	1,29,340.53

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Disclosure of financial currency exposure as per Guidance Note on Accounting for Derivative Contracts:-

(₹ in Lac)

I. Assets	Foreign Currency	Current Year			Previous Year		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹	Exchange Rate	Amount in Foreign Currency	Amount in ₹
Receivables (Trade & Other)	-	-	-	-	-	-	-
Other Monetary assets (e.g. ICDs/Loans given in FC)	-	-	-	-	-	-	-
Total Receivables (A)	-	-	-	-	-	-	-
Hedges by derivative contracts (B)	-	-	-	-	-	-	-
Unhedged Receivables (C=A - B)	-	-	-	-	-	-	-
II. Liabilities	Foreign Currency	Current Year			Previous Year		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹	Exchange Rate	Amount in Foreign Currency	Amount in ₹
Payables (Trade & Other)	-	-	-	-	-	-	-
Borrowings (ECB and Other)	USD EURO	64.8386 69.2476	16,793.81 2,378.51	10,88,887.13 1,64,706.11	66.3329 75.0955	17,035.79 1,189.25	11,30,033.35 89,307.32
Total Payables (D)	USD EURO	64.8386 69.2476	16,793.81 2,378.51	10,88,887.13 1,64,706.11	66.3329 75.0955	17,035.79 1,189.25	11,30,033.35 89,307.32
Hedges by derivative contracts (E)	USD EURO	64.8386 69.2476	13,015.44 192.84	8,43,902.91 13,353.71	66.3329 75.0955	12,685.59 223.79	8,41,471.97 16,805.62
Unhedged Payables (F= D – E)	USD EURO	64.8386 69.2476	3,778.37 2,185.67	2,44,984.22 1,51,352.40	66.3329 75.0955	4,350.20 965.46	2,88,561.38 72,501.70
III. Contingent Liabilities and Commitments	Foreign Currency	Current Year			Previous Year		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹	Exchange Rate	Amount in Foreign Currency	Amount in ₹
Contingent Liabilities	-	-	-	-	-	-	-
Commitments	-	-	-	-	-	-	-
Total (G)	-	-	-	-	-	-	-
Hedges by derivative contracts (H)	-	-	-	-	-	-	-
Unhedged Payables (I= G-H)	-	-	-	-	-	-	-
Total unhedged FC Exposures (J= C+F+I)	-	-	-	-	-	-	-

d) Unhedged position of foreign currency loans is as under:

(₹ in Lac)

Institution	Amount of Unhedged Position	
	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Asian Development Bank (ADB):-		
USD	3,778.25	4,350.08
INR	2,44,977.01	2,88,553.72
Kreditanstalt für Wiederaufbau (KfW):-		
Euro	185.67	215.46
INR	12,857.34	16,180.67
IBRD World Bank:-		
USD	0.12	0.12
INR	8.10	8.29
European Investment Bank (EIB)		
EURO	2,000.00	750.00
INR	1,38,495.20	56,321.62

e) In terms of Accounting Policy 6.6.2, the exchange rates (i.e. RBI reference rates) prevailing on the date of closure of accounts are as follows:

S.No.	Exchange Rates	As on 31 st March 2017	As on 31 st March 2016
1	USD/INR	64.8386	66.3329
2	EURO/INR	69.2476	75.0955

16. Creation of Bond Redemption Reserve

- a) In respect of privately placed bonds: Since the company is notified as Public financial institution within the meaning of Section 2(72) of Companies Act 2013 vide notification no S.O.143 (E) (F.NO.3/5/2008) dated 14th January 2009 of Central Government, it is not required to create Bond Redemption Reserve in respect of private placed bonds as per circular no 04/2013 issued by Ministry of Corporate Affairs, Government of India dated 11th February 2013.
- b) In respect of publicly placed bonds: The company issued Tax Free Bonds of the face value of ₹ 1,000 each aggregating to ₹ 3,15,631.89 Lac in FY 2012-13, ₹ 6,87,754.25 lac in FY 2013-14 and Long Term Infrastructure Bonds of ₹ 9,096.18 Lac in FY 2010-11 totaling ₹ 10,12,482.32 Lac through public issue.

As per Rule 18(7)(b)(ii) of Companies (Share Capital and Debentures) Rules 2014, The Company shall create Debenture Redemption Reserve (DRR) for NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997, 'the adequacy' of DRR will be 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and no DRR is required in the case of Privately Placed Debentures. Accordingly the company has created bond redemption reserve of ₹ 63,691.16 lac up to 31st March 2017 (₹ 45,507.67 lac up to 31st March 2016).

Further, the company has bought back of Long Term Infrastructure Bonds amounting to ₹ 20.05 lac (₹ 2,383.95 lac as on 31st March 2016) during the year ended 31st March 2017. Accordingly, DRR as on 31st March 2017 has been created after giving effect to buyback of these bonds.

As per the disclosure requirements contained in the listing agreement with Stock exchange, it is stated that the company has not given any loans and advances in the nature of loans to Individuals, associates and to firms/companies in whom directors are interested. Further, no loan (borrower) has made any investment in the shares of the company or its subsidiary.

17. The pay revision of the employees of the company is due w.e.f. 1st November 2012. Pending revision of pay, a provision of ₹ 696.05 lac has been made for the period 1st November 2012 to 31st March 2017 on estimated basis taking base of 24% increase in last revision made from 1st November 2007 for next 5 years.
18. (a) RBI issued Certificate of registration dated 9th September 2013 to IIFCL to carry on the business of Non-Banking Financial Institution without accepting public deposits.
- (b) Prudential norms issued by RBI for NBFC-IFC do not apply to Company, being a Government owned company. On registration as an NBFC-IFC, the company, being a Government owned company, was required to prepare a roadmap for compliance with various elements of the NBFC Regulations in consultation with the Government and submit the same to Reserve Bank of India (Department of Non-Banking Supervision) as directed by RBI vide notification No. DNBS. PD/CC No. 86/03.02.089/2006-07 dated 12th December 2006. In compliance with the requirement, company vide letter dated 21st November 2014 to RBI has submitted roadmap to comply with various elements of RBI Regulation w.e.f. 1st January 2015.
- (c) The company has restructured/ rescheduled 24 loan accounts up to 31st March 2017 having outstanding balance of ₹ 3,24,140.80 lac as on 31st March 2017 (₹ 3,49,663.16 lac in 27 loan accounts as on 31st March 2016) and there is no shortfall in value of security in these accounts as on 31st March 2017 refer note 24(A)(3.3)(v)
- (d) Pursuant to Accounting policy no. 24(A)(3.3)(vii), reasons for adopting accelerated provisioning in 10 cases is as under:

i. Dighi Port Limited

Dighi Port is being developed by Balaji Infra Projects Ltd (BIPL) under a 50 year “Build, Own, Operate, Share, Transfer (BOOST)” concession agreement signed with the Maharashtra Maritime Board (MMB), the Government of Maharashtra, to develop, operate, finance and maintain the Port. Despite restructuring under CDR, the project implementation has not been completed and revenue stream remains minimal. Capacity utilization of the port to break even depends on road and rail connectivity which is expected to take around three years of time. Further differences between the shareholders of the company is not resolved and promoter is unable to infuse funds/rope in strategic investor. Hence provisioning of 70% has been made as against required provisioning of 50% as per RBI norms.

ii. West Haryana Highways Projects Private Limited

The project involves augmentation of the existing road from Km 29.7 to Km 87 (approx. 63.49 km) on the Bahadurgarh-Rohtak Section of NH-10 in the State of Haryana by Six/Four Laning on BOT basis (toll based) for a period of 25 years from appointed date i.e. 03.05.2008. The Concessioneing Authority is NHAI. The project achieved PCOD in Nov 2015 as against SCOD of 01.05.2010 due to delay in handover of land. Further, the toll collections are much less than projections and not sufficient to service the lenders dues. In view of the same, a provision of 50% is made as against required provisioning of 30% as per RBI norms.

iii. KVK Nilanchal Power Limited

The project involves development 350 MW (1x350 MW) Coal based Thermal power Plant in the state of Orissa. The implementation of the project is stalled since May 2012 due to a status quo issued by High Court of Orissa based on a PIL filed regarding Wild Life Clearance from NBWL. Later the status quo was removed in May 2014. As per the audited balance sheet for financial year 2014-15 of the company there is a security shortfall. Hence provision of 66% has been made as against required provisioning of 20% as per RBI norms.

iv. Indira Container Terminal Private Limited

The project involves operation and management of Ballard Pier station for 5 years and development of Offshore Container Terminal (OCT) together with operation of OCT for 30 Years including period of 3 years for construction of OCT. The Licensor is Mumbai Port Trust (MbPT). The License period is 30 years. Presently, the project is stalled for various reasons. However RoRo (Roll on Roll off) operations have been permitted by Mumbai port Trust as an interim measure which is generating some revenue. The process for revival of this project including by way of rebidding with expanded scope is under discussion. In view of the above, provisioning of 60% as on 31st March 2017 against the required provisioning of 20% as per RBI norms.

v. GVK Power (Govindwal Sahib) Limited

The project involves implementation of 540 MW (2*270 MW), coal-based power project (sub-critical technology) at Goindwal Sahib, District Tarn Taran, Punjab. The project encountered multiple time/cost overrun and finally achieved COD in April 16. The plant operated for some time in July and August 2016 and thereafter it is shut down due to non-availability of coal/ shortage of WC. Company, as a long term solution requested to lenders that the loan may be structured/refinanced under 5/25 scheme or S4A scheme or any kind of deep structuring/refinancing and the matter under consideration with lenders. In view of the above, provisioning of 20% as on 31st March 2017 against the required provisioning of 10% as per RBI norms.

vi. Lucknow Sitapur Expressways Limited

Project involves Design, Engineering, Financing, Procurement, Construction, Operation Maintenance, Rehabilitation & Strengthening of existing 2 Lane Road and widening to 4 Lane divided highway from Km 488.270 to KM 413.20 of NH24 (Lucknow – Sitapur Section) in the state of Uttar Pradesh on Build, Operate and Transfer (BOT) Basis. Concessioneing Authority is National Highway Authority of India (NHAI). Project has achieved COD on 21.05.2013. However project revenues (Toll collections) are not sufficient to service the lenders dues. In view of the above, provisioning of 30% as on 31st March 2017 against the required provisioning of 10% as per RBI norms.

vii. Transstroy Tirupathi Tiruthani Chennai Tollways Private Limited

The project involves Four Laning of Tirupati – Tiruthani – Chennai section of NH-205 from km 274.800 to km 341.60 in the state of Andhra Pradesh and from km 0.00 to km 59.60 in the state of Tamil Nadu on Design, Build, Finance, Operate, Transfer (DBFOT) Basis for a period of 30 years. The Concessioneing Authority is NHAI. The project achieved PCOD in Feb 2015. However, the toll collection is not sufficient to service the lenders dues. In view of the same, a provision of 60% is made as against required provisioning of 20% as per RBI norms.

viii. Swiss Tech India Private Limited (IWRFC)

The project was sanctioned a Rupee Term Loan of Rs. 28 Cr. by Irrigation & Water Resources Finance Corporation Ltd (IWRFC) in May 2012. The account is transferred from earstwhile IWRFC in view of merger of IWRFC and IIFCL. The project involves installation & operation of RO treatment plants at 500 rural locations in four districts of United Andhra Pradesh state under scheme named as “Sujalam” on PPP basis for a period of 10 years. While the project was still under implementation, the project suffered due to bifurcation of state of Andhra Pradesh. A provision of 50% has been made in the account as against 30% required as per RBI.

ix. Lanco Teesta Hydro Power Pvt Ltd

The project involves implementation of 500 MW (4 X 125 MW) run of the river hydroelectric power project across the Teesta river (Teesta VI, “Project”). Strategic Debt Restructuring (SDR) had been invoked and lenders collectively acquired 51% stake by converting part debt to equity and the stand still period expired on 23.01.2017 and the account has been classified as NPA with effect from 30.09.2015. Borrower and lenders are continuing to pursue with Govt of Sikkim to take over the project. Considering the present status of project, repated time and cost over-run and uncertainty involved, a provision of 45% has been made as against required provisioning of 20% as per RBI Norms.

x. Ind-Barath Power (Madras) Ltd

The project involves implementation of 1*660 MW Coal based Thermal Power Project in Tuticorin. The project is presently stand still and lenders have recalled the loan. In view of the above, a provision of 50% is made as against required provisioning of 10%.

(e) Jaypee Infratech Limited

IIFCL had funded the project of Yamuna Expressway (promoter is Jaypee Infratech Ltd) for Rs. 900 crore in June 2015 under its Takeout Finance Scheme (TFS) as per the request of IDBI Bank lead Consortium after the PCOD has been achieved in year 2012, with terms and conditions under implementation of RBI scheme of flexible structuring of long term project loans to core industries (5/25 scheme). The project got delayed due to NGT order curtailing construction in the area due to proximity to Okhla Bird Sanctuary. This impacted the projected revenue generation and timely completion of the project. The order was subsequently relaxed, thus permitting the development of the project. In the meanwhile, the account has become substandard on 31.12.2016. Efforts are being made by the lenders for a resolution process by way of one time additional funding by new lender to expeditiously complete the remaining phases of project, which will further improve the overall revenues/financials of the company with the expected connectivity with Metro Rail Construction/Airport.

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19. Auditors' Remuneration includes:

(₹ in lac)

Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
(i) Audit Fee	7.20	7.20
(ii) Taxation Matters	1.80	1.80
(iii) Certification Work	2.60	3.00
(iv) Audit Fee for Half Year Ended 30 th September 2016	5.50	5.10
Total	17.10	17.10

20. The status of pending assessment of Income Tax for the various Assessment Year(s) is as under:

Assessment Year	Status
2008-09	IIFCL has filed an appeal against demand of Income Tax dues of ₹ 159 lac for assessment year 2008-09 made by the Income Tax department Vide order dated 7 th March 2014. The Commissioner of Income Tax [Appeals] - 4 passed the order dated 8 th September 2015 and dismissed the appeal of IIFCL. IIFCL has filed an appeal against the order before ITAT dated 16 th November 2015.
2009-10	Notice for reassessment under Section 147 received on 31.03.2016. Assessment order received on 29.11.2016 after disallowances. Appeal filed to CIT(A) on 27.12.2016. Income Tax demand of ₹ 11.88 crores has been deposited.
2011-12	Assessment order u/s 148 received on 29.11.2016 after disallowances. Appeal filed to CIT(A) on 27.12.2016. Income Tax demand of ₹ 7.95 crores has been deposited.
2013-14	Assessment order u/s 143(3) dated 04.02.2016 received on 23.02.2016. Appeal filed with CIT(A) on 23.03.2016 & order received on 20.10.2016 after disallowances. Appeal filed to ITAT on 19.12.2016. Income Tax demand of ₹ 48.31 lacs has been deposited.
2014-15	Return filed on time and Notice u/s 142(1) dated 20.06.2016 received on 23.06.2016. Assessment order received on 29.11.2016 after disallowances. Appeal filed to CIT(A) on 27.12.2016. Income Tax demand of ₹ 9.35 crores has been deposited.
2015-16	Notice u/s 143(2) received vide letter dated 06.04.2016 on 13.04.2016. Relevant Documents are submitted to Income Tax Department on 25.04.2016.

* In FY 2016-17, IIFCL has followed the provisions of Income Computation & Disclosure Standard (ICDS) notified by Central Board of Duties & Taxes (CBDT) vide notification no. 32/2015 dated 31st March 2015 and effective from 1st April 2015, as opined by Tax Advisor. Subsequently, However, Income Tax Department vide press release dated 6th July 2016 extended the applicability of ICDS from 1.04.2016 i.e. previous year 2016-17 (Assessment Year 2017-18).

21. (a) During the year ended 31st March 2017 the Company had assigned financial assets having a net book value of **₹10,416.00 lac** (as on 31st March 2016) to Asset Reconstruction Companies. The company had in terms of the DBOD.BP.BC. No. 98/21.04.132/2013-14 dated 26th February 2014 and RBI master circular DNBR(PD)CC.No.043/03.10.119/2015-16 on prudential norms on income recognition and assets classification dated 1st July 2015 spread over the net short fall of **₹10,416.00 lac** (NIL as on 31st March 2016) over a period of eight quarters. Consequently, an amount of ₹ 5,633.18 lac has been charged off during the year ended 31st March 2017 (₹ 7,510.91 lac during the year ended 31st March 2016).
(b) During the year ended 31st March 2017 the Company had written off 14 accounts amounting ₹ 65,880.48 lac (₹ 55,724.69 lac in 18 loan accounts as on 31st March 2016) refer note 24(A)(3.4)(iv).

22. During the year, the Company has sent letters requesting submission of confirmation of balances to Statutory Auditors by Borrowers as on 28th February 2017 and banks, parties etc. as on 31st March 2017. Some of the balances appearing under Infrastructure Loans, Borrowings and Other Debit and Credit Balances as on 28th February 2017 are subject to confirmation and reconciliation and in the opinion of management, no material impact of such confirmation and reconciliation and also on account of pending resetting of interest rates in some of the cases on financial statements is anticipated. After 31st March 2017, borrowers with outstanding balance aggregating ₹ 30,77,015.95 lac (Previous year ₹ 30,20,040.79 lac) (Excluding NPA Accounts) on 28th February 2017 representing 97.11% (Previous year 96.64%) of outstanding amount. Banks and other parties with material outstanding amounts have also given confirmations of outstanding amount of debit/credit as on 31st March 2017.

23. Disclosures pertaining to the Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities issued by ICAI on 15th May 2015:

a) Breakup of various heads of expenses included in CSR expenditure:

(₹ In Lac)

S. No.	Name of the Organization	Project Details	Year Ended 31.03.2017	Year Ended 31.03.2016
1	National Safai Karamcharis Finance & Development Corporation (NSKFDC)	Skill development of 500 women cab drivers	10.00	20.00
2	Central Electronics Limited (CEL)*	Installation of 1050 Solar street lights in Rohtas(Bihar) (Previous Year-Social upliftment of rural tribes in Jaisalmer district of Rajasthan)	110.25	366.32
3	Himachal Consultancy Organization Limited (HIMCON)*	Integrated development of Borsimaluguri (Assam)	10.81	105.56
4	National Scheduled Tribes Finance and Development Corporation	Skill upgradation for tribal artisans.	-	127.50
5	Solar Energy Corporation of India*	Distribution of 35,000 solar lanterns in backward districts of India	185.15	210.00
6	Hindustan Prefabs Limited	Construction of toilets under the Swachh Vidhayala Abhiyaan	-	218.09
7	Artificial Limb Manufacturing Corporation of India (ALIMCO)	Distribution of assistive aids and appliances to persons with Disabilities(PwDs)	-	25.78
8	ITCOT Consultancy and Services	Skill development training of 500 unemployed youths	-	54.59
9	Rajasthan Electronics and Instruments Limited (REIL)*	Installation of 2000 Solar Street Lighting System in Bhadohi (UP)	104.73	65.40
10	Sulabh International Social Service organization*	Construction of toilets in schools	43.66	55.61
11	Ministry of Health and Family Welfare (MoHWF), Government of India	Contribution to the Health Minister's Cancer Patient Fund of the Ministry of Health and Family Welfare (MoHWF), Government of India	409.37	691.72
12	Apeksha Homeo Society	Movement for creation of drop free zone in Maharashtra	-	4.00
13	National Cultural Fund, Ministry of Culture, Government of India	Contribution to the National Cultural Fund of the Ministry of Culture, Government of India	-	500.00
14	Vivekanand Kendra*	Construction of Toilets in Schools	14.30	-
15	Pyari Foundation India Trust*	Integrated development of Baghmundi (Purulia), WB	18.30	-
16	Lions Club of Palakkad*	Construction of toilets in Government aided schools, Palakkad (Kerala)	18.77	-
17	Gurgaon District Administration*	Construction of low cost diagnosis unit in Gurgaon (Haryana)	100.00	-
18	Dhyan Foundation*	Distribution of medical van for injured animals	13.42	-
19	Ministry of Youth Affairs and Sports (MYAS), Government of India*	Release of second installment to Ministry of Youth Affairs and Sports (MYAS), Government of India for contribution to the TOP Scheme of NSDF.	1000.00	-
20	Public Works Department, Ramdevra*	Construction of toilets at Ramdevra (Rajasthan)	27.00	-
21	CSR Overhead Expenditure		13.05	-
GRAND TOTAL			2,078.81	2,444.57

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b) Additional disclosure in respect of CSR expenditure:

- i) Gross amount required to be spent by the company during the year ended was ₹ 2,078.81 lac (₹ 2,444.57 lac as on 31st March 2016).
- ii) Amount spent during the year:

(₹ In Lac)

Particulars	Year Ended 31 st March 2017			Year Ended 31 st March 2016		
	In Cash	Yet to be paid in cash#	Total	In Cash	Yet to be paid in cash#	Total
(i) Construction/ Acquisition of any Asset*	1,461.23	Nil	1,461.23	810.98	Nil	810.98
(ii) On purpose other than (i) above	617.58	Nil	617.58	1,633.59	Nil	1,633.59
Total	2,078.81	Nil	2,078.81	2,444.57	Nil	2,444.57

Footnotes to note No. 23 (a) & 23 (b):

* Construction/Acquisition of any Asset includes installation of solar household lightening

#The entire amount of CSR expenditure accrued during FY 2016-17 was remitted by IIFCL upto 31st March 2017.

24. Statement of Additional information as required in terms of paragraph 13 of Non-banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(₹in lac)

Particulars	As on 31 st March 2017		As on 31 st March 2016	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side:				
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	14,94,898.32	-	14,94,918.37	-
: Unsecured	3,60,000.00	-	4,10,000.00	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	12,53,595.95	12,19,344.86	-	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans (short term bank loan)	89,666.24	1,70,028.11	-	-
Assets side:			Amount outstanding	
			As on 31st March 2017	As on 31st March 2016
(2) Break-up of Loans and Advances including bills receivables [Other than those included in (4) below]:				
(a) Secured			34,07,091.69	31,61,240.94
(b) Unsecured			-	-
(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 lease			-	-
(b) Operating lease			-	-
(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:		
Current Investments:		
1. Quoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
Long Term investments:		
1. Quoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	1,10,861.04	4,887.51
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted:		
(i) Shares: (a) Equity	25,530.83	25,105.83
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	13,000.00	13,000.00
(iv) Government Securities	17,313.79	17,338.00
(v) Others (advance against equity share capital)(Investment in venture capital units)	5,212.02	7,467.02
(vi) Investment in security receipts	21,359.11	22,032.00
Total	36,00,323.96	32,51,071.30

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

Category	Amount net of provisions (As on 31 st March 2017)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries			
(b) Companies in the same group			
(c) Other related parties			
2. Other than related parties	32,84,658.95	-	32,84,658.95
Total	32,84,658.95	-	32,84,658.95
Category	Amount net of provisions (As on 31 st March 2016)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries			
(b) Companies in the same group			
(c) Other related parties			
2. Other than related parties	30,95,221.01	-	30,95,221.01
Total	30,95,221.01	-	30,95,221.01

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(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)			
Category	Amount net of provisions (As on 31st March 2017)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	25,119.80	25,119.80
(b) Companies in the same group	-	13,000.00	13,000.00
(c) Other related parties	-	-	-
2. Other than related parties	-	411.03	411.03
Category	Amount net of provisions (As on 31st March 2016)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	24,694.80	24,694.80
(b) Companies in the same group	-	13,000.00	13,000.00
(c) Other related parties	-	-	-
2. Other than related parties	-	411.03	411.03
(7) Other information			
Particulars	As on 31st March 2017	As on 31st March 2016	
(i) Gross Non-Performing Assets			
(a) Related parties	-	-	
(b) Other than related parties	2,63,812.12	98,420.02	
(ii) Net Non-Performing Assets			
(a) Related parties	-	-	
(b) Other than related parties	1,85,172.91	70,699.91	
(iii) Assets acquired in satisfaction of debt	Nil	Nil	

25. Disclosures pursuant to Reserve Bank of India Notification DNBR(PD) CC No.002/03.10.001/ 2014-15 dated 10th November 2014

25.1 Capital

(₹ in lac)

Particulars	As at 31st March 2017	As at 31st March 2016
Tier I Capital	7,45,622.31	7,26,430.66
Tier II Capital	10,855.44	9,087.62
Total Capital	7,56,477.75	7,35,518.28
Total Risk Weighted Assets	39,40,360.25	36,23,061.50
Capital Ratios		
Tier I Capital as Percentage of Total Risk Assets (%)	18.92	20.05
Tier II Capital as Percentage of Total Risk Assets (%)	0.28	0.25
Total Capital (%)	19.20	20.30

25.2 Investments

(₹ in lac)

S.No.	Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
1	Value of investments		
(i)	Gross value of investments	1,93,276.79	89,830.36
(a)	In India	1,69,881.99	66,435.56
(b)	Outside India	23,394.80	23,394.80
(ii)	Provisions for depreciation	-	-
(a)	In India	-	-
(b)	Outside India	-	-
(iii)	Net value of investments	1,93,276.79	89,830.36
(a)	In India	1,69,881.99	66,435.56
(b)	Outside India	23,394.80	23,394.80
2	Movements of provisions held towards depreciation of investments		
(i)	Opening balance	-	-
	Add: Provisions made during the year	-	-
	Less: Write off/Write back of excess provisions during the year	-	-
	Closing balance	-	-

25.3 Derivatives

25.3.1 Forward Rate Agreement/ Interest Rate Swap

(₹ in lac)

S.No.	Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
1	The notional Principal of swap agreements	8,000.00	8,000.00
2	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
3	Collateral required by the NBFC upon entering into swaps	-	-
4	Concentration of credit risk arising from the swaps	-	-
5	The fair value of the swap book	(2,381.61)	(3,149.73)

25.3.2 Risk Exposure in Derivatives:

Qualitative Disclosure

NBFCs are required to describe their risk management policies pertaining to derivatives with particular reference to the extent to which derivatives are used, the associated risks and business purposes served. In compliance of RBI guidelines dated 10th November, 2014, same is being disclosed as under:

- IIFCL undertakes derivative transactions to mitigate currency and interest rate risk of foreign currency borrowings. The company has put in place the Hedging Policy which forms a part of Resource and Treasury policy duly approved by Board of Directors. The company's derivative transactions are governed by this policy which outlines the instruments which would be used for hedging as per the underlying liabilities.
- IIFCL undertakes derivative transaction for purpose of hedging and mitigating interest rate and currency risks (Market risk) arising on Foreign currency borrowings.
- IIFCL undertakes derivative transactions for the purpose of hedging exchange and interest rate risk of foreign currency borrowings and not for any other purpose. The terms of Derivative transactions match with the corresponding underlying (Liabilities) for continuous effectiveness. The said effectiveness is ascertained at the time of inception of hedge through matching term concept.
- The accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation is disclosed in Accounting Policy 24(A)2.

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Quantitative Disclosures

(₹ in Lac)

S.No.	Particulars	For the Year Ended 31 st March 2017		For the Year Ended 31 st March 2016	
		Currency derivatives	Interest Rate derivative	Currency derivatives	Interest Rate derivative
(i)	Derivatives (Notional Principal Amount)	7,57,831.72	7,57,831.72	7,23,347.98	7,23,347.98
	For hedging	7,49,831.72	7,49,831.72	7,23,347.98	7,23,347.98
(ii)	Marked to Market positions(1)	95,363.13	95,363.13	1,27,959.56	1,27,959.56
	a. Asset (+)	1,11,524.91	1,11,524.91	1,31,109.28	1,31,109.28
	b. Liability(-)	(16,161.77)	(16,161.77)	(3,149.72)	(3,149.72)
(iii)	Credit Exposures	-	-	-	-
(iv)	Unhedged Exposures	3,96,337.66	3,96,337.66	3,61,064.32	3,61,064.32

25.4 Disclosures relating to Securitization

Details of Financial Assets sold to Securitization/ Reconstruction Company for Asset reconstruction:

(₹ in Lac)

S.No.	Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
(i)	No. of Accounts	-	2
(ii)	Aggregate value (net of provisions) of accounts sold to SC/ RC	-	10,416.00
(iii)	Aggregate consideration	-	13,768.00
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate (gain)/loss over net book value	-	(3,352.00)

25.5 Details of Non- performing Financial Assets sold:

(₹ in Lac)

S.No.	Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
(i)	No. of accounts sold	-	2
(ii)	Aggregate outstanding	-	13,213.61
(iii)	Aggregate consideration received	-	13,768.00

25.6 Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at 31st March 2017:

(₹ in lac)

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 Months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	89,666.24	-	-	-	-	-	-	-	89,666.24
Market Borrowings	-	-	-	-	-	-	5,388.11	18,49,510.21	18,54,898.32
Assets									
Receivables under financing activity	6,246.83	1,609.32	18,542.59	28,225.29	57,524.84	3,18,997.73	4,19,618.65	25,56,237.40	34,07,002.64
Investment	-	-	366.77	36,934.47	411,732.10	129,000.00	-	43,742.88	621,776.22
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	3,085.02	-	14,552.42	-	23,492.77	97,816.19	1,17,662.98	9,96,986.57	12,53,595.95

Maturity pattern of certain items of assets and liabilities as at 31st March 2016:

(₹ in lac)

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	1,70,028.11	-	-	-	-	-	-	-	1,70,028.11
Market Borrowings	-	-	-	50,000.00	-	-	5,408.16	18,49,510.21	19,04,918.37
Assets									
Receivables under financing activity	9,260.78	2,725.87	11,561.36	23,483.04	52,369.21	3,05,547.55	3,98,757.77	23,57,535.36	31,61,240.94
Investment	30,556.78	-	-	1,76,120.00	4,97,572.92	12,437.86	9,787.66	67,604.84	7,94,080.06
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	133,48.59	-	148,05.28	913,07.46	1,05,143.21	9,94,740.31	12,19,342.46

25.7 Exposures**25.7.1 Exposure to Real estate sector**

The Company does not have any direct or indirect exposure to the real estate sector as at 31st March 2017 (previous year Nil).

25.7.2 Exposure to Capital Market:

(₹ in lac)

S.No.	Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	5,212.02	7,467.02

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25.8 Additional Disclosures: Provisions and Contingencies

(₹ in Lac)

S.No.	Breakup of Provisions and Contingencies reflected in Statement of Profit & Loss	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
(i)	Provision towards NPA	78,778.06	27,720.11
(ii)	Provision for income tax (including deferred tax)	34,615.86	49,602.28
(iii)	Provision for Standard Assets (including restructured accounts & SDR accounts)	43,654.68	38,299.82

25.9 Concentration of Advances, Exposure and NPAs:

(i) Concentration of Advances

(₹ in lac)

Particular	For the March Ended 31 st March 2017	For the Year Ended 31 st March 2016
Total Advances to twenty largest borrowers	13,47,410.90	12,93,953.07
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	39.19%	40.47%

(ii) Concentration of Exposure

(₹ in lac)

Particular	For the March Ended 31 st March 2017	For the Year Ended 31 st March 2016
Total Exposure to twenty largest borrowers	13,47,410.90	12,93,953.07
Percentage of Exposure to twenty largest borrowers/customers to Total Exposure of the NBFC on borrowers/customers	39.19%	40.47%

(iii) Concentration of NPAs

(₹ in Lac)

Particular	For the March Ended 31 st March 2017	For the Year Ended 31 st March 2016
Total Exposure to top four NPA accounts	1,69,514.85	66,109.35

(iv) Sector- wise NPAs

S.No.	Sector	% of NPAs to Total Advances in that sector	
		For the March Ended 31 st March 2017	For the Year Ended 31 st March 2016
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	7.78%	3.11%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

(v) Movement of NPAs:

(₹ in Lac)

S.No.	Particular	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
(i)	Net NPAs to Net Advances (%)	5.47%	2.24%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	98,420.02	66,226.95
	(b) Additions during the year	2,04,903.74	79,616.24
	(c) Reductions/write off during the year	38,123.08	47,423.17
	(d) Closing balance	2,65,200.68	98,420.02
(iii)	Movement of Net NPAs		
	(a) Opening balance	70,699.91	41,190.85
	(b) Additions during the year	1,47,795.82	58,596.83
	(c) Reductions during the year	32,073.11	29,087.77
	(d) Closing balance	1,86,422.62	70,699.91
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	27,720.11	25,036.10
	(b) Provisions made during the year	57,107.92	23,817.01
	(c) Write off/ write- back of excess provisions	6,049.97	21,133.00
	(d) Closing balance	78,778.06	27,720.11

25.10 Customer Complaints

S.No.	Particular	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
(a)	No. of complaints pending at the beginning of the year	0	0
(b)	No. of complaints received during the year	988	816
(c)	No. of complaints redressed during the year	988	816
(d)	No. of complaints pending at the end of the year	0	0

25.11 Additional Disclosures

S.No.	Disclosure	Comment
(i)	Registration/ license/authorization obtained from other financial regulator	Corporate Identification No. U67190DL2006GOI144520 obtained from Ministry of Corporate Affairs
(ii)	Ratings assigned by credit rating agencies and migration of ratings during the year	AAA stable assigned by various Rating agencies for domestic bonds issued by company. International Credit Rating of the company for 2015-16 is S&P BBB – There is no migration of rating during current year 2015-16
(iii)	Penalties, if any, levied by any regulator	Nil
(iv)	Information viz., area, country and joint venture partners	
	(a) Joint Ventures	None
	(b) Overseas Subsidiary	IIFC (UK) Ltd. wholly owned subsidiary of company operates from London, United Kingdom and undertakes financing infrastructure projects in India,

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25.12 Disclosure of Restructured Accounts

S. No.	Type of Restructuring		Under CDR Mechanism	Under SME Debt Restructuring Mechanism	Others (₹ in lac)					Total (₹ in lac)				
	Asset Classification		Total	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
	Details													
1	Restructured Accounts as on 01.04.2016	No. of borrowers	-	-	27	11	5	-	43	27	11	5	-	43
		Amount outstanding	-	-	3,49,663.16	77,993.47	20,018.83	-	4,47,675.46	3,49,663.16	77,993.47	20,018.83	-	4,47,675.46
		Provision thereon	-	-	15,638.97	8,760.95	5,020.24	-	29,420.16	15,638.97	8,760.95	5,020.24	-	29,420.16
2	Fresh restructuring during the FY 2016-17	No. of borrowers	-	-	3	6	5	-	14	3	6	5	-	14
		Amount outstanding	-	-	30,519.85	36,712.28	41,036.00	-	1,08,268.13	30,519.85	36,712.28	41,036.00	-	1,08,268.13
		Provision thereon	-	-	1,526.00	6,483.73	25,973.20	-	33,982.93	1,526.00	6,483.73	25,973.20	-	33,982.93
3	Upgradations to restructured standard category during the FY 2016-17	No. of borrowers	-	-	-	5	-	-	5	-	5	-	-	5
		Amount outstanding	-	-	-	36,650.63	-	-	36,650.63	-	36,650.63	-	-	36,650.63
		Provision thereon	-	-	-	3,665.07	-	-	3,665.07	-	3,665.07	-	-	3,665.07
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY 2016-17	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
5	Down gradations of restructured accounts during the FY 2016-17	No. of borrowers	-	-	5	5	-	-	10	5	5	-	-	10
		Amount outstanding	-	-	37,439.56	41,036.00	-	-	78,475.56	37,439.56	41,036.00	-	-	78,475.56
		Provision thereon	-	-	1,756.49	5,065.20	-	-	6,821.69	1,756.49	5,065.20	-	-	6,821.69
6	Write offs/ Prepayment of restructured accounts during the FY 2016-17	No. of borrowers	-	-	1	-	2	-	3	1	-	2	-	3
		Amount outstanding	-	-	82.85	-	1,064.71	-	1,147.56	82.85	-	1,064.71	-	1,147.56
		Provision thereon	-	-	3.52	-	319.41	-	322.93	3.52	-	319.41	-	322.93
7	Restructured Accounts as on 31.03.17 (closing figures)	No. of borrowers	-	-	24	7	8	-	39	24	7	8	-	39
		Amount outstanding	-	-	3,24,140.80	37,019.11	59,990.11	-	4,21,150.02	3,24,140.80	37,019.11	59,990.11	-	4,21,150.02
		Provision thereon	-	-	16,207.04	6,514.41	55,256.54	-	77,977.99	16,207.04	6,514.41	55,256.54	-	77,977.99

25.13 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total Assets (Amount in \$)
IIFC (UK) Ltd.	None	United Kingdom	Nil. IIFCL does not hold any overseas assets with IIFC (UK) Ltd.

26. Department of Investment & Public Asset Management (DIPAM), Ministry of Finance, vide their Office Memorandum (OM) F. No. 5/1/2016-Policy dated 27th May 2016 issued “Guidelines on Capital Restructuring of CPSEs”. The guidelines provide for payment of Dividend, issue of Bonus Shares, Buyback of Shares and Splitting of Shares by PSUs. The Guidelines for issue of Bonus Shares, Buyback of Shares and Splitting of Shares are not applicable to IIFCL. As per Guidelines of Payment of dividend, IIFCL was required to pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions. However, IIFCL vide letter dated 14th January 2016 had requested Government for exemption from payment of dividend for at least 3 years which amounts to ₹ 36,323.41 lacs in FY 2015-16 and ₹ 37,119.74 lacs in FY 2016-17. The reply of IIFCL’s Letter is awaited.
27. a) Ministry of Corporate Affairs (MCA) vide order dated 21st July 2016 has conveyed sanction of the Central Government to the Scheme of Amalgamation of Irrigation and Water Resources Finance Corporation Ltd. (IWRFC) with India Infrastructure Finance Company Limited (IIFCL) under Section 391 (2) read with section 394 of the Companies Act, 1956. The scheme of amalgamation is binding with effect from 1st April, 2016, being appointed date for coming into force of the said Scheme. Consequent to the amalgamation of companies and the Scheme becoming effective, the Transferor Company i.e IWRFC stands dissolved without the process of winding up with effect from the date of order.

Name and general nature of business of the amalgamating company	Irrigation and Water Resources Finance Corporation Ltd.
Effective date of amalgamation for accounting purposes	1 st April 2016
The method of accounting used to reflect the amalgamation	Nature of Merger
Particulars of the scheme sanctioned under a statute	u/s 391-394 of erstwhile Companies Act 1956
Description and number of shares issued, together with the percentage of each company’s equity shares exchanged to effect the amalgamation	Number of Shares Issued : 102,316,230 shares of ₹ 10 each. Exchange percent : 100%
The amount of any difference between the consideration and the value of net identifiable assets acquired, and the treatment thereof.	Nil

Impact to the amalgamation is as under :

Increase in Net Worth : ₹ 15,168.35 lacs

Increase in Liabilities : ₹ 874.08 lacs

Increase in Assets : ₹ 16,041.90 lacs

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- b) During the year, the Company had Specified Bank Notes or Other Denomination Notes as defined in the MCA notification G.S.R. 308(E) dated 30th March 2017 on the details of Specified Bank Notes(SBN) held and transacted during the period from 08th November 2016 to 30th December 2016, the denomination wise SBNs and Other Denomination Notes as per the notification is given below:

(amount in ₹)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	3,500	7,003	10,503
(+) Permitted receipts	-	272,053	272,053
(-) Permitted payments	-	264,709	264,709
(-) Amount deposited in Banks	3,500	-	3,500
Closing cash in hand as on 30.12.2016	-	14,347	14,347

28. The previous year figures have been regrouped wherever considered necessary.

In terms of our Report of even date
For K M Agarwal & Co
Chartered Accountants
(Firm Regn. No: 000853N)

-sd-
Meenakshi Gupta
Partner
Membership No.: 92834

Place: New Delhi
Dated:02.08.2017

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

-sd-
Praveen Mahto
(Director)
DIN No.: 06956796

-sd-
Manjari Mishra
(AGM & Company Secretary)

-sd-
Sanjeev Kaushik
(Chairman & Managing Director)
DIN No.: 02842527

-sd-
Rajeev Mukhija
(Chief General Manager-CFO)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED FOR THE YEAR ENDED 31st MARCH 2017

The preparation of financial statements of India Infrastructure Finance Company Limited for the year ended 31st March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 02 August 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of India Infrastructure Finance Company Limited for the year ended 31st March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

-sd-
(Ritika Bhatia)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board - III
New Delhi

Place : New Delhi
Date : 08 September 2017

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2327 37 38

FAX : 91-011-2327 43 80

K. M. AGARWAL & CO.

CHARTERED ACCOUNTANTS

36, NETAJI SUBHASH MARG, DARYA GANJ,

NEW DELHI-110002

E-mail : kmagarwaLl 969@rediffmail. com

REVISED INDEPENDENT AUDITOR'S REPORT

To The Members of India Infrastructure Finance Company Limited

The Revised Report is issued, in supersession of our earlier Audit Report dated 2nd August 2017, at the instance of Comptroller & Auditor General (C&AG) of India in order to make it more clarificatory. Further, we confirm that there is no change in the true and fair view of the Financial Statements as expressed in our earlier report.

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of **India Infrastructure Finance Company Limited** ("the Holding company") and its subsidiaries (the Holding company and its subsidiaries together referred to as "the group") which comprises of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated statement of Profit and Loss, the Consolidated Cash flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial Performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other Irregularities; the selection and application of appropriate accounting policies; making judgments and Estimates that are reasonable and prudent; and the design, implementation and maintenance of Adequate internal financial controls, that were operating effectively for ensuring the Accuracy and Completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2017, its consolidated profit and its cash flow for the year ended on that date.

Other Matters

- a) *We did not audit the financial statements of the three subsidiary companies i.e. India Infrastructure Finance Company (UK) Limited and IIFCL Projects Limited and IIFCL Asset Management Co. Limited, whose financial statements reflected total assets of 15,13,500.11 lac as at 31st March, 2017, Net Assets of ₹91,119.99 lac, total revenues of ₹57,283.90 lac and net cash flows amounting to 932.5 lac for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors*

One of these subsidiaries India Infrastructure Finance Company(UK) Ltd is located outside India whose Financial Statements and other financial information have been prepared in accordance with accounting principles generally accepted in United Kingdom(UK) and which have been audited by other auditor under generally accepted accounting standards applicable in United Kingdom(UK). The company management has converted the Financial Statement of India Infrastructure Finance Company(UK) Ltd. from accounting principles generally accepted in United Kingdom(UK) to accounting principles generally accepted in India. We have audited these conversion adjustments made by the company management. Our opinion in so far as it relates to the balances and affairs of India infrastructure Finance Company(UK) Ltd. is based on the report of other auditor and the conversion adjustments prepared by the management of the company and audited by US.

- b) *As per office memorandum F.No. 5/1/2016 policy dated 27th May, 2016 of Ministry of Finance Government of India, CPSEs need to pay minimum annual dividend of 30% of profit after tax or 5 percent of net worth of CPSEs whichever is higher subject to maximum dividend permitted under the extant legal provisions. Dividend payable for current financial year has not been provided (refer note no. 24(B) (23)).*
- c) *There are changes in accounting policies viz., (i) Accounting of interest income of strategic debt reconstructed accounts and provisioning thereof (2) Applicability of guidance note on accounting for derivative contracts in comparison of AS-30 during the previous year (refer note no. 24(B) (3)).*
- d) *Loan account of Mils Jaypee Infratech Limited need close monitoring in view of huge exposure of the company (refer note no.24(B)18(e)).*

Our opinion on the consolidated financial statements, and our report on other Legal and Regulatory requirements below is not qualed/modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

I. As required by section 143(3) of the Act, we report, to the extent applicable, that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
- In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors.
- The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

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- d. In our opinion the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. The requirement of sub section (2) of section 164 of the Companies Act, 2013 relating to disqualification of the Directors are not applicable to the Holding Company & its subsidiary companies being a Government Company except IIFC (UK) LIMITED incorporated with ROC of England and Wales at London under the UK Companies act 1985 (now Companies Act 2006) in terms of notification the no G.S.R.463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group (excluding subsidiary companies, incorporated outside India) and the operating effectiveness of such control, refer to our separate report in **Annexure-1**.
- g. With respect to 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 from time to time, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other Auditors on separate Financial Statements as also the other Financial Information of the subsidiaries as noted in Other Matters paragraph:
 - i. *There were no pending litigations as at 31st March 2017 which would impact the consolidated financial position of the Group.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts Refer Note 26(B)1 0.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31st March 2017.
 - iv. As required vide MCA notification G.S.R. 308 dated 30th March 2017, it is stated that the company has provided requisite disclosures in the consolidated financial statement as regards its holding and dealings in specified bank notes as defined in notification S.O. 3407 (E) dated 8th November, 2016 of the Ministry of Finance during the period from 8th November, 2016 to 30th December, 2016. Further, we report that the disclosures are in accordance with the books of account maintained by the company (refer Note no. 24(B) 24(b)).

For K M. Agarwal & Co.
Chartered Accountants
(Firm's Registration No. 000853N)

-sd-
Meenakshi Gupta
Partner
(Membership No. 92834)

Place: New Delhi
Date: 28th August 2017

** Words 'as at 31st March 2017' has been added at print stage of Annual Report pursuant to assurances/replies given to the Office of Principal Director of Commercial Audit, Member Audit Board-III, New Delhi during course of audit on observations in Half Margins of Phase-III Audit on Annual accounts of IIFCL for the year 2016-17*

ANNEXURE-1 TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED**Report on the Internal Financial Controls under Clause (i) of sub - section 3 of section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of **India Infrastructure Finance Company Limited** as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of India Infrastructure Finance Company Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiaries companies, which are companies incorporated in India are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India KATY. 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial control over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Control over Financial Reporting

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



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Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of its inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2017, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For K M. Agarwal & Co.
Chartered Accountants
(Firm's Registration No. 000853N)**

**-sd-
Meenakshi Gupta
Partner
(Membership No. 92834)**

**Place: New Delhi
Date: 28th August 2017**

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017
CIN No. U67190DL2006GOI144520

₹ in Lac

S. No.	PARTICULARS	Note No.	Year ended 31 st March 2017	Year ended 31 st March 2016
I	EQUITY AND LIABILITIES			
	(1) Shareholders' Funds			
	(a) Share capital	1	400,231.62	390,000.00
	(b) Reserves and Surplus	2	408,163.47	398,061.79
	SUB-TOTAL (1)		808,395.09	788,061.79
	(2) Non-current liabilities			
	(a) Long-term borrowings	3	4,428,974.66	4,439,100.26
	(b) Deferred tax liabilities (Net)	4	29,365.07	26,785.03
	(c) Other long term liabilities	5	51,473.13	40,427.91
	(d) Long-term provisions	6	158,867.11	83,271.70
	SUB-TOTAL (2)		4,668,679.97	4,589,584.90
	(3) Current liabilities			
	(a) Short-term borrowings	7	89,717.62	170,028.11
	(b) Trade payables	8	6,788.49	4,879.81
	(c) Other current liabilities	9	120,310.27	163,044.73
	(4) Short-term provisions	10	10,019.63	5,107.39
	SUB-TOTAL (3)		226,836.01	343,060.04
	TOTAL (1)+(2)+(3)		5,703,911.07	5,720,706.73
II	ASSETS			
	(1) Non-current assets			
	(a) Fixed Assets	11		
	(i) Tangible assets		265.22	376.31
	(ii) Intangible assets		31.68	43.57
	(iii) Capital Work in Progress		14,895.70	9,120.84
	(b) Non-current investments	12	168,156.99	65,135.56
	(c) Long term loans and advances	13	4,327,463.41	4,172,468.59
	(d) Other non-current assets	14	97,744.74	131,109.29
	SUB-TOTAL (1)		4,608,557.74	4,378,254.16
	(2) Current assets			
	(a) Trade Receivables	15	45.81	164.35
	(b) Cash and Bank Balances	16	796,139.88	1,100,555.87
	(c) Short term loans and advances	17	21,088.76	11,976.62
	(d) Other current assets	18	278,078.88	229,755.73
	SUB-TOTAL (2)		1,095,353.33	1,342,452.57
	Significant accounting policies and other notes to the financial statements	24		
	TOTAL (1)+(2)		5,703,911.07	5,720,706.73

Notes from 1 to 24 form integral part of Accounts.

In terms of our Report of even date
For K M Agarwal & Co
Chartered Accountants
(Firm Regn. No: 000853N)

-sd-
Meenakshi Gupta
Partner
Membership No.: 92834
Place: New Delhi
Dated: 02.08.2017

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

-sd-
Praveen Mahto
(Director)
DIN No.: 06956796

-sd-
Manjari Mishra
(AGM & Company Secretary)

-sd-
Sanjeev Kaushik
(Chairman & Managing Director)
DIN No.: 02842527

-sd-
Rajeev Mukhija
(Chief General Manager-CFO)

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INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)
STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017
CIN No. U67190DL2006GOI144520

₹ in Lac

S.NO.	PARTICULARS	Note No.	Year ended 31 st March 2017	Year ended 31 st March 2016
I.	Revenue from operations	19	432,203.10	468,409.93
II.	Other Income	20	15,344.70	31,753.77
III.	Total Revenue (I+II)		447,547.80	500,163.70
IV.	Expenses			
	Finance Costs	21	248,962.33	286,195.27
	Employee Benefits Expense	22	3,479.25	3,047.36
	Provision for Loan Assets	24(B)(9)	68,260.33	22,776.36
	Marked to Market Losses on Derivatives	24(B)(15)(a)	(768.12)	422.56
	Depreciation and amortisation expense	11	139.99	51.81
	CSR Expenditure	24(B)(22)(a)	2,078.81	2444.57
	Other Expenses	23	69,114.31	86,640.40
	Total Expenses		391,266.90	401,578.33
V.	PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)		56,280.90	98,585.37
VI.	Exceptional Items		-	-
VII.	PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V+VI)		56,280.90	98,585.37
VIII.	Extraordinary Items		-	-
IX.	PROFIT BEFORE TAX (VII-VIII)		56,280.90	98,585.37
X.	Tax Expense:			
(1)	Current Tax			
	- Current Year		(35,214.00)	(49,588.55)
	- Earlier Year		(4,135.79)	(1.63)
(2)	Deferred Tax			
	- Current Year	4	(2,580.02)	(5,291.73)
	- Earlier Year		-	-
XI.	Profit for the year from continuing operations (IX-X)		14,351.09	43,703.46
XII	Earnings per equity share (face value of ₹10/- each)	24(B)(7)		
(1)	Basic		0.36	1.12
(2)	Diluted		0.36	1.12
Significant accounting policies and other notes to the financial statements		24		

Notes from 1 to 24 form integral part of Accounts.

In terms of our Report of even date
For K M Agarwal & Co
Chartered Accountants
(Firm Regn. No: 000853N)

-sd-
Meenakshi Gupta
Partner
Membership No.: 92834
Place: New Delhi
Dated: 02.08.2017

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

-sd-
Praveen Mahto
(Director)
DIN No.: 06956796

-sd-
Manjari Mishra
(AGM & Company Secretary)

-sd-
Sanjeev Kaushik
(Chairman & Managing Director)
DIN No.: 02842527

-sd-
Rajeev Mukhija
(Chief General Manager-CFO)

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017
CIN No. U67190DL2006GOI144520

₹ in Lac

S. NO.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
A	<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
(i)	Net Profit before Tax	56,280.90	98,585.37
(ii)	Adjustments for:		
	Depreciation and amortisation expense	155.57	51.81
(iii)	Provision/write offs	133,423.36	79,061.12
(iv)	Provisions/ Amounts written back	(216.87)	(391.97)
(v)	Foreign Exchange Fluctuation Loss / (Profit) on borrowings	(8,311.76)	33,147.09
(vi)	(Profit)/ Loss on sale of fixed assets	0.13	(0.40)
(vii)	Interest accrued and due on loans and advances	4,894.30	(4,050.37)
(viii)	Interest accrued but not due on borrowings	(1,239.81)	3,229.96
(ix)	Interest on income tax	940.33	-
(x)	Stamp Duty on issue of Share Capital	10.23	-
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	185,936.38	209,632.61
(i)	Cash Flow From Lending Operations	(276,906.77)	(681,346.85)
(ii)	Sale of/ (Addition) to Investments	(103,072.10)	(11,702.77)
(iii)	(Increase)/decrease in Trade Receivables	118.54	27.73
(iv)	(Increase)/decrease in Current Assets, Loans and Advances	24,922.48	(119,472.53)
(v)	(Increase)/decrease in other bank balances	311,567.36	338,687.44
(vi)	Increase/(decrease) in other current liabilities	(2,159.12)	8,106.84
	CASH FLOW FROM OPERATIONS BEFORE TAX	140,406.77	(256,067.53)
(i)	Taxes paid (Net)	(34,929.49)	(43,853.88)
(ii)	Increase/(decrease) in non-current liabilities	11,123.28	13,459.63
	NET CASH FROM OPERATIONS	116,600.56	(286,461.78)
B	<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
(i)	(Purchase of)/ Sale for Fixed Assets	(35.40)	(186.36)
(ii)	(Increase)/decrease in Capital Work in progress	(5,774.86)	(9,090.83)
(iii)	Redemption of Investments in Venture Capital Units	-	240.55
	NET CASH FROM INVESTING ACTIVITIES	(5,810.26)	(9,036.64)
C	<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
(i)	Proceeds from Long term Borrowings	(1,813.84)	174,206.54
(ii)	Proceeds/ (Repayment) from Short term Borrowings	(80,310.49)	159,749.95
(iii)	Proceeds from Current Maturities of Long term debt	(37,023.67)	(48,257.66)
(iv)	Stamp Duty on issue of Share Capital	(10.23)	-
	NET CASH FROM FINANCING ACTIVITIES	(119,158.23)	285,698.83
D	<u>EFFECT OF FOREIGN EXCHANGE TRANSLATION DIFFERENCE</u>	3,784.95	4,932.62
	NET CHANGE IN CASH & CASH EQUIVALENT (A+B+C+D)	(4,582.99)	(4,866.97)
	Add: Opening Cash and Cash Equivalents	6,149.97	11,016.94
	Additions on Amalgamation	55.32	-
	Closing Cash and Cash Equivalents	1,622.31	6,149.97
	<u>Closing Cash and Cash Equivalent Comprises of :-</u>		
(i)	Cash in hand	0.40	0.17
(ii)	Current Accounts	721.91	6,079.80
(iii)	Fixed Deposit Accounts	900.00	70.00
	TOTAL	1,622.31	6,149.97

- 1) Figures of previous period (s) have been re-grouped /re-arranged wherever necessary to make them comparable to the reporting period presentation.
- 2) The following bank balances are not available for free use by the company:
- (Increase)/ decrease in other bank balances of ₹ 3,13,948.95 lac as on 31st March 2017 (₹2,70,539.89 lac as on 31st March 2016) includes ₹ 8,000 lac (₹ 8,000 lac as on 31st March 2016) on which lien has been marked for interest payment of bonds.
 - Balance in current accounts includes ₹Nil as on 31st March 2017 (₹ 31.25 lac as on 31st March 2016) on account of grant received from World Bank to be utilized for Building Capacity and Strengthening Monitoring, which has been reflected in "Other bank balances".

In terms of our Report of even date
For K M Agarwal & Co
Chartered Accountants
(Firm Regn. No: 000853N)

-sd-
Meenakshi Gupta
Partner
Membership No.: 92834

Place: New Delhi
Dated: 02.08.2017

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

-sd-
Praveen Mahto
(Director)
DIN No.: 06956796

-sd-
Manjari Mishra
(AGM & Company Secretary)

-sd-
Sanjeev Kaushik
(Chairman & Managing Director)
DIN No.: 02842527

-sd-
Rajeev Mukhija
(Chief General Manager-CFO)

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NOTES TO THE FINANCIAL STATEMENTS

Note 1 : SHARE CAPITAL

₹ in Lac

PARTICULARS	As at 31 st March 2017	As at 31 st March 2016
Authorized Share Capital 6,000,000,000 equity shares of ₹10/- each (5,000,000,000 as at 31 st March 2016)	600,000.00	500,000.00
Issued, Subscribed & Fully Paid up 4,002,316,230 (3,900,000,000 as at 31 st March 2016) equity shares of ₹10/- each	400,231.62	390,000.00

Footnotes:

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

PARTICULARS	Year ended 31 st March 2017		Year ended 31 st March 2016	
	No. of Shares	₹ in Lac	No. of Shares	₹ in Lac
Shares outstanding at the beginning of the reporting period	3,900,000,000	390,000	3,900,000,000	390,000
Shares Issued during the reporting period	102,316,230	10,231	-	-
Shares outstanding at the end of the reporting period	4,002,316,230	400,231	3,900,000,000	390,000.00

b) Entire equity share capital of the company is held by Government of India and its nominees.

c) Ministry of Corporate Affairs (MCA) vide order dated 21st July 2016 has conveyed sanction of the Central Government to the Scheme of Amalgamation of Irrigation and Water Resources Finance Corporation Ltd. (IWRFC) with India Infrastructure Finance Company Limited (IIFCL) under Section 391 (2) read with section 394 of the Companies Act, 1956. The scheme of amalgamation is binding with effect from 1st April, 2016, being appointed date for coming into force of the said Scheme. Consequent upon the amalgamation of companies and the Scheme becoming effective:

- The authorized share capital of IIFCL, being transferee company, increased from 50,000 lac equity shares of ₹ 10 each aggregating ₹ 5,00,000 lac to 60,000 lac equity shares of ₹ 10 each aggregating ₹ 6,00,000 lac.
- IIFCL issued 10,23,16,230 fully paid up equity shares of ₹ 10 each to the Government of India on 22nd July, 2016 consequent upon merger of IWRFC with it w.e.f. 1st April 2016 in lieu of 10,23,16,230 fully paid up equity shares of ₹ 10 each held by the Government of India in IWRFC. (See Note 24 (B) (24)(a))

Note 2 : RESERVES & SURPLUS

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(a)	CAPITAL RESERVE (PROFIT ON SALE OF NON CURRENT SECURITIES)		
	Opening Balance	585.14	585.14
	Add: Transfer from Surplus in Statement of Profit and Loss	-	-
	Closing Balance	585.14	585.14
(b)	SECURITIES PREMIUM ACCOUNT (ON BONDS)		
	Opening Balance	235.5	235.5
	Add: For the year	-	-
	Closing Balance	235.5	235.5
(c)	DEBENTURE/ BOND REDEMPTION RESERVE		
	Opening Balance	45,507.68	28,390.04
	Add: Transfer from Surplus in Statement of Profit and Loss	18,183.48	17,117.64
	Closing Balance	63,691.16	45,507.68
(d)	CASH FLOW HEDGE RESERVE		
	Opening Balance	-	-
	Add: Transfer from Surplus in Statement of Profit and Loss	91,940.25	-
	Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss	97,800.61	-
	Closing Balance	(5,860.36)	-
(e)	OTHER RESERVES		
(i)	SPECIAL RESERVE U/S 36(1)(viii) OF INCOME TAX ACT, 1961 (Footnote 1)		
	Opening Balance	103,338.75	78,589.24
	Add: Transfer from Surplus in Statement of Profit and Loss (Net)	17,203.94	24,749.51
	Add: Transfer from IWRFC on merger	220.46	-
	Closing Balance	120,763.15	103,338.75
(ii)	STAFF WELFARE RESERVE (Footnote 2)		
	Opening Balance	74.83	34.39
	Add: Transfer from Surplus of Profit & Loss Account	3.50	75.45
	Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss	37.20	35.01
	Closing Balance	41.13	74.83
(iii)	CORPORATE SOCIAL RESPONSIBILITY RESERVE (Footnote 3)		
	Opening Balance	2,497.42	2,497.42
	Add: Transfer from IWRFC on merger	136.36	-
	Closing Balance	2,633.78	2,497.42
(iv)	FOREIGN CURRENCY TRANSLATION DIFFERENCE RESERVE		
	Opening Balance	19,847.36	14,832.37
	Add/ Less: Adjustments during the year	(3,150.84)	5,014.99
	Closing Balance	16,696.52	19,847.36

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(f)	SURPLUS IN STATEMENT OF PROFIT AND LOSS		
	Opening Balance	225,975.11	224,175.67
	Add: Profit for the current year	14,351.09	43,703.46
	Add: Transfer from IWRFC on merger	4,408.10	-
	Add: Transfer from Staff Welfare Reserve	32.71	32.19
	Add: Adjustment of carrying amount of fixed assets (applying transitional provisions)	1.36	6.39
	Less: Transfer to Staff Welfare Reserve	3.50	75.45
	Less: Transfer to Debenture Redemption Reserve	18,183.48	17,117.64
	Less: Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	17,203.94	24,749.51
	Closing Balance	209,377.45	225,975.11
	TOTAL	408,163.47	398,061.79

Footnotes:

- 1 Special Reserve is the statutory reserve required to be maintained u/s 36(1)(viii) of Income Tax Act, 1961 by companies providing long term finance for development of infrastructure facility in India.
- 2 Staff Welfare Reserve is created to promote, among the staff, sports, cultural and other welfare activities.
- 3 From the year ended 31st March 2015, IIFCL has not created CSR Reserve towards CSR expenditure required to be incurred as per provisions of the Companies Act, 2013 and vide letter dated 3rd July 2015, has referred the issue to Department of Public Enterprises (DPE) for clarification on continuation of creating CSR Reserve and its utilization in addition to the amount required to be spent under CSR as per the provisions of the Companies Act, 2013 and the Companies (CSR Policy) Rules, 2014. The reply from DPE is still awaited.

Note 3 : LONG TERM BORROWINGS

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	SECURED BONDS[^]		
(i)	500 (500 as at 31 st March 2016) 9.36% Bonds of face value ₹ 10 lac each, redeemable on 27/07/2042	5,000.00	5,000.00
(ii)	10,500 (10,500 as at 31 st March 2016) 9.41% Bonds of face value ₹ 10 lac each, redeemable on 27/07/2037	105,000.00	105,000.00
(iii)	12,59,825 (12,59,825 as at 31 st March 2016) 8.55% Tax Free Bonds Tranche III Series 3A of face value ₹ 1000 each, redeemable on 27/03/2034	12,598.25	12,598.25
(iv)	13,15,838 (13,24,163 as at 31 st March 2016) 8.80% Tax Free Bonds Tranche III Series 3B of face value ₹ 1000 each, redeemable on 27/03/2034	13,158.38	13,241.63
(v)	96,943 (88,618 as at 31 st March 2016) 8.55% Tax Free Bonds Tranche III of face value ₹ 1,000 each, redeemable on 27/03/2034	969.43	886.18
(vi)	4,01,389 (3,27,721 as at 31 st March 2016) 8.66% Tax Free Bonds Series IV of face value ₹ 1,000 each, redeemable on 22/01/2034	4,013.89	3,277.21
(vii)	75,43,989 (75,43,989 as at 31 st March 2016) 8.66% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2034	75,439.89	75,439.89
(viii)	55,57,608 (56,31,276 as at 31 st March 2016) 8.91% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2034	55,576.08	56,312.76
(ix)	1,28,046 (1,19,541 as at 31 st March 2016) 8.50% Tax Free Bonds Series III of face value ₹ 1,000 each, redeemable on 12/11/2033	1,280.46	1,195.41
(x)	18,68,982 (18,68,982 as at 31 st March 2016) 8.50% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2033	18,689.82	18,689.82
(xi)	24,51,575 (24,60,080 as at 31 st March 2016) 8.75% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2033	24,515.75	24,600.80
(xii)	265 (265 as at 31 st March 2016) 8.37% Tax Free Bonds Series VI of face value ₹ 10 lac each, redeemable on 30/08/2033	2,650.00	2,650.00
(xiii)	20 (20 as at 31 st March 2016) 8.19% Tax Free Bonds Series V of face value ₹ 10 lac each, redeemable on 23/08/2033	200.00	200.00
(xiv)	35,812 (28,822 as at 31 st March 2016) 7.08% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2033	358.12	288.22
(xv)	1,97,353 (2,04,343 as at 31 st March 2016) 7.58% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2033	1,973.53	2,043.43
(xvi)	1,01,12,152 (1,00,83,588 as at 31 st March 2016) 7.40% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2033	101,121.52	100,835.88
(xvii)	14,52,072 (14,80,636 as at 31 st March 2016) 7.90% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2033	14,520.72	14,806.36
(xviii)	210 (210 as at 31 st March 2016) 7.41% Tax Free Bonds Series IV-C of face value ₹ 10 lac each, redeemable on 21/11/2032	2,100.00	2,100.00
(xix)	3,400 (3,400 as at 31 st March 2016) 7.41% Tax Free Bonds Series III-C of face value ₹ 10 lac each, redeemable on 15/11/2032	34,000.00	34,000.00
(xx)	93,915 (55,433 as at 31 st March 2016) 8.55% Tax Free Bonds Tranche III of face value ₹ 1,000 each, redeemable on 27/03/2029	939.15	554.33
(xxi)	1,59,58,486 (1,59,58,486 as at 31 st March 2016) 8.55% Tax Free Bonds Tranche III Series 2A of face value ₹ 1000 each, redeemable on 27/03/2029	159,584.86	159,584.86
(xxii)	27,39,954 (27,78,436 as at 31 st March 2016) 8.80% Tax Free Bonds Tranche III Series 2B of face value ₹ 1000 each, redeemable on 27/03/2029	27,399.54	27,784.36
(xxiii)	52,550 (34,333 as at 31 st March 2016) 8.48% Tax Free Bonds Series IV of face value ₹ 1,000 each, redeemable on 22/01/2029	525.50	343.33
(xxiv)	27,98,922 (27,98,922 as at 31 st March 2016) 8.48% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2029	27,989.22	27,989.22
(xxv)	14,26,308 (14,44,525 as at 31 st March 2016) 8.73% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2029	14,263.08	14,445.25
(xxvi)	58,112 (38,388 as at 31 st March 2016) 8.38% Tax Free Bonds Series III of face value ₹ 1,000 each, redeemable on 12/11/2028	581.12	383.88
(xxvii)	30,35,330 (30,35,330 as at 31 st March 2016) 8.38% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2028	30,353.30	30,353.30

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S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(xxviii)	16,02,208 (16,21,932 as at 31 st March 2016) 8.63% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2028	16,022.08	16,219.32
(xxix)	11,297 (11,297 as at 31 st March 2016) 8.48% Tax Free Bonds Series VII of face value ₹ 10 lac each, redeemable on 05/09/2028	112,970.00	112,970.00
(xxx)	11,597 (11,597 as at 31 st March 2016) 8.46% Tax Free Bonds Series VI of face value ₹ 10 lac each, redeemable on 30/08/2028	115,970.00	115,970.00
(xxxi)	6,303 (6,303 as at 31 st March 2016) 8.26% Tax Free Bonds Series V of face value ₹ 10 lac each, redeemable on 23/08/2028	63,030.00	63,030.00
(xxxii)	3,56,419 (3,54,029 as at 31 st March 2016) 7.02% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2028	3,564.19	3,540.29
(xxxiii)	1,09,199 (1,11,589 as at 31 st March 2016) 7.52% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2028	1,091.99	1,115.89
(xxxiv)	67,22,052 (67,05,758 as at 31 st March 2016) 7.36% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2028	67,220.52	67,057.58
(xxxv)	8,87,501 (9,03,795 as at 31 st March 2016) 7.86% Tax Free Bonds of face value ₹ 1,000 each, redeemable at 22/01/2028	8,875.01	9,037.95
(xxxvi)	500 (500 as at 31 st March 2016) 7.38% Tax Free Bonds Series IV-B of face value ₹ 10 lac each, redeemable on 21/11/2027	5,000.00	5,000.00
(xxxvii)	1,000 (1,000 as at 31 st March 2016) 7.38% Tax Free Bonds Series III-B of face value ₹ 10 lac each, redeemable on 15/11/2027	10,000.00	10,000.00
(xxxviii)	38,58,714 (38,58,714 as at 31 st March 2016) 8.16% Tax Free Bonds Tranche III Series 1A of face value ₹ 1000 each, redeemable on 27/03/2024	38,587.14	38,587.14
(xxxix)	12,95,786 (13,03,644 as at 31 st March 2016) 8.41% Tax Free Bonds Tranche III Series 1B of face value ₹ 1000 each, redeemable on 27/03/2024	12,957.86	13,036.44
(xL)	25,913 (18,055 as at 31 st March 2016) 8.16% Tax Free Bonds Tranche III of face value ₹ 1,000 each, redeemable on 27/03/2024	259.13	180.55
(xLi)	1,44,938 (1,14,165 as at 31 st March 2016) 8.41% Tax Free Bonds Series IV of face value ₹ 1,000 each, redeemable on 22/01/2024	1,449.38	1,141.65
(xLii)	79,57,885 (79,57,885 as at 31 st March 2016) 8.41% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2024	79,578.85	79,578.85
(xLiii)	41,16,411 (41,47,184 as at 31 st March 2016) 8.66% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2024	41,164.11	41,471.84
(xLiv)	17,26,340 (17,26,340 as at 31 st March 2016) 8.01% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2023	17,263.40	17,263.40
(xLv)	12,39,118 (12,45,503 as at 31 st March 2016) 8.26% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2023	12,391.18	12,455.03
(xLvi)	20,340 (13,955 as at 31 st March 2016) 8.01% Tax Free Bonds Series III of face value ₹ 1,000 each, redeemable on 12/11/2023	203.40	139.55
(xLvii)	50 (50 as at 31 st March 2016) 8.11% Tax Free Bonds Series VII of face value ₹ 10 lac each, redeemable on 05/09/2023	500.00	500.00
(xLviii)	100 (100 as at 31 st March 2016) 8.01% Tax Free Bonds Series VI of face value ₹ 10 lac each, redeemable on 30/08/2023	1,000.00	1,000.00
(xLix)	19,23,359 (19,21,694 as at 31 st March 2016) 6.86% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2023	19,233.59	19,216.94
(L)	1,02,278 (1,03,943 as at 31 st March 2016) 7.36% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2023	1,022.78	1,039.43
(Li)	85,13,922 (84,96,641 as at 31 st March 2016) 7.19% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2023	85,139.22	84,966.41
(Lii)	11,51,070 (11,68,351 as at 31 st March 2016) 7.69% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2023	11,510.70	11,683.51
(Liii)	2,140 (2,140 as at 31 st March 2016) 7.21% Tax Free Bonds Series IV-A of face value ₹ 10 lac each, redeemable on 21/11/2022	21,400.00	21,400.00
(Liv)	600 (600 as at 31 st March 2016) 7.20% Tax Free Bonds Series III-A of face value ₹ 10 lac each, redeemable on 15/11/2022	6,000.00	6,000.00
(Lv)	1,30,407 (1,30,407 as at 31 st March 2016) 8.30% Bonds of face value ₹ 1000 each, redeemable on 28/3/2026 with earliest buyback on 29/3/2018	1,304.07	1,304.07
(Lvi)	5,38,811 (5,40,816 as at 31 st March 2016) 8.15% Bonds of face value ₹ 1000 each, redeemable on 28/3/2021 with earliest buyback on 29/3/2016	5,388.11	5,408.16
	SUB-TOTAL (A)	1,494,898.32	1,494,918.37

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(B)	UNSECURED BONDS[^]		
(i)	10,000 8.55% Bonds of face value ₹ 10 lac each, redeemable on 03/11/2024 #	100,000.00	100,000.00
(ii)	4,000 8.12% Bonds of face value ₹ 10 lac each, redeemable on 24/08/2024 #	40,000.00	40,000.00
(iii)	6,000 8.12% Bonds of face value ₹ 10 lac each, redeemable on 12/08/2024 #	60,000.00	60,000.00
(iv)	5,000 7.90% Bonds of face value ₹ 10 lac each, redeemable on 28/04/2024 #	50,000.00	50,000.00
(v)	5,000 8.10% Bonds of face value ₹ 10 lac each, redeemable on 08/04/2024 #	50,000.00	50,000.00
(vi)	2,000 8.68% Bonds of face value ₹ 10 lac each, redeemable on 18/12/2023 #	20,000.00	20,000.00
(vii)	2,000 9.35% Bonds of face value ₹ 10 lac each, redeemable on 17/11/2023 #	20,000.00	20,000.00
(viii)	2,000 8.82% Bonds of face value ₹ 10 lac each, redeemable on 19/12/2022 #	20,000.00	20,000.00
(ix)	919 Interest linked to US\$ 6 months LIBOR Bonds of face value \$ 1 million each, subscribed by RBI, redeemable on 06/04/2024 #	595,866.73	609,599.35
(x)	231 Interest linked to US\$ 6 months LIBOR Bonds of face value \$ 1 million each, subscribed by RBI, redeemable on 06/03/2024 #	149,777.17	153,229.00
(xi)	160 Interest linked to US\$ 6 months LIBOR Non Convertible Bonds of face value \$ 1 million each, subscribed by RBI, redeemable at par on 04/03/2023 #	103,741.76	106,132.64
(xii)	117 Interest linked to US\$ 6 months LIBOR Non Convertible Bonds of face value \$ 1 million each, subscribed by RBI, redeemable at par on 05/07/2022 #	75,861.16	77,609.49
(xiii)	123 Interest linked to US\$ 6 months LIBOR Non Convertible Bonds of face value \$ 1 million each, subscribed by RBI, redeemable at par on 30/03/2022 #	79,751.48	81,589.47
(xiv)	170 Interest linked to US\$ 6 months LIBOR Non Convertible Bonds of face value \$ 1 million each, subscribed by RBI, redeemable at par on 27/02/2022 #	110,225.62	112,765.93
(xv)	130 Interest linked to US\$ 6 months LIBOR Non Convertible Bonds of face value \$ 1 million each, subscribed by RBI, redeemable at par on 16/09/2021 #	84,290.18	86,232.77
(xvi)	250 Interest linked to US\$ 6 months LIBOR Non Convertible Bonds of face value \$ 1 million each, subscribed by RBI, redeemable at par on 19/03/2019 #	162,096.50	165,832.25
	SUB-TOTAL (B)	1,721,610.60	1,752,990.90
(C)	UNSECURED TERM LOANS FROM OTHER PARTIES		
(i)	Asian Development Bank (ADB)*	931,701.47	977,095.05
(iii)	IBRD (World Bank)*	120,265.23	129,349.16
(iii)	European Investment Bank (EIB)*	138,494.95	56,321.63
(iv)	Kreditanstalt für Wiederaufbau (KFW)*	22,004.09	28,425.15
	SUB-TOTAL (C)	1,212,465.74	1,191,190.99
	TOTAL (A)+(B)+(C)	4,428,974.66	4,439,100.26

Unsecured Bonds are Guaranteed by Government of India [including Nil as on 31st March 2017 (₹ 50,000 Lac as on 31st March 2016) being the amount due to within 1 year from the end of reporting period and shown as “Other Current Liabilities” in Note 9]

* Unsecured Term loans from other parties are Guaranteed by Government of India [including ₹ 30,754.07 Lac, ₹ 4,206.10 Lac and ₹ 6,170.04 Lac as on 31st March 2017 (₹ 23,592.58 Lac, ₹ 4,561.30 Lac and ₹ Nil as on 31st March 2016) being the amount due to ADB, KFW and World Bank respectively within 1 year from the end of reporting period and shown as “Other Current Liabilities” in Note 9].

[^] All secured and unsecured bonds issued by IIFCL are non convertible and redeemable at par. Further, the secured bonds are secured on pari passu basis by all rights, titles, interests, benefit, claims and demands whatsoever of the Company's accounts including receivables of the Company of whatsoever nature, present and future.

TERMS OF REPAYMENT OF LONG TERM LOANS

i) Asian Development Bank

Tranche	Loan Amount (including short term) as per Agreement (\$ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
I	3000	6M USD LIBOR +20bps	15.12.2012	15.06.2032	Semi-Annual	Each instalment of 2.50% of loan amount
II	2000	6M USD LIBOR +20bps	15.06.2014	15.12.2033	Semi-Annual	Each instalment of 2.50% of loan amount
III	2100	6M USD LIBOR +20bps	15.12.2014	15.06.2034	Semi-Annual	Ballooning instalments starting from 0.827816% to upto 5.550311% of loan amount
IV	2500	6M USD LIBOR +30bps	15.12.2015	15.06.2035	Semi-Annual	
V	2400	6M USD LIBOR +40bps	15.12.2016	15.06.2036	Semi-Annual	
VI	4000	6M USD LIBOR +40bps	15.03.2018	15.03.2033	Semi-Annual	Ballooning instalments starting from 2.173900% to upto 4.559913% of loan amount
Total	16000					

ii) IBRD (World Bank)

	Loan Amount as per Agreement (\$ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
	1950*	6M USD LIBOR +variable spread	15.04.2017	15.04.2037	Semi-Annual	Instalment (s) of 2.44% of loan amount upto 15.10.2036 and 2.40% on 15.04.2037

* The loan amount of IBRD (World Bank) has reduced to \$ 1,950 lac due to restructuring of its line of credit dated 18th December 2013 giving details of cancellation of loan amount of \$ 10,000 lac.

iii) Kreditanstalt für Wiederaufbau (KfW)

	Tranche	Loan Amount as per Agreement (Euro in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
	Portion-I	165.89	0.75%	30.06.2020	30.06.2050	Semi-Annual	- Euro 271,000 from 30.06.2020 to 30.12.2021 - Euro 272,000 from 30.06.2022 to 30.12.2049 and Euro 272581.03 on 30.06.2050
	Portion-II	334.11	4.99%	30.06.2015	30.06.2020	Semi-Annual	- Euro 3,037,000 from 30.06.2015 to 30.06.2018 - Euro 3,038,000 from 30.12.2018 to 30.12.2019 and Euro 3,038,418.97 on 30.06.2020
	Total	500.00					

iv) European Investment Bank

	Tranche	Loan Amount as per Agreement (Euro in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
	Portion-I	350.00	6M EURIBOR+All-in spread of 0.275%	22.06.2020	20.12.2034	Semi-Annual	Each instalment of Euro 11,66,666.67
	Portion-II	400.00	6M EURIBOR+All-in spread of 0.436%	21.06.2021	20.12.2034	Semi-Annual	Each instalment of Euro 14,28,571.43
	Portion-III	400.00	6M EURIBOR+All-in spread of 0.426%	21.06.2021	20.12.2034	Semi-Annual	Each instalment of Euro 14,28,571.43
	Portion-IV	850.00	6M EURIBOR+All-in spread of 0.346%	21.06.2021	20.12.2034	Semi-Annual	Each instalment of Euro 30,35,714.29
	Total	2000.00					

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Note 4 : DEFERRED TAX LIABILITIES (NET)

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(I)	Deferred tax Liability on account of:		
(i)	Special Infrastructure Reserve created under section 36(1)(viii) of Income Tax Act, 1961	41,792.42	35,763.48
(ii)	Depreciation	1.06	4.04
(iii)	Provision for Leave Fare Concession	22.03	21.29
(iv)	Preliminary Expenses	-	-
(v)	Deduction claimed for standard loan assets	1,511.95	1,511.95
	Deferred Tax Liability	43,327.46	37,300.76
(II)	Deferred tax Assets on account of:		
(i)	Interest credited to Sundry Liabilities Account (Interest Capitalisation) offered for tax	12,890.91	9,232.89
(ii)	Depreciation	12.52	-
(iii)	Provision for Leave Encashment	3.81	18.99
(iv)	Provision for Gratuity	2.89	1.38
(v)	Provision for Wage Revision	-	14.22
(vi)	Provision for Leave Fare Concession	3.69	3.03
(vii)	Provision for Sick Leave	25.42	21.17
(viii)	Preliminary Expenses	-	0.07
(ix)	Expenses on which TDS not deducted	4.98	3.98
(x)	Provision for Performance Linked Incentive to Wholetime Directors	(15.39)	10.11
(xi)	Provision for Medical Assistance Scheme	171.42	109.75
(xii)	Deferred Tax Assets of IAMCL	37.91	10.08
(xiii)	Provision for contingencies*	824.23	1,090.06
	Deferred Tax Assets	13,962.39	10,515.73
	Deferred Tax Liability (Net)	29,365.07	26,785.03

* Created in respect of marked to market losses on derivatives

Note 5 : OTHER LONG TERM LIABILITIES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(a)	Trade payables	9,826.14	9,352.90
(b)	Others:		
(i)	Security deposit received	8.75	6.66
(ii)	Sundry Liabilities Account (Interest Capitalisation)	41,638.24	31,068.35
	TOTAL	51,473.13	40,427.91

Note 6 : LONG TERM PROVISIONS

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Provision for Employee Benefits [See note 24 (B) (10)]		
(i)	Leave Encashment	45.41	162.58
(ii)	Sick Leave	115.47	103.39
(iii)	Post-retirement medical benefit	493.82	310.80
(iv)	Leave Fare Concession	54.25	11.42
(v)	Gratuity	13.71	12.96
(vi)	Performance Linked Incentive to Wholetime Directors	18.12	-
	SUB-TOTAL (A)	740.78	601.15
(B)	Others [See note 24 (B) (10)]		
(i)	Marked to market losses on derivatives	2,381.61	3,149.73
(ii)	Contingent Provisions against Standard Assets	13,525.00	12,106.81
(iii)	Provisions against Sub-standard Assets	23,236.26	20,085.11
(iv)	Provisions against Doubtful Assets	76,879.71	17,338.70
(v)	Provisions against Restructured Assets	27,533.49	20,846.96
(vi)	Provisions against Strategic Debt Restructured Assets	14,570.26	9,143.24
	SUB-TOTAL (B)	158,126.33	82,670.55
	TOTAL (A)+(B)	158,867.11	83,271.70

Note 7 : SHORT TERM BORROWINGS

₹ in Lac

PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
Loans repayable on demand from banks*	89,717.62	170,028.11
(Secured by pledge of fixed deposit receipts of ₹ 3,94,574 Lac (₹ 3,51,078.78 Lac as at 31 st March 2016))		
TOTAL	89,717.62	170,028.11

Net of debit balance

Note 8 : TRADE PAYABLES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(i)	Withholding Tax payable to borrowers	6,788.49	4,863.12
(ii)	Miscellaneous Liabilities	-	16.69
	TOTAL	6788.49	4879.81

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Note 9 : OTHER CURRENT LIABILITIES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Current maturities of long term debt (See footnotes of Note 3):		
(i)	IBRD (World Bank)	6,170.04	-
(ii)	Asian Development Bank (ADB)	30,754.07	23,592.58
(iii)	Kreditanstalt für Wiederaufbau (KfW)	4,206.10	4,561.30
(iv)	5,000 8.70% Bonds of face value ₹ 10 lac each, redeemable on 02/09/2016	-	50,000.00
	SUB-TOTAL (A)	41,130.21	78,153.88
(B)	Interest accrued but not due on borrowings		
	On bonds and term loans	75,656.71	76,896.52
	SUB-TOTAL (B)	75,656.71	76,896.52
(C)	Income received in advance		
(i)	Amount pending appropriation*	2,732.70	2,887.27
(ii)	Grants received from World Bank	(0.02)	17.99
	SUB-TOTAL (C)	2,732.68	2,905.26
(D)	Other payables		
(i)	Duties & Taxes payable	90.05	101.31
(ii)	PF deducted on behalf of employees/ whole time directors	6.70	6.52
(iii)	Unclaimed Interest on Bonds	1.38	1.38
(iv)	Commitment Charges payable	(0.33)	-
(v)	Payable to Employees/ Wholetime Directors	5.16	5.29
(vi)	Contribution towards gratuity fund payable to LIC	23.68	36.72
(vii)	Others	664.03	4,937.85
	SUB-TOTAL (D)	790.67	5,089.07
	TOTAL (A)+(B)+(C)+(D)	120,310.27	163,044.73

* Amount pending appropriation is adjustable in loan accounts towards interest/ principal on due date and/or prepayment in loan accounts.

Note 10 : SHORT TERM PROVISIONS

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Provision for Employee Benefits [See note 24 (B) (10)]		
(i)	Leave Encashment	0.87	21.41
(ii)	Sick Leave	3.76	3.55
(iii)	Leave Fare Concession	26.68	18.34
(iv)	Gratuity	-	0.03
(v)	Performance Linked Incentive to Wholetime Directors	-	91.80
(vi)	Post-retirement medical benefit	10.89	6.69
(vii)	Wage Revision [See note 24(B)(17)]	821.71	530.90
	SUB-TOTAL (A)	863.91	672.72
(B)	Others [See note 24 (B) (10)]		
(i)	Income Tax (Net)	7,701.93	2,387.98
(ii)	Contingent Provisions against Standard Assets	370.39	237.82
(iii)	Provisions against Sub-standard Assets	285.26	895.56
(iv)	Provisions against Doubtful Assets	19.00	32.98
(v)	Provisions against Restructured Assets	644.33	880.33
(vi)	Provisions against Strategic Debt Restructured Assets	134.81	-
	SUB-TOTAL (B)	9,155.72	4,434.67
	TOTAL (A)+(B)	10,019.63	5,107.39

Note 11 : FIXED ASSETS

₹ in Lac

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Addition	Disposals/ Adjustments	As at 31.03.2017	As at 01.04.2016	For the Period	Deductions/ Reversals	As at 31.03.2017	As at 31.03.2016
TANGIBLE ASSETS									
FURNITURE & FITTINGS	207.92	4.92	33.52	179.32	83.71	37.37	32.56	90.80	124.21
VEHICLES	106.19	-	-	106.19	43.08	18.30	-	44.81	63.11
OFFICE EQUIPMENTS	37.10	3.49	5.62	34.97	25.65	4.36	4.53	9.49	11.45
PLANT & MACHINERY	7.81	1.82	(23.81)	33.44	2.66	2.12	(22.30)	6.36	5.15
COMPUTER HARDWARE	364.39	41.80	135.88	270.31	257.97	60.52	103.90	55.72	106.42
LEASEHOLD DEVELOPMENTS	81.46	-	1.83	79.63		6.67	0.57	58.04	65.97
TOTAL	804.87	52.03	153.04	703.86	428.56	129.34	119.26	265.22	376.31
Previous Year	631.50	185.59	12.22	804.87	414.87	118.31	104.62	376.31	216.63
INTANGIBLE ASSETS*									
COMPUTER SOFTWARE*	102.76	14.34	-	117.10	59.19	26.23	-	31.68	43.57
TOTAL	102.76	14.34	-	117.10	59.19	26.23	-	31.68	43.57
Previous Year	100.53	2.23	-	102.76	35.80	24.01	0.62	43.57	64.73
Capital Work-in-progress									
Capital Work-in-progress [#]	9,120.84	5,774.86	-	14,895.70	-	-	-	14,895.70	9,120.84
TOTAL	9,120.84	5,774.86	-	14,895.70	-	-	-	14,895.70	9,120.84
Previous Year	30.01	9,090.83	-	9,120.84	-	-	-	9,120.84	30.01

* Intangible Assets held by company are other than internally generated intangible assets.

Details of Capital Work-in-progress in above table are indicated at print stage of Annual Report pursuant to assurances/repplies given to the Office of Principal Director of Commercial Audit, Member Audit Board-III, New Delhi during course of audit on observations in Half Margins of Phase-III Audit on Annual accounts of IIFCL for the year 2016-17.

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Note 12 : NON-CURRENT INVESTMENTS

₹ in Lac

S.NO.	PARTICULARS	Year ended 31 st March 2017			Year ended 31 st March 2016		
(A)	<u>TRADE INVESTMENTS</u>						
(a)	<u>Investment in Equity Instruments - Unquoted (Fully Paid) (See footnotes b and c)</u>	Number of Shares	Face Value		Number of Shares	Face Value	
	Delhi Mumbai Industrial Corridor Development Corporation Ltd.	4,100,000	₹ 10	411.03	4,100,000	₹ 10	411.03
				411.03			411.03
(b)	<u>Investment in Venture Capital Units (Unquoted) (Fully Paid) (See footnotes b and c)</u>	Number of Units	Face Value		Number of Units	Face Value	
	IDFC Project Equity Domestic Investors Trust II (Fully Paid)	5,212,020	₹ 100	5,212.02	7,467,022	₹ 100	7,467.02
				5,212.02			7,467.02
(c)	<u>Investment in Bonds (Quoted) (Fully Paid) (See footnote a and c)</u>	Number of Bonds	Face Value		Number of Bonds	Face Value	
(i)	8.90% PNB 2019	200	₹10 lac	1984.03	200	₹10 lac	1,984.03
(ii)	10.60% IRFC 2018	50	₹10 lac	500.13	50	₹10 lac	500.22
(iii)	11.00% PFC 2018	50	₹10 lac	470.00	50	₹10 lac	478.11
(iv)	11.25% PFC 2018	100	₹10 lac	940.96	100	₹10 lac	959.23
(v)	6.90% PFC 2018	10,600	₹10 lac	106,000.00	-	-	-
				109,895.12			3,921.59
	SUB-TOTAL (A)			115,518.17			11,799.64
(B)	<u>OTHER INVESTMENTS</u>	Number of Units	Face Value		Number of Units	Face Value	
(a)	<u>Investment in Government Securities (Unquoted) (See footnote b and c)</u>						
(i)	6.05% GOI 2019	2,000,000	₹ 100	1,980.00	2,000,000	₹ 100	1,980.00
(ii)	6.35% GOI 2020	7,500,000	₹ 100	6,834.51	7,500,000	₹ 100	6,834.51
(iii)	6.90% GOI 2019	2,000,000	₹ 100	1,952.09	2,000,000	₹ 100	1,952.09
(iv)	7.76% SL (Karnataka) 2019	500,000	₹ 100	503.82	500,000	₹ 100	505.81
(v)	7.85% SL (Andhra Pradesh) 2019	1,000,000	₹ 100	1,000.74	1,000,000	₹ 100	1,001.06
(vi)	8.27% SL (Kerala) 2019	1,000,000	₹ 100	1,002.45	1,000,000	₹ 100	1,003.69
(vii)	8.43% SL (West Bengal) 2019	1,500,000	₹ 100	1,523.77	1,500,000	₹ 100	1,535.99
(viii)	8.48% SL (Tamil Nadu) 2019	2,500,000	₹ 100	2,516.41	2,500,000	₹ 100	2,524.85
				17,313.79			17,338.00
(b)	<u>Investment in Bonds (Quoted) (Fully Paid) (See footnote a and c)</u>	Number of Bonds	Face Value		Number of Bonds	Face Value	
	8.83% Neyveli Lignite Corp. Ltd. 2019	100	₹10 lac	965.92	100	₹10 lac	965.92
				965.92			965.92
(c)	<u>Investment in Mutual Funds (Unquoted) (Fully Paid) (See footnote b and c)</u>	Number of Units	Face Value		Number of Units	Face Value	
	IIFCL Mutual Fund IDF Series I (Subscribed units of IIFCL Mutual Fund- Infrastructure Debt Fund Series- I managed by IIFCL Asset Management Company Limited as Strategic Investor as per SEBI (Mutual Funds) Regulation 1996)*	1300	₹10 lac	13,000.00	1300	₹10 lac	13,000.00
				13,000.00			13,000.00

₹ in Lac

S.NO.	PARTICULARS	Year ended 31 st March 2017		Year ended 31 st March 2016	
(d)	<u>Investment in Security Receipts (Unquoted) (Fully Paid) (See footnote b and c)*</u>	Number of Shares	Face Value	Number of Shares	Face Value
(i)	Edelweiss Asset Reconstruction Company Ltd. (EARC Trust-SC 135-Series I)	42500	₹ 1000 425.00	42500	₹ 1000 425.00
(ii)	Edelweiss Asset Reconstruction Company Ltd. (EARC Trust-SC 207-Series I)	923780	₹ 1000 8,564.91	923780	₹ 1000 9,237.80
(iii)	Asset Reconstruction Company (India) Ltd. (Arcil-AST-VIII-Trust)	990420	₹ 1000 9,904.20	990420	₹ 1000 9,904.20
(iv)	Phoenix ARC Private Limited (Phoenix Trust FY 16-20)	246500	₹ 1000 2,465.00	246500	₹ 1000 2,465.00
			21,359.11		22,032.00
	SUB-TOTAL (B)		52,638.82		53,335.92
	TOTAL (A)+(B)		168,156.99		65,135.56

Footnotes:(a) **Aggregate amount of quoted investments:**

(i)	Cost/ Book Value	110,861.04	4,887.51
(ii)	Market Value	6,196.38	5,211.39

(b)	Aggregate amount of unquoted investments - Cost/ Book Value	57,295.95	60,248.05
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(c) Refer Note 24(A)(5) for valuation of individual investments.

(d) **Ratings assigned by credit rating agencies and migration of ratings during the year:**

The domestic debt instruments of IIFCL have “AAA” rating- the highest rating assigned by CRISIL, CARE, India Ratings & Research, ICRA and Brickworks- Credit Rating Agencies.

The ratings assigned to the company were affirmed by Standard and Poor’s as BBB-/Negative/A-3 which are at par with the sovereign ratings.

There has been no migration of ratings during the year.

* NAV per unit of the following investmets is under:

(i)	IIFCL Mutual Fund IDF Series I	1,385,719.32	1,248,010.25
(ii)	EARC Trust-SC 135-Series I	1,000.00	1,000.00
(iii)	EARC Trust-SC 207-Series I	1,390.74	NA.
(iv)	Arcil-AST-VIII-Trust	1,000.00	1,000.00
(v)	Phoenix Trust FY 16-20	1,000.00	NA.

The fluctuation in NAV is considered as temporary.

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Note 13: LONG TERM LOANS AND ADVANCES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	SECURITY DEPOSIT (Unsecured, Considered good)	701.24	706.77
	SUB-TOTAL (A)	701.24	706.77
(B)	LOANS AND ADVANCES TO RELATED PARTIES Secured, Considered good Loan to employees*	8.23	10.33
	SUB-TOTAL (B)	8.23	10.33
(C)	OTHER LOANS AND ADVANCES		
(I)	<u>Secured, Considered good</u> Infrastructure Loans: Standard Assets		
(i)	Direct Lending	3,291,610.69	3,155,144.18
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	4,634.47	8,313.15
(iii)	Takeout financing Scheme	773,621.48	857,836.01
(II)	<u>Secured, Others</u> Infrastructure Loans: Sub-standard Assets		
(i)	Direct Lending	43,024.63	82,201.58
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	2,020.11	696.90
(iii)	Takeout financing Scheme	90,000.00	4,252.45
	Loan to employees	267.34	252.50
(III)	<u>Unsecured, Considered good</u> Advance recoverable from employees	18.14	12.04
(IV)	<u>Doubtful</u> Infrastructure Loans (Doubtful Assets)		
(i)	Direct Lending	121,038.44	61,705.05
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	518.64	1,337.63
(iii)	Takeout financing Scheme	-	-
	SUB-TOTAL (C)	4,326,753.94	4,171,751.49
	TOTAL (A) + (B) + (C)	4,327,463.41	4,172,468.59

Footnote:

Sector	Particulars of Security #	Amount (₹ in Lac)	
Power and Other Sectors	Mortgage: First parri-passu charge by way of mortgage of Borrower's all immovable properties, present and future. Hypothecation: First parri-passu charge by way of hypothecation of all the Borrower's movable assets including plant and machinery etc. Pledging of shares minimum of 51% Escrow account and all rights and titles and interest of borrowers rank parri- passu	3,303,335.82	3,135,053.82
Road and Air-port (PPP)	Right to receive annuity and toll collections of the project Escrow account and all rights and titles and interest of borrower rank pari passu Hypothecation: First parri-passu charge by way of hypothecation of all the Borrower's movable assets.	1,220,955.21	1,174,498.87
	TOTAL#	4,524,291.03	4,309,552.70

The Infrastructure loan amount in Footnote giving particulars of security above includes ₹ 1,97,822.57 lac as on 31st March 2017 (₹ 1,38,065.75 lac as on 31st March 2016) being amount of loans due within a year and principal overdue amount which are shown in Note 18. Further, aggregate provisions of ₹ 1,57,198.51 Lac has been made against these advances till 31st March 2017 (₹ 81,567.51 Lac till 31st March 2016) as per RBI norms.

* Pursuant to applicability of provisions of The Companies Act, 2013 w.e.f. 1st April 2014 and approval of the Board of Directors in the meeting held on 11th November 2014, Chief General Manager- Chief Financial Officer is considered as Key Managerial Personnel. Accordingly, House Building Loan extended to him is classified as loans and advances to related parties. The total amount of loan was ₹ 10.33 lac as on 31st March 2017 (₹ 12.43 lac as on 31st March 2016).

Note 14: OTHER NON CURRENT ASSETS

₹ in Lac

PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
Derivative Asset	97,744.74	131,109.29
TOTAL	97,744.74	131,109.29

Note 15: TRADE RECEIVABLES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
	Unsecured, considered good: Dues not exceeding six months		
(i)	Management Fees and recoverable expenses (IIFCL Mutual Fund)	0.29	46.47
(ii)	Guarantee Fees Receivable	17.25	25.53
(iii)	Consultancy and Service Fees recoverable	23.58	84.41
	Dues exceeding six months		
(iv)	Consultancy and Service Fees recoverable	4.69	7.94
	TOTAL	45.81	164.35

Note 16: CASH AND BANK BALANCES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	CASH AND CASH EQUIVALENTS		
(i)	Balances with banks*	721.91	5,443.17
(ii)	Balances with Other Banks (held by Subsidiary Company in UK)	-	636.63
(iii)	Cash on hand	0.40	0.17
(iv)	Flexi Deposits with banks	-	-
(v)	Fixed Deposits with banks (Unencumbered)	900.00	70.00
	SUB-TOTAL (A)	1,622.31	6,149.97
(B)	OTHER BANK BALANCES		
(i)	Earmarked balances with banks for unclaimed interest on bonds	1.38	1.38
(ii)	Earmarked balances with banks on account of grant received from World Bank	-	31.25
(iii)	Funds under remittance	-	30,176.00
(iv)	Fixed Deposits with banks (Unencumbered)# (original maturity more than three and upto twelve months)	105,926.08	336,405.92
(v)	Fixed Deposits with banks (Unencumbered, held by Subsidiary Company in UK) (original maturity more than three and upto twelve months)	372,292.01	233,132.42
(vi)	Fixed Deposits with banks (Unencumbered) (original maturity more than twelve months)	1,606.18	1,501.88
(vii)	<u>Fixed Deposits with banks (Encumbered)#:</u> (original maturity more than three and upto twelve months)	-	-
(a)	Held as security against Interest Payment of Bonds	69,658.92	17,100.00
(b)	Pledged to avail overdraft facility from banks	245,033.00	476,057.05
	SUB-TOTAL (B)	794,517.57	1,094,405.90
	TOTAL (A)+(B)	796,139.88	1,100,555.87

* Net of credit balance

2.05

Bank Fixed Deposit of ₹ 110 lacs held by a subsidiary company as on 31st March 2017 is included in Unencumbered Bank Fixed Deposit in place of Encumbered Bank Fixed Deposits at print stage of Annual Report pursuant to assurances/replies give to the Office of Principal Director of Commercial Audit, Member Audit Board-III, New Delhi during course of audit on observation in Half Margins of Phases-III Audit on Annual account of IIFCL for the year 2016-17

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Note 17: SHORT TERM LOANS & ADVANCES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Loans and advances to related parties (Unsecured, considered good)		
(i)	Expenses Incurred on behalf of subsidiary companies	0.35	-
(ii)	Expenses Incurred on behalf of associate company i.e.Irrigation & Water Resources Finance Corporation Limited	-	1.21
(iii)	Loan to employees*	2.10	2.10
	SUB-TOTAL (A)	2.45	3.31
(B)	Others		
(I)	Secured, considered good		
	Loan to employees	57.23	54.50
(II)	Unsecured, considered good		
(i)	Security deposit	44.17	26.78
(ii)	Advances recoverable from employees	33.29	25.43
(iii)	Advance Tax paid (Net)	96.29	890.40
(iv)	Income Tax Recoverable	6,630.00	10,911.51
(v)	Service Tax Recoverable (CENVAT)	6.12	0.47
(vi)	Prepaid Expenses	5,853.36	47.68
(vii)	Other advances	8,365.85	16.54
	SUB-TOTAL (B)	21,086.31	11,973.31
	TOTAL (A)+(B)	21,088.76	11,976.62

*Pursuant to applicability of provisions of The Companies Act, 2013 w.e.f. 1st April 2014 and approval of the Board of Directors in the meeting held on 11 November 2014, Chief General Manager- Chief Financial Officer is considered as Key Managerial Personnel. Accordingly, House Building Loan extended to him is classified as loans and advances to related parties. The total amount of loan was ₹ 10.33 lac as on 31st March 2017 (₹ 12.43 lac as on 31st March 2016).

Note 18: OTHER CURRENT ASSETS

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Infrastructure Loans (See Footnote in Note 13)		
(I)	<u>Secured, Considered good</u>		
	Standard Assets:		
(i)	Direct lending	116,988.95	88,561.18
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	2,180.43	1,757.57
(iii)	Takeout financing Scheme	40,725.09	39,648.45
(II)	<u>Secured, Others</u>		
	Sub-standard Assets:		
(i)	Direct lending	30,362.42	2,887.92
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	12.57	45.94
(iii)	Takeout financing Scheme	-	1,330.61
(III)	<u>Doubtful</u>		
	Doubtful Assets:		
(i)	Direct lending	7,499.99	3,563.50
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	53.12	270.58
(iii)	Takeout financing Scheme	-	-
	SUB-TOTAL (A)	197,822.57	138,065.75
(B)	Interest accrued and due on loans and advances	30,806.09	35,700.39
	SUB-TOTAL (B)	30,806.09	35,700.39
(C)	Interest accrued but not due on:		
(i)	Fixed Deposits with Banks	7,968.39	16,804.49
(ii)	Bonds	644.97	145.35
(iii)	Government Securities	204.88	204.88
(iv)	Loans & Advances	40,522.81	33,159.85
	SUB-TOTAL (C)	49,341.05	50,314.57
(D)	Others	109.17	5,675.02
	SUB-TOTAL (D)	109.17	5,675.02
	TOTAL (A)+(B)+(C)+(D)	278,078.88	229,755.73

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Note 19: REVENUE FROM OPERATIONS

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Interest		
(i)	Interest on Loans and Advances under Direct Lending	268,168.43	291,371.33
(ii)	Interest on Loans under PMDO Scheme	907.65	1,156.56
(iii)	Interest on Loans and Advances under Refinancing Scheme	-	4,492.90
(iv)	Interest on Loans and Advances under Takeout Financing Scheme	95,936.04	80,728.16
(v)	Penal Interest	431.36	682.48
(vi)	Interest on Government Securities	1,273.70	1,273.69
(vii)	Interest on Bonds	985.81	488.75
(viii)	Interest on Deposits with Banks	55,137.61	79,800.79
	SUB-TOTAL (A)	422,840.60	459,994.66
(B)	Other Financial Services		
(i)	Upfront Fee	2,279.96	4,760.66
(ii)	Processing fee	220.00	329.22
(iii)	Pre-Payment Charges	3,032.13	335.30
(iv)	Commission Received	639.91	399.28
(v)	Commitment Charges	255.63	963.13
(vi)	Fees from Credit Enhancement	172.30	115.09
(vii)	Consultancy and Service Fees	162.69	201.16
(viii)	Investment Management Fees	441.98	402.78
(ix)	Other Charges	2,157.90	908.65
	SUB-TOTAL (B)	9,362.50	8,415.27
	TOTAL (A) + (B)	432,203.10	468,409.93

Note 20: OTHER INCOME

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Interest Income		
	Interest on Deposits with Banks	171.15	134.14
	SUB-TOTAL (A)	171.15	134.14
(B)	Other Non-Operating Income		
(i)	Gain on Swap Deals	6,621.23	30,965.97
(ii)	Net foreign exchange gain	8,311.76	-
(iii)	Grants received	-	245.13
(iv)	Amounts/ Provisions other than provision on loan assets written back	216.87	391.97
(v)	Miscellaneous Income	23.69	16.56
	SUB-TOTAL (B)	15,173.55	31,619.63
	TOTAL (A) + (B)	15,344.70	31,753.77

Note 21: FINANCE COSTS

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(A)	Interest Expense:		
(i)	Interest on Bonds & Debentures	155,450.40	159,085.42
(ii)	Interest on Bank Borrowings	26,475.45	26,306.32
(iii)	Interest on loan from NSSF	-	8,839.73
(iv)	Interest on loan from LIC	-	6,162.41
(v)	Interest on loan from ADB	19,916.63	5,354.07
(vi)	Interest due to net settlement of swap transactions on ADB Loan	25,301.27	29,912.07
(vii)	Interest on loan from IBRD (World Bank)	3,409.78	684.84
(viii)	Interest due to net settlement of swap transactions on IBRD (World Bank) Loan	5,720.60	4,844.58
(ix)	Interest on loan from KFW	1,062.10	1,210.79
(x)	Interest due to net settlement of swap transactions on KFW Loan	330.64	483.44
(xi)	Interest on loan from EIB	152.81	73.99
(xii)	Interest on Income Tax	940.33	-
	SUB-TOTAL (A)	238,760.01	242,957.66
(B)	Other Borrowing Costs:		
(i)	Guarantee Fees to Govt. of India	9,927.55	9,395.31
(ii)	Commitment charges	91.97	122.54
(iii)	Bond Servicing Expenses	182.80	165.88
(iv)	Processing Fees	-	31.79
(v)	Penal Charges	-	375.00
	SUB-TOTAL (B)	10,202.32	10,090.52
(C)	Net loss on foreign currency transactions and translations	-	33,147.09
	SUB-TOTAL (C)	-	33,147.09
	TOTAL (A) + (B) + (C)	248,962.33	286,195.27

Note 22: EMPLOYEE BENEFITS EXPENSE

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(i)	Salaries and Wages	2,421.72	2,408.72
(ii)	Contribution to provident and other funds	181.15	184.55
(iii)	Staff Welfare Expenses	876.38	454.09
	TOTAL	3,479.25	3,047.36

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Note 23: OTHER EXPENSES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2017	Year ended 31 st March 2016
(i)	Power and Fuel	31.94	40.81
(ii)	Lease Rent	1,613.15	1,293.56
(iii)	Insurance	4.84	5.27
(iv)	Professional Fees	176.72	254.03
(v)	Rates and Taxes	13.12	2.83
(vi)	Amortization of Premium Paid on non-current securities	50.67	137.51
(vii)	Net loss on foreign currency transactions and translations	-	27,724.29
(viii)	Loan Amount Written Off [See note 24(B)(21)]	65,880.48	55,724.69
(ix)	Establishment and Other Expenses (including auditors' remuneration) [See note 24(B)(19)]	1,343.39	1,457.41
	TOTAL	69,114.31	86,640.40

Note 24: SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

IIFCL is set up with an objective to provide long term finance to viable infrastructure projects through the Scheme for Financing Viable Infrastructure Projects. Reserve Bank of India has issued Certificate of Registration no N-14.03288 as Non-Banking Financial Company - Non Deposit - Infrastructure Finance Company (NBFC-ND-IFC) to India Infrastructure Finance Company Limited (IIFCL) on 9th September 2013. RBI has allowed IIFCL to carry on the business of Non-Banking Financial Institution without accepting public deposits.

(A) SIGNIFICANT ACCOUNTING POLICIES**1. Basis of Preparation of Financial Statements**

1.1 The Consolidated Financial Statements comprise the individual financial statements of India Infrastructure Finance Company Limited (the parent company) and financial statements of its subsidiaries, India Infrastructure Finance Company (UK) Limited (IIFC (UK) Ltd.), IIFCL Projects Limited and IIFCL Asset Management Company Limited (together constituting as the group) as on 31st March 2017 and for the period ended on that date. The Consolidated Financial Statements have been prepared on the following basis:

- i) The Financial statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of Assets, Liabilities, Income and Expenses, after eliminating intra-group transactions resulting in unrealized profits or losses as per Accounting Standard 21 on "Consolidated Financial Statements".
- ii) The assets and liabilities, both monetary and non-monetary, of the foreign subsidiary are translated at the closing exchange rate.
- iii) Income and expense items of the foreign subsidiary are translated at the RBI reference rate between the reporting currency and the foreign currency at the date of transaction.
- iv) All resulting exchange difference is accumulated in a foreign currency translation reserve.

1.2 The Individual Financial Statements of the following subsidiaries have been Consolidated in the consolidated Financial Statements:

Name of Subsidiary	Country of Incorporation	Current Period	Previous Period
		Proportion of Ownership Interest (%)	Proportion of Ownership Interest (%)
IIFC (UK) Limited	United Kingdom	100%	100%
IIFCL Projects Limited	India	100%	100%
IIFCL Asset Management Company Limited	India	100%	100%

1.3 The wholly owned foreign subsidiary company's i.e. IIFC (U.K) Limited financial statements have been converted as per Generally Accepted Accounting Practices in India applied for preparing financial statements of the Parent Company.

1.4 The Financial accounts have been prepared on a going concern basis with accrual concept and same accounting policies and practices are followed in the financial statements as those were followed in the annual financial statements for the year ended 31st March 2016.

1.5 The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

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2. Recognition Of Income / Expenditure

- 2.1 Upfront fee income on loans granted is considered as income on accrual basis in cases where loan documents have been signed on allocated amount.
- 2.2 Commitment charges on loans taken by the company are accounted for as expense when draw down of loan is less than sanctioned amount of loan as per the Loan agreement.
- 2.3 Recoveries in borrower's accounts are appropriated as per the respective loan agreements.
- 2.4 Dividend is accounted on accrual basis when right to receive the dividend is established. However, right to receive final dividend arises only on approval thereof by the shareholders in Annual General Meeting.
- 2.5 Income from investment in Growth of mutual funds schemes including Infrastructure Debt Mutual Fund is accounted for on the basis of actual instance of sale or redemption as the case may be.
- 2.6 The amount(s) of prior period items of income/expense are included in their regular heads of accounts. Prior Period income/expense above ₹ 5,000/- are disclosed under 'Other notes to the financial statement'.
- 2.7 Expenditure incurred in raising of bonds is charged to the statement of Profit and Loss in the year of allotment of bonds.
- 2.8 Partial Credit Enhancement Guarantee fee is recognized in the accounting year on accrual basis when reasonable right of recovery is established. Any Partial Credit Enhancement Guarantee fee received in advance is deferred and is recognized as income over period of accrual.
- 2.9 Unrealized interest already booked in Strategic Debt Restructuring (SDR) cases is reversed from reference date of Strategic Debt Restructuring of respective case. Interest Income in these cases is booked on realization.
- 2.10 Interest is recognized on accrual basis taking into account the amount outstanding and rate applicable.
- 2.11 Income including interest/discount or any other charges on Non-Performing Assets (NPA) is recognized only when it is actually realized. Any such income recognized before the asset became non-performing and remaining unrealized is reversed.

3. Loan Assets

The company has adopted norms for income-recognition, asset classification and provisioning applicable to Non-Banking Financial Companies-Infrastructure Finance Company (NBFC-IFC) as per RBI's Master Circular for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company as amended from time to time. The salient features of these norms are as under:

3.1 "Non-Performing Asset" means

- (a) An asset, in respect of which interest has remained overdue for a period of four months or more for the financial year ending 31st March 2017 and three months or more for the financial year ending 31st March 2018 and thereafter.
- (b) A term loan inclusive of unpaid interest, when the installment is overdue for a period of four months or more for the financial year ending 31st March 2017 and three months or more for the financial year ending 31st March 2018 and thereafter or on which interest amount remained overdue for a period four months or more for the financial year ending 31st March 2017 and three months or more for the financial year ending 31st March 2018 and thereafter.
- (c) In respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset.

- (d) An infrastructure loan is classified as NPA during any time before commencement of commercial operations as per Para 3.3 of Annexure III 'Norms on Restructuring of Advances by NBFC' prescribed by RBI's Master Circular for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company as amended from time to time.

3.2 Asset Classification

All advances are classified as:

- (a) "Standard assets" means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
- (b) "Sub-standard assets" means
- an asset which has been classified as non-performing asset for a period not exceeding 14 months for the financial year ending 31st March 2017; and not exceeding 12 months for the financial year ending 31st March 2018 and thereafter.
 - an asset where the terms of the agreement regarding interest and/ or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms
- (c) "Doubtful asset" means a term loan or any other asset which remains sub-standard asset for a period of exceeding 14 months for the financial year ending 31st March 2017; and exceeding 12 months for the financial year ending 31st March 2018 and thereafter.
- (d) "Loss Asset" means
- An asset which has been identified as loss asset by the company or its internal or external auditor to the extent it is not written off by the company.
 - An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

3.3 Provisioning

- (i) Standard Assets: General Provision is made on outstanding amount of loans, including on interest accrued but not due at the year end at 0.35 percent by the end of March 2017 and 0.40 percent by the end of March 2018 and thereafter.
- (ii) Sub-Standard Assets: A general provision of 10 percent of total outstanding amount is made.
- (iii) Doubtful Assets
- 100 percent provision to the extent to which the advance is not covered by the realizable value of the security to which the company has a valid recourse is made.
 - In addition to item (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20 percent to 50 percent of secured portion i.e. estimated realizable value of the outstanding, is made on the following basis:

Period for which the asset has been considered as doubtful	Percentage of provision
Up to one year	20
One to three years	30
More than three years	50

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(iv) Loss Assets

The entire asset is written off, however if the assets are permitted to remain in the books for any reason, 100 percent of the outstanding is provided for.

(v) Restructured loan Assets

For the following cases, the provisioning against Restructured Standard Assets will be as per RBI norms, including provision on diminution in fair value:

- (a) New project loans to companies sanctioned w.e.f. January 24, 2014, provisioning will be at the rate of 5%.
- (b) Stock of restructured outstanding loans as on January 23, 2014 to all companies (as per RBI in case of stock of outstanding restructured loan, the provision is at 5%.

(vi) Structured Debt Restructuring Assets

IIFCL is required to build provisions of Structured Debt Restructuring (SDR) cases such that by the end of 18 months from Reference Date, it holds provision of 15% of Residual Loan. The required provision is to be made in equal instalments of four quarters. This provision shall be reversed only when the outstanding loan in the account perform satisfactorily during the 'specified period' (as defined in the extant norms on restructuring of advances) after transfer of ownership/management control to new promoters.

(vii) Accelerated Provisioning

IIFCL, as a prudent lender, in addition to normal provisioning to be done under RBI guidelines, in terms of applying stipulated percentages for secured/unsecured portions depending on asset classification, as may be amended from time to time, considers accelerated provisioning on a case-to-case basis, depending on the expected recovery scenario.

Accelerated provisioning is proposed in such exceptional cases, wherein even though provisioning might be adequate as per extant RBI guidelines, however, in the view of the Management, there might be circumstances which could affect recovery prospects. In such cases, the Management takes a case-to-case view on accelerated provisioning as a prudent measure.

The accelerated provisioning depends broadly on the following parameters:

- Status of the project.
- Promoter's ability to infuse the funds.
- Tangible security, cash flow and concessions available.
- Steps taken by the consortium for recovery.
- Management's perception.

The provision to be made in the account ranges from 10% to 100% taking into consideration the factors mentioned above

(viii) In addition to above :

- (a) Projects where Concession Agreement (CA) has been terminated by the Project Authority, account is written off in the financial year in which the contract is terminated.
- (b) Projects where Concession Agreement (CA) has been terminated by the Concessionaire, provisioning is made on the basis of merits and facts of the case.
- (c) In cases where certain value of financial asset can be attached based on valuation report/ offer from Asset Reconstruction Companies etc., provision is made to the extent of shortfall.

3.4 Restructured loan Assets

- i. Loans are subjected to restructuring and/or rescheduling and/or renegotiation of terms under the following stages:
 - (a) Before commencement of commercial production/operation;
 - (b) After commencement of commercial production/operation but before the asset has been classified as sub-standard;
 - (c) After commencement of commercial production/operation and the asset has been classified as sub-standard or doubtful.
- ii. Treatment of restructured loans
 - (a) The accounts classified as 'standard assets' is immediately reclassified as 'sub-standard assets' upon restructuring.
 - (b) The non-performing assets, upon restructuring, would continue to have the same asset classification as prior to restructuring and slip into further lower asset classification categories as per extant asset classification norms with reference to the pre-restructuring repayment schedule.
 - (c) Standard accounts classified as NPA and NPA accounts retained in the same category on restructuring are upgraded only when all the outstanding loan / facilities in the account perform satisfactorily during the 'specified period' (period of one year from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with longest period of moratorium under the terms of restructuring package), i.e. principal and interest on all facilities in the account are serviced as per terms of payment during that period.
 - (d) In case, however, satisfactory performance after the specified period is not evidenced, the asset classification of the restructured account would be governed as per the applicable prudential norms with reference to the pre-restructuring payment schedule.
 - (e) Any additional finance may be treated as 'standard asset' during the specified period under the approved restructuring package. However, in the case of accounts where the pre-restructuring facilities were classified as 'sub standard' and 'doubtful', interest income on the additional finance should be recognized only on cash basis. If the restructured asset does not qualify for upgradation at the end of the above specified period, the additional finance shall be placed in the same asset classification category as the restructured debt.
 - (f) If a restructured asset, which is a standard asset on restructuring is subjected to restructuring on a subsequent occasion, it should be classified as substandard. If the restructured asset is a sub-standard or a doubtful asset and is subjected to restructuring, on a subsequent occasion, its asset classification will be reckoned from the date when it became NPA on the first occasion. However, such advances restructured on second or more occasions may be allowed to be upgraded to standard category after the specified period in terms of the current restructuring package, subject to satisfactory performance.

iii. Diminution in fair value of advances

Pursuant to Reserve Bank of India (RBI) notification no. DNBR.009/CGM(CDS)-2015 Systematically Important Non-Banking Financial (Non Deposit Accepting) dated 27th March 2015 it is provided that reduction in the rate of interest and/or re-schedulement of the repayment of principal amount, as part of the restructuring, will result in diminution in the fair value of the advance. Such diminution in value is an economic loss for the NBFC and will have impact on the NBFC's market value. It is, therefore, necessary for NBFCs to measure such diminution in the fair value of the advance and make provisions for it by debiting to Statement of Profit & Loss. Such provision is required to be held in addition to the provisions as per existing provisioning norms prescribed by RBI, and in an account distinct from that for normal provisions. The erosion in the fair value of the advance is computed as the difference between the fair value of the loan before and after restructuring. Fair value of the loan before restructuring will be

computed as the present value of cash flows representing the interest at the existing rate charged on the advance before restructuring and the principal, discounted at a rate equal to the NBFC's bare lending rate i.e. the interest rate applicable to the borrower as per the loan agreement had the loan been serviced without any default, as applicable to the concerned borrower, as on the date of restructuring. Fair value of the loan after restructuring will be computed as the present value of cash flows representing the interest at the rate charged on the advance on restructuring and the principal, discounted at a rate equal to the NBFC's bare lending rate as applicable to the borrower as on the date of restructuring.

iv. Income Recognition norms for FITL accounts

As per Reserve Bank of India master direction regarding 'Revised Regulatory Framework of NBFC' Income recognition norms for conversion of unpaid interest into Funded Interest Term Loan (FITL), Debt or Equity instruments on restructuring of advances are as under:

- (a) The income, if any, generated by these instruments may be recognised on accrual basis, if these instruments are classified as 'standard', and on cash basis in the cases where these have been classified as a non-performing asset.
- (b) The unrealised income represented by FITL / Debt or equity instrument should have a corresponding credit in an account styled as "Sundry Liabilities Account (Interest Capitalisation)".
- (c) In the case of conversion of unrealised interest income into equity, which is quoted, interest income can be recognized after the account is upgraded to standard category at market value of equity, on the date of such upgradation, not exceeding the amount of interest converted into equity.
- (d) Only on repayment in case of FITL or sale / redemption proceeds of the debt / equity instruments, the amount received will be recognised in the Statement of Profit and Loss, while simultaneously reducing the balance in the "Sundry Liabilities Account (Interest Capitalisation)".

4. Taxes On Income

- 4.1 Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961.

Tax on income for previous years is determined based on expected outcome of assessments/appeals and on the basis of changes adopted by the company in accounting policies & estimates and addition if any is provided in the current year.

- 4.2 Deferred tax is recognized on timing differences between the accounting income and the taxable income for the period, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- 4.3 Deferred tax assets are recognized and reassessed at each reporting date and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

5. Investments

5.1 Non-Current Investments

- (a) Unquoted Investments: Equity shares in subsidiary companies, associate company and Venture Capital Units are carried at cost.
- (b) Unquoted investments in Government securities: Each scrip is carried at its acquisition cost or at amortized cost, if acquired at a premium over the face value. Any premium on acquisition is amortized over the remaining maturity period of the security on constant yield basis.
- (c) Quoted Bonds: Units of Infrastructure Debt Funds/Bonds are carried at acquisition cost or lower of book value or market / fair value in case of inter class transfer. The excess over face value from date of acquisition/ transfer is amortized over the remaining maturity period of the security on constant yield basis.
- (d) Security Receipts of Asset Reconstruction Company: Valued at Net Asset Value (NAV) declared by Asset reconstruction Companies.

5.2 Current Investments

- (a) Quoted Bonds – Each scrip is revalued at the market price or fair value based on yield to maturity method and only the net depreciation is provided for and net appreciation, if any, is ignored.
- (b) Mutual Funds – valued at lower of cost or net asset value at the year end.
- (c) Certificate of deposits – valued at cost. The difference between face value and cost is recognized as income over the remaining maturity period of certificate of deposit on constant yield basis and is added to the value of certificate of deposit.

5.3 Inter-Class Transfer of investments

The inter-class transfer, if warranted is effected with approval of the Board and in such case investments are transferred scrip wise from current to non-current investments and carried at book value or market / fair value, whichever is lower.

6. Foreign Exchange Transactions

- 6.1 Expenses and income in foreign currency are accounted for at the exchange rates of banks prevailing on the date of transactions.
- 6.2 The following balances are translated in Indian currency at the exchange rates (RBI reference rates) prevailing on the date of closure of accounts:
 - (a) Incomes or Expenses accrued but not due on foreign currency loans granted and foreign currency borrowings respectively.
 - (b) Contingent Liability in respect of Letter of Comfort issued in foreign currency.

6.3 Foreign Currency Loan liability is translated in Indian currency at RBI Reference rate prevailing on the date of reporting. The exchange difference is charged to Statement of Profit & Loss as per Accounting Standard 11, The Effect of Changes in Foreign Exchange Rates.

6.4 The actual/translation gain/loss (net) on foreign currency loan assets, liabilities and income & expenditure accrued/accrued but not due are credited/charged to the statement of profit and loss.

7. Accounting For Revenue Grants

- 7.1 Grants are recognized in the Statement of Profit and Loss as 'other income' on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate provided there is reasonable assurance of compliance of the terms attached with the sanction and of realization of amount of grants.
- 7.2 Grants received in respect of expenditure already incurred in prior periods are recognized in the Statement of Profit & Loss in the year of approval of grant.
- 7.3 The unspent amount of grant at the year end, if any, is shown under Current Liabilities.

8. Fixed Assets

- 8.1 Fixed Assets shown at historical cost of an asset or other amount substituted for cost, less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.
- 8.2 The gross value of fixed assets is reduced by amount of grants received for acquiring these assets. The grant is thus recognized in the Statement of Profit and Loss over the useful life of a depreciable asset by way of a reduced depreciation charge.
- 8.3 The additions to fixed assets are capitalized on the approval of bills/invoices.

9. Depreciation

- 9.1 Depreciation of fixed assets is provided using the useful lives and in the manner provided in Schedule II of the Companies Act, 2013 following written down value method.

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9.2 Depreciation on individual assets having cost ₹ 5000/- or less is charged at 100%.

9.3 Permanent improvement in leasehold premises is depreciated over the remaining lease term or its useful life, whichever is shorter.

10. **Intangible Assets / Amortization**

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. These assets are amortized on the basis of Straight Line Method over a period of 4 years.

11. **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

12. **Cash And Cash Equivalents**

Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

13. **Employee Benefits**

13.1 All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.

13.2 Employee benefits under defined contribution plans comprising NPS are recognized on the undiscounted obligation of the company to contribute to the plan. The same is paid to the IDBI Bank, which is the Point of Presence (POP) service provider for NPS facility and are expensed relating to the period..

13.3 All post-employment and other long term employee benefits are recognized as an expense in Statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable, determined using actuarial valuation technique.

13.4 Termination benefits are recognized as an expense immediately

13.5 Gain or loss arising out of actuarial valuation is recognized immediately in the Statement of Profit & Loss as income or expense

14. **Borrowing Costs**

The Exchange differences on foreign currency borrowings are charged to Statement of Profit & Loss. The amount of exchange difference not exceeding the difference between interest on local currency borrowings and interest on foreign currency borrowings is considered as borrowings costs and is accounted for under Accounting Standard 16 – Borrowing Costs and the remaining exchange difference, if any, is accounted for under Accounting Standard 11 - The Effects of Changes in Foreign Exchange Rates.

For this purpose, the interest rate for the local currency borrowings is considered as that rate of bank overdraft taken by the company.

15. **Retirement Benefits**

15.1 The contribution towards Provident Fund deducted from remuneration of employees and employer contribution thereon is deposited with Regional Provident Fund Commissioner (RPFO).

15.2 The contribution towards National Pension Scheme deducted from remuneration of employees and employer contribution thereon is deposited with IDBI Bank, which is the Point of Presence (POP) service provider for NPS facility and are expensed relating to the period..

15.3 The employee benefits obligations i.e., sick leave, leave travel concession and Medical Assistance Scheme has been provided for the period up to date of reporting on the actuarial valuation of same.

15.4 Gratuity has been provided on the basis of amount payable to LIC on Group Gratuity Scheme through trust in the name of IIFCL Employees Group Gratuity Fund.

15.5 Leave Encashment has been provided on the basis of amount payable to LIC Group Leave Encashment Plan.

15.6 Provision for leave encashment, gratuity and sick leave of Executive Directors wherever applicable as per terms of appointment is accrued and made on the basis of estimated amount of liability.

16. **Accounting For Operating Leases**

Lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

17. **Derivative Accounting**

17.1 Wherever the company has entered into forward contract or an instrument i.e., in substance of a forward exchange contract, the difference between the forward rate and the exchange rate on the date of forward exchange contract is recognized as income or expenses over the life of the contract as per AS-11.

17.2 Hedging taken on foreign currency loans is adjusted on FIFO basis after adjusting for the Loans given in foreign currency (i.e. natural hedge).

17.3 Any profit or loss arising on cancellation or renewal of forward exchange contracts including interest rate swaps is recognized as income or as expense for the year.

17.4 In respect of interest rate swap transactions in JPY Yen entered by the company, the company is providing mark to market loss as on Balance Sheet Date.

17.5 The surplus or deficit on account of difference in spot exchange rate at the inception of forward contract and repayment of underlying foreign currency loan obligation recovered from or paid to counter party respectively as per the hedging contract is recognized as gain or loss at the time of repayment of such loan.

17.6 The foreign currency loan (which is an underlying transaction) and the swap contract (to hedge against any loss arising on the aforesaid loans) are treated as separate transactions.

17.7 Foreign currency borrowings are restated as per Accounting Standard 11, The Effects of Changes in Foreign Exchange rates.

The guidance note issued by the ICAI on “Accounting for Derivative Contracts” issued in June 2015, is applicable from 1st April 2016 and the same is applied by the company from Financial year ended 31st March 2017. Any change in exchange rate, on amount of foreign currency borrowing as on reporting date since previous reporting date and from the date of drawdown borrowing during the period, is set off against Fair Value of Derivative Contracts and any gain or loss is recognized as Cash Flow Hedge Reserve. Fair Value of Derivative Contract are provided by the respective Counter parties.

As per the Guidance Note, under a cash flow hedge, the hedging instrument is measured at fair value, but any gain or loss that is determined to be an effective hedge is recognized in equity, e.g., Cash Flow Hedge Reserve. This is intended to avoid volatility in Statement of Profit & Loss in a period when the gains or losses on the hedged items are not realized therein.

18. **Provisions, Contingent Liabilities And Contingent Assets**

A provision is made when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. No provision is made for liabilities arising from transactions and events whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the note of contingent liability on the basis of judgment of the management/independent expert. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimate.

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(B) OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. (a) The Subsidiaries considered in the preparation of the consolidated financial statements are India Infrastructure Finance Company (U.K.) Limited incorporated at United Kingdom, IIFCL Projects Limited and IIFCL Asset Management Company Limited incorporated at India.
- (b) The Consolidated Financial Statements of India Infrastructure Finance Company Limited is for the year ended on 31st March 2017. The financial statements of the subsidiary companies are also made for the year ended 31st March 2017.
2. Prior Period Income & Expenses(Accounting Standard-5) which have been included under the regular heads in Statement of Profit & Loss are as under:

(₹ in lac)

Particular	Year Ended 31 st March 2017	Year Ended 31 st March 2016
(A) Income		
(i) Income on Loans & Advances	(1,057.12)	(196.40)
(ii) Penal Interest	(17.55)	(0.32)
(iii) Other Charges 5	0.16	(2.00)
Total (A)	(1,074.51)	(198.72)
(B) Expenditure		
(i) Establishment and other expenses	0.54	(0.11)
(ii) Salaries and Wages	1.35	(0.26)
(iii) Depreciation and amortization expense	-	(90.72)
(iv) Net loss on foreign currency transactions and translations	-	1,119.29
(v) Amortization of Premium paid on non-current securities	-	55.62
(vi) Interest Expense on Bonds	-	(5.09)
Total (B)	1.89	1,078.73
Net impact via Gain/(Loss) on current year profit [(A)-(B)]	(1,076.40)	(1,277.45)

3. Changes in Accounting Policies:

The details along with the financial impact of changes made in Significant Accounting Policies are given below:

- a) The change in accounting policy 24(A)15 regarding funding of employee benefit obligation pertaining to Leave Encashment with LIC has no impact on Books of accounts.
- b) Due to change in Accounting Policy 24(A)2.9 unrealized interest of ₹ 2,057.17 lacs booked from reference date of Strategic Debt Restructuring of respective case upto 31st March 2016 is reversed. Further IIFCL has not booked interest income of ₹ 8,421.28 lacs in SDR cases for Financial Year ended 31st March 2017. As a result, Profit before tax is lower by ₹ 10,478.45 lacs.

Due to the change in Accounting Policy 24(A)3.4(vi), IIFCL has created a provision of ₹ 12,249.30 lacs Structured Debt Restructuring (SDR) cases as on 31st March 2017.
- c) There is no impact on profitability of IIFCL due to change in Accounting Policy 24(A)17.8 regarding applicability of Guidance Note on Accounting for Derivative Contracts. However there is a decrease in Reserves by ₹ 5,980.36 crores. As a result, Profit before tax is higher by ₹ 5,980.36 lacs.
- d) There is no impact due to change in accounting policy no. 24(A)3.2 defining the Non-Performing Assets.

4. Disclosure under Accounting Standard 15 (revised 2005) “Employee Benefits” (Accounting Standard-15)

As per AS-15 “Employee Benefits”, the disclosures as defined in the Accounting Standard are given below:

(₹ in Lac)

A) GRATUITY PLAN (FUNDED): The Gratuity liability arises on account of future payments, which are required to be made in the event of retirement, death in service or withdrawal. The same has been provided on the basis of amount payable to LIC on Group Gratuity Scheme through trust in the name of IIFCL Employees Group Gratuity Fund. IIFCL pays amount of gratuity liability of employees under LIC group gratuity scheme and has not ascertained amount of actuarial valuation of gratuity liability as on date of financial statements.

I. Assumptions for Gratuity Plan:

Particular	2016-17	2015-16
Mortality rate	LIC (2006-08)	LIC (1994-96)
Withdrawal rate	1 % to 3 % depending on age	1 % to 3 % depending on age
Discount rate (p.a.)	8%	8%
Salary escalation (p.a.)	6%	6%

As per IRDA circular no. IRDA/ACTL/REG/CIR/123/06/2013 dated 28th June 2013, no new member can be added to the Existing Policy. Hence, IIFCL subscribed to a new policy viz Policy No.103001183 for new employees in addition to the earlier policy viz Policy No. 331776.

The details of group gratuity scheme of employees covered under Policy No. 331776 are as follows:

Particular	2016-17	2015-16
A) MEMBERSHIP DATA		
i) Number of members	44	45
ii) Average Age (years)	40.68	40.13
iii) Average Monthly Salary	1.06	0.95
iv) Average Past Service (years)	6.82	5.80
B) RESULTS OF VALUATION		
i) Present Value of Past Service Benefit	157.74	146.92
ii) Current Service Cost	3.32	6.26
iii) Total Service Gratuity	436.72	441.68
iv) Accrued Gratuity	300.85	241.75
v) Life Cover Sum Assured (LCSA)	135.88	199.93
vi) LC Premium	0.30	0.49
vii) Service Tax @14.5%	0.04	0.07
C) RECOMMENDED CONTRIBUTION RATE		
i) Fund Value as on renewal date	177.29	141.57
ii) Additional Contribution for existing fund	-	5.35
iii) Current Service Cost	-	6.27
TOTAL AMOUNT PAYABLE [(C(ii)+ C(iii)+B(vi)+B(vii))]	0.34	12.18
D) FUND BALANCE		
i) Opening Balance	153.10	132.52
ii) Amount credited towards the Fund	11.62	9.05
iii) Amount paid as Claim	0.80	-
iv) Interest Credited for the year	13.37	11.53
Closing Balance	177.29	153.10

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The details of group gratuity scheme of employees covered under Policy No. 103001183 are as follows:

Particular	2016-17	2015-16
A) MEMBERSHIP DATA		
i) Number of members	47	42
ii) Average Age (years)	34.62	32.76
iii) Average Monthly Salary	0.78	0.64
iv) Average Past Service (years)	2.62	1.55
B) RESULTS OF VALUATION		
i) Present Value of Past Service Benefit	38.54	17.83
ii) Current Service Cost	13.35	10.09
iii) Total Service Gratuity	461.93	386.36
iv) Accrued Gratuity	56.38	26.09
v) LCSA	405.55	360.27
vi) LC Premium	0.72	0.39
vii) Service Tax @14.5%	0.11	0.06
C) RECOMMENDED CONTRIBUTION RATE		
i) Fund Value as on renewal date	29.39	17.83
ii) Additional Contribution for existing fund	9.15	-
iii) Current Service Cost	13.35	10.09
TOTAL AMOUNT PAYABLE [(C(ii))+ C(iii)+B(vi)+B(vii)]	23.33	28.37
D) FUND BALANCE		
i) Opening Balance	3.84	3.67
ii) Amount credited towards the Fund	24.64	0.10
iii) Amount paid as Claim	-	-
iv) Total Mortality /Pol Admin /Fund Management Charges for the period along with Service Tax thereon	1.01	0.26
v) Interest Credited for the year	1.93	0.33
Closing Balance	29.39	3.84

II. OTHER EMPLOYEE BENEFITS (UNFUNDED)

Actuarial assumptions for other employee benefits (unfunded)

a) Economic Assumptions

Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
i) Discounting Rate (%)	8.00	8.00
ii) Future salary Increase (%)	5.50	5.50
iii) Expected Rate of return on plan assets (%)	0.00	0.00

b) Demographic Assumptions

Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
i) Retirement Age (Years)	60	60
ii) Mortality Table	Indian Assured Lives Mortality (IALM) (2006 – 08)	
iii) Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	3.00	3.00
From 31 to 44 years	2.00	2.00
Above 44 years	1.00	1.00

B) EARNED LEAVE LIABILITY: The earned leave due to an employee is the period which the employee has earned, diminished by the period of leave actually taken by the employee. It is earned at one-eleventh part of duty.

Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
1. Change in present value of obligation		
a) Present value of obligation as the beginning	173.93	129.10
b) Acquisition adjustment	-	-
c) Interest Cost	13.91	10.33
d) Past service cost	-	-
e) Current service cost	58.45	43.50
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	(20.69)	(19.66)
i) Actuarial (gain) / loss	46.15	10.67
j) Present value of the defined benefit obligation as at end of the period	271.75	173.93
2. Change in the fair value of plan assets		
a) Fair value of plan assets at the beginning	-	-
b) Acquisition adjustment	-	-
c) Expected return on plan assets	-	-
d) Contributions	198.85	-
e) Benefits paid	-	-
f) Actuarial (gain) / loss	9.91	-
g) Fair value of plan assets at the end of the period	208.75	-
3. Fair value of plan assets		
a) Fair value of plan assets at the beginning	-	-
b) Acquisition adjustment	-	-
c) actual return on plan assets	9.91	-
d) Contributions	198.85	-
e) Benefits paid	-	-
f) Fair value of plan assets at the year end	208.75	-
g) Funded status	(63.00)	(173.93)
h) Excess of actual over estimated return of plan assets	9.91	-
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	(46.15)	(10.67)
b) Actuarial gain/ (loss) for the period – plan assets	(9.91)	-
c) Total (gain) / loss for the period	36.24	10.67
d) Actuarial (gain) / loss recognized in the period	36.24	10.67
e) Unrecognized actuarial (gains) / losses at the end of the period	-	-
5. The amount recognized in balance sheet and statement of profit and loss		
a) Present value of obligation as at the end of the period	271.75	173.93
b) Fair value of plan assets as at the end of period	208.75	-
c) Funded status	(63.00)	(173.93)
d) Excess of actual over estimated	9.91	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(63.00)	(173.93)

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6. Expense recognized in the statement of profit and loss		
a) Current service cost	58.45	43.50
b) Past service cost	-	-
c) Interest cost	13.91	10.33
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	36.24	10.67
h) Expenses recognized in the statement of profit and loss	108.61	64.50
<p>C) LEAVE FARE CONCESSION: All whole-time employees of the Company who have completed one year of service including continuous temporary service on the date the journey is performed by him or his family are eligible for this facility. The concession shall be admissible once in every block of two years. and the first of such set / block shall commence from the first date of the month in which an employee joins the Company, but the same can be availed of only after his/her completion of one year of continuous service including temporary service / probation period.</p>		
1. Change in present value of obligation		
a) Present value of obligation as the beginning	12.44	9.26
b) Acquisition adjustment	-	-
c) Interest Cost	1.00	0.74
d) Past service cost	-	-
e) Current service cost	19.18	5.07
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	(183.80)	(63.70)
i) Actuarial (gain) / loss	210.40	61.07
j) Present value of the defined benefit obligation as at end of the period	59.21	12.44
2. Change in the fair value of plan assets		
a) Fair value of plan assets at the beginning	-	-
b) Acquisition adjustment	-	-
c) Expected return on plan assets	-	-
d) Contributions	-	-
e) Benefits paid	-	-
f) Actuarial (gain) / loss	-	-
g) Fair value of plan assets at the end of the year	-	-
3. Fair value of plan assets		
a) Fair value of plan assets at the beginning	-	-
b) Acquisition adjustment	-	-
c) actual return on plan assets	-	-
d) Contributions	-	-
e) Benefits paid	-	-
f) Fair value of plan assets at the year end	-	-
g) Funded status	(59.21)	(12.44)
h) Excess of actual over estimated return of plan assets	-	-
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	(210.40)	(61.07)
b) Actuarial gain/ (loss) for the period – plan assets	-	-

c)	Total (gain) / loss for the period	210.40	61.07
d)	Actuarial (gain) / loss recognized in the period	210.40	61.07
e)	Unrecognized actuarial (gains) / losses at the end of the period	-	-
5. The amount recognized in balance sheet and statement of profit and loss			
a)	Present value of obligation as at the end of the period	59.21	12.44
b)	Fair value of plan assets as at the end of period	-	-
c)	Funded status	(59.21)	(12.44)
d)	Excess of actual over estimated	-	-
e)	Unrecognized actuarial (gains)/ losses	-	-
f)	Net assets/ (liability) recognized in balance sheet	(59.21)	(12.44)
6. Expense recognized in the statement of profit and loss			
a)	Current service cost	19.18	5.07
b)	Past service cost	-	-
c)	Interest cost	1.00	0.74
d)	Expected return on plan assets	-	-
e)	Curtailment cost / (credit)	-	-
f)	Settlement cost / (credit)	-	-
g)	Net actuarial (gain) / loss recognized in the period	210.40	61.07
h)	Expenses recognized in the statement of profit and loss	230.57	66.88
<p>D) SICK LEAVE: Sick leave is a half leave pay. Where an employee has served the company for at least a period of three years, the employee may, on request, be permitted to avail of, during the full period of service of the employee, sick leave on leave pay upto a maximum of nine months, such leave on leave pay being entered in sick leave account of the employee as twice the period of leave availed of by the employee.</p>			
1. Change in present value of obligation			
a)	Present value of obligation as the beginning	106.94	65.40
b)	Acquisition adjustment	-	-
c)	Interest Cost	8.56	5.23
d)	Past service cost	-	-
e)	Current service cost	28.12	26.32
f)	Curtailment cost / (credit)	-	-
g)	Settlement cost / (credit)	-	-
h)	Benefits paid	-	-
i)	Actuarial (gain) / loss	(24.39)	9.99
j)	Present value of the defined benefit obligation as at the end of period	119.23	106.94
2. Change in the fair value of plan assets			
a)	Fair value of plan assets at the beginning	-	-
b)	Acquisition adjustment	-	-
c)	Expected return on plan assets	-	-
d)	Contributions	-	-
e)	Benefits paid	-	-
f)	Actuarial (gain) / loss	-	-
g)	Fair value of plan assets at the end of the year	-	-
3. Fair value of plan assets			
a)	Fair value of plan assets at the beginning	-	-

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b) Acquisition adjustment	-	-
c) actual return on plan assets	-	-
d) Contributions	-	-
e) Benefits paid	-	-
f) Fair value of plan assets at the year end	-	-
g) Funded status	(119.23)	(106.94)
h) Excess of actual over estimated return of plan assets	-	-
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	24.39	(9.99)
b) Actuarial gain/ (loss) for the period – plan assets	-	-
c) Total (gain) / loss for the period	(24.39)	9.99
d) Actuarial (gain) / loss recognized in the period	(24.39)	9.99
e) Unrecognized actuarial (gains) / losses at the end of the period	-	-
5. The amount recognized in balance sheet and statement of profit and loss		
a) Present value of obligation as at the end of the period	119.23	106.94
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(119.23)	(106.94)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(119.23)	(106.94)
6. Expense recognized in the statement of profit and loss		
a) Current service cost	28.12	26.32
b) Past service cost	-	-
c) Interest cost 3	8.56	5.23
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	(24.39)	9.99
h) Expenses recognized in the statement of profit and loss	12.29	41.54
E) Post-retirement medical benefit (PRMB) (Introduced from Sep 2015): Actuarial valuation of the Post-retirement medical benefit (PRMB) liability as on 31st March 2017, as per AS-15(R).		
1. Change in present value of obligation		
a) Present value of obligation as the beginning	313.06	-
b) Acquisition adjustment	-	-
c) Interest Cost	25.04	-
d) Past service cost	-	260.25
e) Current service cost	69.68	52.81
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	-	-
i) Actuarial (gain) / loss	79.29	-
j) Present value of the defined benefit obligation as at the end of period	487.07	313.06
2. Change in the fair value of plan assets		
a) Fair value of plan assets at the beginning	-	-
b) Acquisition adjustment	-	-
c) Expected return on plan assets	-	-

d) Contributions	-	-
e) Benefits paid	-	-
f) Actuarial (gain) / loss	-	-
g) Fair value of plan assets at the end of the year	-	-
3. Fair value of plan assets		
a) Fair value of plan assets at the beginning	-	-
b) Acquisition adjustment	-	-
c) actual return on plan assets	-	-
d) Contributions	-	-
e) Benefits paid	-	-
f) Fair value of plan assets at the year end	-	-
g) Funded status	(487.07)	(313.06)
h) Excess of actual over estimated return of plan assets	-	-
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	(79.29)	-
b) Actuarial gain/ (loss) for the period – plan assets	-	-
c) Total (gain) / loss for the period	79.29	-
d) Actuarial (gain) / loss recognized in the period	79.29	-
e) Unrecognized actuarial (gains) / losses at the end of the period	-	-
5. The amount recognized in balance sheet and statement of profit and loss		
a) Present value of obligation as at the end of the period	487.07	313.06
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(487.07)	(313.06)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(487.07)	(313.06)
6. Expense recognized in the statement of profit and loss		
a) Current service cost	69.68	52.81
b) Past service cost	-	260.25
c) Interest cost	25.04	-
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	79.29	-
h) Expenses recognized in the statement of profit and loss	174.01	313.06

1.2) In respect of Whole Time Director: -

(₹ in lac)

Particular	Gratuity	Leave Encashment	Sick Leave
Expenses recognized in Statement of Profit & Loss	0.40	0.85	0.64
Amount recognized in Balance Sheet	1.39	4.76	2.07

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5. The Company's main business is to provide finance/ refinance for Infrastructure Projects, UK subsidiary i.e. India Infrastructure Finance Company (U.K.) Limited is also engage in the business of providing finance for infrastructure projects where as the IIFCL Projects Limited is engaged in infrastructure project development & advisory activities and IIFCL Asset Management Company Limited (IAMCL) is set up to engage in management of Infrastructure Debt Funds (IDFs) through Mutual Fund route. As IAMCL is yet to start management of IDF, segment information is not furnished for the same. Segment information as required by **Accounting Standard 17** issued by the Institute of Chartered Accountants of India is furnished below:

(₹ in lac)

Particular	Financing	Advisory Services	Investment Management Fee	Total
Segment Reporting Revenue				
Revenue from Operation	4,46,771.07	223.12	553.61	4,47,547.80
Less: Inter segment Revenue	-	-	-	-
Total Operating Income	4,46,771.07	223.12	553.61	4,47,547.80
Segment Results				
Profit Before Tax	56,398.05	(284.77)	167.62	56,280.90
Tax	-	-	-	41,929.81
Profit After Tax	-	-	-	14,351.09
Segment Assets	5,700,864.11	1,281.74	1,765.22	57,03,911.07
Segment Liabilities	48,95160.19	226.58	129.21	4,895,515.98
Capital Employed	8,05703.92	1055.16	1,636.01	8,08,395.09
Depreciation and Amortization	131.50	6.61	1.88	139.99
Capital Expenditure	62.49	2.83	1.05	66.37
Non Cash Expenditure	67,492.21	-	-	67,492.21

6. As per **Accounting Standard-18, Related Party Disclosures**, the disclosures of transactions with the related parties are given below:

A) Managerial Remuneration and related party disclosures

(i) Key Managerial Personnel

Whole Time Directors

- | | | | |
|---|----------------------|---|--|
| - | Shri S.B Nayar | - | Chairman and Managing Director |
| - | Shri Sanjeev Kaushik | - | Whole Time Director and Deputy Managing Director |

Other than Directors

- | | | | |
|---|---------------------|---|---|
| - | Shri Rajeev Mukhija | - | Chief General Manager-CFO |
| - | Smt. Manjari Mishra | - | Assistant General Manager-Company Secretary |

(ii) Directors

- | | | | |
|---|------------------------|---|----------------------------------|
| - | Shri V.K. Bhasin | - | Part Time Non- Official Director |
| - | Shri J. Venkateshwarlu | - | Part Time Non- Official Director |

- (iii) Wholly owned Subsidiary Company:**
- | | |
|-----|---|
| (a) | India Infrastructure Finance Company (UK) Limited |
| (b) | IIFCL Projects Ltd. |
| (c) | IIFCL Asset Management Company Ltd. |

- (iv) Associate Company:**
- | | |
|-----|--------------|
| (a) | IFCI Limited |
|-----|--------------|

(Deputy Managing Director of the company also holds additional charge as Deputy Managing Director of IFCI Limited w.e.f. 12th December 2016)

B) Transactions during the year ended 31st March 2017 (Previous year ended on 31st March 2016) with related parties:

(₹ in lac)

S. No.	Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
(a)	Managerial Remuneration (Whole time directors)		
	(i) Shri S.B. Nayar		
	Remuneration	37.42	35.45
	Perquisite	1.83	0.71
	Provision for Performance linked incentive	10.00	10.00
	Leave encashment, LFC, Sick Leave, PF & Gratuity	7.07	6.07
	(ii) Shri Sanjeev Kaushik		
	Remuneration	33.15	29.15
	Perquisite	2.70	1.72
	Provision for Performance linked incentive	8.12	9.20
	(iii) Dr. E.S. Rao (Director and Chief Executive Officer, IAMCL)#		
	Remuneration	34.56	37.74
	(iv) Shri Deepak Chatterjee (Director and CEO, IPL)#		
	Remuneration	22.87	21.77
	Perquisite	10.68	1.37
	(v) Shri. S. Krishan (Managing Director, IIFC (UK) Limited)#		
	Remuneration	97.03	192.59
	Perquisite	2.91	3.92
(b)	Managerial Remuneration (Other than directors)		
	(i) Shri Rajeev Mukhija (Chief General Manager- CFO)		
	Remuneration	34.80	25.69
	(ii) Smt. Manjari Mishra (Assistant General Manager-CS)		
	Remuneration	23.37	13.64
	(iii) Sh. Ajay PS Saini (Company Secretary, IAMCL)#		
	Remuneration	39.13	24.29
	(iv) Sh. Sumiran Bansal (Head Finance and CFO, IAMCL)#		
	Remuneration	33.86	18.13
(c)	Rent received/ recoverable from associate companies		
	Erstwhile Irrigation and Water Resources Finance Corporation Limited (IWRFC)*	-	24.23
(d)	Expenses recovered/recoverable from associate companies:		
	Erstwhile Irrigation and Water Resources Finance Corporation Limited (IWRFC)*	-	2.94
(e)	(i) Sitting fee paid to Part Time Non- Official Directors:		
	Shri V. K. Bhasin	2.00	2.20
	Shri J. Venkateshwarlu	2.70	2.10
	Shri. A.K. Ahuja (IAMCL)#	0.60	0.60
	Dr. Pawan Singh (IAMCL)#	1.30	1.80
	Shri. M.N. Sarma (IAMCL)#	1.00	1.70
	Shri M.K. Ladwa (IIFC (UK) Limited)#	4.26	6.01
	(ii) Conveyance reimbursement to Part Time Non- Official Directors :		
	Shri J. Venkateshwarlu	0.33	0.27

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* Erstwhile IWRFC has been merged with IIFCL w.e.f 1st April 2016 pursuant to Ministry of Corporate Affairs order dated 21st July 2016.

The following details are indicated at print stage of Annual Report pursuant to assurances/replies given to the Office of Principal Director of Commercial Audit, Member Audit Board-III, New Delhi during course of audit on observations in Half Margins of Phase-III Audit on Annual accounts of IIFCL for the year 2016-17 :

a) Details of Remuneration & Perquisite of Shri S. Krishnan.

b) Details of Sitting Fee paid to Part Time Non-Official Director of Shri M. K. Ladwa.

c) Designation of Dr. E. S. Rao, Shri Deepak Chatterjee, Shri Ajay PS Saini, Shri Sumiran Bansal.

d) The name of Subsidiary Companies in Point (e) concerned about Part Time Non-Official Directors.

C) Balances outstanding

(₹ in lac)

S.No.	Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
i)	Remuneration & other benefits		
	Key Managerial Person		
	Provision for Performance Linked Incentive to Whole time Directors#	18.12	75.67
	Leave Encashment(Provision)	4.76	3.91
	Sick Leave(Provision)	2.07	1.43
	Gratuity(Provision)	1.39	0.99
	Provident Fund	0.22	0.21
ii)	Amount /Rent recoverable from subsidiaries/ associate		
	Irrigation and Water Resources Finance Corporation Limited	-	1.21

Provision for Performance Linked Incentive to Whole time Directors reversed upto 31st March 2016 in view of target vis a vis achievement as per matrix received from DFS.

Provision for financial year 2016-17 created as Key Performance Indicators yet to be received from DFS.

(ii) Pursuant to the applicability of relevant provisions of the Companies Act, 2013 w.e.f. 1st April 2014, the following information is disclosed as per Clause 2 of General instructions for the preparation of consolidated financial statements of Schedule III of Companies Act, 2013:

Name of the Entity	Net Assets* i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in Lac)	As % of consolidated profit or loss	Amount (₹ in Lac)
	As on 31.03.2017	As on 31.03.2017	As on 31.03.2017	As on 31.03.2017
Parent				
India Infrastructure Finance Company Limited	89.07	7,42,394.94	47.32	6,790.46
Subsidiaries				
Indian				
IIFCL Projects Ltd.	0.06	539.73	(2.61)	(374.87)
IIFCL Asset Management Company Ltd.	0.20	1,636.01	0.70	101.07
Foreign				
IIFC(UK) Ltd.	10.67	88,944.25	54.59	7,834.44
Minority Interests in all subsidiaries	-	-	-	-
Associates (Investment as per equity method)#				
Indian	-	Nil	-	Nil
Foreign	-	Nil	-	Nil
Joint Ventures (as per proportionate consolidation/ investment as per equity method)				
Indian	-	Nil	-	Nil
Foreign	-	Nil	-	Nil

*Aggregate of Net Assets reflected in financial statements of subsidiary companies is higher than net assets reflected in consolidated financial statements by ₹ 24,694.80 lac i.e. investment by parent company in subsidiary companies.

The Financial Statement of Erstwhile Irrigation and Water Resources Finance Co. Ltd. an associate company has not been consolidated as IIFCL does not hold any investment in this associate company. Erstwhile IWRFC has been merged with IIFCL w.e.f 1st April 2016 pursuant to Ministry of Corporate Affairs order dated 21st July 2016.

(iii) The salient features of the financial statements of subsidiaries as per Companies Act, 2013:

(₹ in lac)

Name of Subsidiary	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Turn-over	Profit before Tax	Provision for Tax	Profit after Tax	Share-holding
IIFCL Projects Ltd.	₹ in Lac	475.00	580.16	1,281.74	226.58	738.55	230.66	90.10	140.56	100%
IIFCL Asset Management Company Ltd.	₹ in Lac	1,250.00	386.01	1,777.11	141.10	553.61	167.62	66.55	101.07	100%
IIFC(UK) Ltd.	₹ in Lac	23,394.80	65,034.02	15,10,441.26	14,22,012.44	56,503.94	14,476.31	7,157.30	7,319.01	100%
	USD (in million)	50.00	86.38	2,329.54	2,193.16	84.16	20.39	11.03	9.36	

7. Provisions of Accounting Standard-19, Leases

- Financial Lease: NIL
- Operating Lease: The Company has taken office premises under operating lease with varying lease periods and disclosure requirements are as under:-

(₹ in lac)

Period	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Total of future minimum lease payments (Gross Investment)	4,374.85	6,174.14
Present value of lease payments	3,890.42	5,321.12
10 Year G-Sec Yield	7.12%	7.46%
Maturity profile of total of future minimum lease payments		
Not later than one year	1,856.77	1,799.30
Later than one year but not later than five year	2,189.06	3,782.62
Later than five year	329.01	592.22
Total	4,374.85	6,174.14

8. In terms of Accounting Standard-20, Earnings Per Share, issued by the Institute of Chartered Accountants of India, Earnings per share (Basic & Diluted) is as under:

Particulars	Year Ended 31 st March 2017		Year Ended 31 st March 2016	
	Shares	Amount ₹ in lac	Shares	Amount ₹ in lac
Nominal Value of share (₹)	10/-		10/-	
Number of Equity Share (No. in lac)	40,023.16		39,000.00	
Weighted Average Number of Equity Shares (No. in lac) (Denominator)#	39,706.40		39,000.00	
Net Profit (after tax) (Numerator)#		14,351.09		43,703.46
Earnings Per Share (Basic) (₹)		0.36		1.12
Earnings Per Share (Diluted) (₹)		0.36		1.12

Words 'Numerator' and 'Denominator' are indicated at print stage of Annual Report pursuant to assurances/replies given to the Office of Principal Director of Commercial Audit, Member Audit Board-III, New Delhi during course of audit on observations in Half Margins of Phase-III Audit on Annual accounts of IIFCL for the year 2016-17.

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9. Fixed assets possessed by the company are treated as 'Corporate Assets' and not 'Cash Generating Units' as defined by **Accounting Standard-28 on "Impairment of Assets"**. As on 31st March 2017, there were no events or change in circumstances, which indicate any impairment in the assets.

10. (A) Disclosure under Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets (AS-29)"

(₹ in lac)

Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Proposed Wage Revision		
Opening Balance	530.90	294.87
Addition during the period	290.81	236.03
Amount Paid/ Transferred to current liabilities	-	-
Closing Balance	821.71	530.90
Contingent Provision against Standard Assets		
Opening Balance	12,344.64	9,105.64
Addition during the period	1,546.07	3,239.00
Carry forward from IWRFC	4.68	-
Closing Balance	13,895.39	12,344.64
Provision against Sub-standard Assets		
Opening Balance	20,980.67	9,887.34
Addition during the period	2,110.65	12,045.63
Carry forward from IWRFC	430.20	-
Provision write back on account of NPA write off	-	(952.30)
Closing Balance	23,521.52	20,980.67
Provision against Restructured Assets		
Opening Balance	21,727.29	21,900.53
Addition during the period	6,464.53	(173.24)
Provision write back on account of NPA write off	(14.00)	-
Closing Balance	28,177.82	21,727.29
Provision against Doubtful Assets		
Opening Balance	17,371.67	17,980.01
Addition during the period	60,116.02	19,572.36
Provision write back on account of NPA write off	(588.98)	(20,180.70)
Closing Balance	76,898.71	17,371.67
Strategic Debt Restructured Assets		
Opening Balance	9,143.23	-
Addition during the period	10,459.95	9,143.23
Provision adjusted on account being transferred to NPA	4,898.11	-
Closing Balance	14,705.07	9,143.23

(B) Other Disclosures:

(₹ in lac)

Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Income Tax (Net)		
Opening Balance	2,387.98	(4,844.08)
Addition during the period	39,349.79	49,590.18
Amount paid/ adjusted during the period	34,035.84	42,358.12
Closing Balance	7,701.93	2,387.98
Leave Fare Concession		
Opening Balance	29.76	18.14
Addition during the period	200.36	64.54
Amount paid/adjusted during the period	149.19	52.92
Closing Balance	80.93	29.76
Medical Assistance Scheme		
Opening Balance	317.49	-
Addition during the period	187.22	317.49
Amount paid/adjusted during the period	-	-
Closing Balance	504.71	317.49
Leave Encashment		
Opening Balance	183.99	136.31
Addition during the period	74.93	64.50
Amount paid/adjusted during the period	212.64	16.82
Closing Balance	46.28	183.99
Sick Leave		
Opening Balance	106.94	65.40
Addition during the period	12.29	41.54
Amount paid/adjusted during the period	-	-
Closing Balance	119.23	106.94
Performance Linked Incentive to Whole Time Directors		
Opening Balance	91.80	73.94
Addition during the period	18.12	18.12
Amount paid/adjusted during the period	91.80	0.26
Closing Balance	18.12	91.80
Marked to Market Losses on Derivative		
Opening Balance	3,149.73	2,727.17
Addition during the period	-	422.56
Amount paid/adjusted during the period	768.12	-
Closing Balance	2,381.61	3,149.73

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11. Contingent liabilities and commitments (to the extent not provided for) are as under:-

(₹ In lac)

S.No.	Particulars	Year Ended 31 st March 2017	Year Ended 31 st March 2016
(A)	Contingent liabilities:		
	(a) Claims against the company not acknowledged as debt:		
	-Demand of Income Tax dues for Assessment Year 2008-09 made by the Income Tax Deptt. Vide order dated 7 th March 2014.	159.00	159.00
	-Demand of Income Tax Dues for Assessment Year 2013-14 made by the Income Tax Deptt. Vide order dated December 28, 2015. The Matter is before CIT(A) (IAMCL).	20.68	20.68
	-Demand of Additional Tax under section 143(3) of the Income Tax Act, 1961 made by the Income Tax Deptt. for Assessment Year 2013-14. The Matter is under contention (IPL).	12.07	12.07
	(b) Guarantees	Nil	Nil
	(c) Other money for which the company is contingently liable:		
	(i) Letter of Comfort for issue of Letter of Credit (LC) (The company has issued letters of comfort to respective lead banks/member bank in the consortium of lenders for issuing LC on behalf of respective borrowers for subsequently releasing the amount of LC towards disbursement of sanctioned loan assistance)	1,15,216.93	1,02,133.06
	(ii) Guarantee given under credit enhancement scheme	15,404.08	16,096.00
(B)	Commitments:		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
	Estimated amount of contracts remaining to be executed on capital account (net of advances)	13,826.72	17,589.15
	(b) Uncalled liability on shares and other investments partly paid:		
	Uncalled liability on account of capital commitment in respect of Venture Capital Units of IDFC Project Equity Domestic Investors Trust II	752.44	765.89
	(c) Other commitments :		
	Estimated amount of contracts under Corporate Social Responsibility (CSR) remaining to be executed (net of advances)	1,759.24	2,656.50

12. Investment in Venture Capital Units

During the year ended 31st March 2017, the company has invested ₹ 13.45 lac (NIL as at 31st March 2016) in Venture Capital Units of IDFC Project Equity Domestic Investors Trust II promoted by the company along-with IDFC, Citi bank (cumulative amount of investment by the company is ₹ 9,247.56 lac). Out of total commitment of ₹ 10,000 lac, the company have contributed as investor in the venture and does not have joint control. Since there is no distributable profit in the fund, no income is accounted for, in the books of accounts in relation to such investments. However, the company has received during the year ended, a sum of ₹ 2,268.45 lac (₹ 240.55 lac during year ended 31st March 2016) including tax paid ₹ 4.16 lac (₹ 49.55 lac during year ended 31st March 2016) in respect of redemption of venture capital units.

13. The company has created net deferred tax liability of ₹ 2,580.04 lac during year ended 31st March 2017 (increase in deferred tax liability of ₹ 6,026.70 lac & net of increase in deferred tax asset by ₹ 3,446.68 lac), Previous year ended 31st March 2016 the company has created net deferred tax liability of ₹ 5,291.73 lac (increase in deferred tax liability of ₹ 9,747.85 lac & net of increase in deferred tax asset by 4,456.12 lac).
14. Based on information available with the company, there are no suppliers/service providers who are registered as Micro, Small and Medium undertakings under “The Micro, Small and Medium Enterprises Development Act 2006” as on 31st March 2017. Hence the company has no outstanding liability towards Micro, Small and Medium Enterprises and other information to be prescribed under this act is Nil.

15. Derivative Transactions

- a) During the year 2007-08, the company had entered into two interest rate swap (IRS) transactions of notional principal amounts of ₹ 5,000 lac each (equivalent to notional principal of JPY 2,73,23.62 lac) which will mature on 19th December 2022. According to these IRS deals, the company will pay interest @ 7.46% p.a. on JPY notional amount (wherein coupon payments remains fixed for 5 years at the rate of 1 JPY= ₹ 0.3658 in one deal and 1 JPY= ₹ 0.3662 in second deal) and receive interest @ 8.82% p.a. on ₹ notional principal amounts. The company has provided for entire Mark-to-Market loss, as computed by the counter party banks and confirmed by other valuer, on the above swap transactions amounting to ₹ 2,381.61 lac as at 31st March 2017 (₹ 3,149.73 lac as at 31st March 2016) which includes loss of ₹ 768.12 lac for the year ended 31st March 2017 (gain of ₹ 422.56 lac for the year ended 31st March 2016).
- b) Notional principal amount of ₹ 2,000 lac out of the two interest rate swap (IRS) transactions referred in note 15 (a) above, was unwound during the year ended 31st March 2014. Consequently, the aggregate notional principal amounts of two interest rate swap (IRS) transactions referred in note 15(a) above, is reduced to ₹ 8,000 lac.
- c) The company has undertaken composite contracts i.e. Cross currency swaps (Principal and Interest) to hedge risks relating to floating interest rates as well as foreign exchange fluctuations on foreign currency borrowings from multilateral institutions as under:

(₹ in Lac)

Institution	Amount of Cross Currency Swaps	
	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Asian Development Bank (ADB):-		
USD	11,065.57	10,735.72
INR	6,10,922.88	5,82,548.64
Kreditanstalt für Wiederaufbau (KfW):-		
EURO	192.84	223.79
INR	11,781.93	13,672.43
IBRD World Bank:-		
USD	1,949.87	1,949.87
INR	1,27,126.91	1,27,126.91

As per the Mark-to-Market (M2M) valuations furnished by the counter party banks and other valuer on the above contracts, the net M2M gain as on 31st March 2017 amounts to ₹ 97,744.74 lac (Gross gain of ₹ 1,11,524.91 lac less Gross loss ₹ 13,780.17 lac) and M2M gain as on 31st March 2016 amounts to ₹ 1,31,109.29 lac (Gross gain of ₹ 1,34,429.01 lac less Gross loss ₹ 3,319.73 lac).

During the financial year ended 31st March 2012, the company sought the opinion of Expert Advisory Committee of the Institute of Chartered accountants of India to advice on the correct accounting treatment to be followed by the company for accounting treatments in respect of foreign currency loan to the extent hedged. In this regard, ICAI vide letter dated 22nd September 2015 provided opinion in the matter. ICAI also issued guidance note on "Accounting for Derivative Contracts" in June 2015 which is applicable from 1st April 2016 and the same is applied by the company from financial year ended 31st March 2017. Any change in exchange rate, on amount of foreign currency borrowing as on reporting date since previous reporting date and from the date of drawdown borrowing during the period, is set off against Fair Value of Derivative Contracts and any gain or loss is recognized as Cash Flow Hedge Reserve. Fair Value of Derivative Contract are provided by the respective Counter parties.

In this regard, IIFCL vide letter dated 26th December 2016 informed Institute of Chartered Accountants of India (ICAI), the issues faced by IIFCL pertaining to market to market/ Fair Value on hedge contracts while applying Guidance Note on Derivatives, with a copy to Reserve Bank of India. The matter has been referred to the Research Committee of ICAI as per their letter dated 3rd May 2017.

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The details of hedged portion of loan restated at closing rate in line with AS-11 are as follows:

(₹ in Lac)

Institution	Amount of Hedged Position	
	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Asian Development Bank (ADB):-		
USD	11,065.57	10,735.72
INR	7,17,476.07	7,12,131.44
Kreditanstalt für Wiederaufbau (KfW):-		
EURO	192.84	223.79
INR	13,353.71	16,805.62
IBRD World Bank:-		
USD	1,949.87	1,949.87
INR	1,26,426.84	1,29,340.53

Disclosure of financial currency exposure as per Guidance Note on Accounting for Derivative Contracts:-

(₹ in Lac)

I. Assets	Foreign Currency	Current Year			Previous Year		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹	Exchange Rate	Amount in Foreign Currency	Amount in ₹
Receivables (Trade & Other)	-	-	-	-	-	-	-
Other Monetary assets (e.g. ICDs/Loans given in FC)	-	-	-	-	-	-	-
Total Receivables (A)	-	-	-	-	-	-	-
Hedges by derivative contracts (B)	-	-	-	-	-	-	-
Unhedged Receivables (C=A - B)	-	-	-	-	-	-	-
II. Liabilities	Foreign Currency	Current Year			Previous Year		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹	Exchange Rate	Amount in Foreign Currency	Amount in ₹
Payables (Trade & Other)	-	-	-	-	-	-	-
Borrowings (ECB and Other)	USD EURO	64.8386 69.2476	16,793.81 2,378.51	10,88,887.13 1,64,706.11	66.3329 75.0955	17,035.79 1,189.25	11,30,033.35 89,307.32
Total Payables (D)	USD EURO	64.8386 69.2476	16,793.81 2,378.51	10,88,887.13 1,64,706.11	66.3329 75.0955	17,035.79 1,189.25	11,30,033.35 89,307.32
Hedges by derivative contracts (E)	USD EURO	64.8386 69.2476	13,015.44 192.84	8,43,902.91 13,353.71	66.3329 75.0955	12,685.59 223.79	8,41,471.97 16,805.62
Unhedged Payables (F= D - E)	USD EURO	64.8386 69.2476	3,778.37 2,185.67	2,44,984.22 1,51,352.40	66.3329 75.0955	4,350.20 965.46	2,88,561.38 72,501.70

III. Contingent Liabilities and Commitments	Foreign Currency	Current Year			Previous Year		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹	Exchange Rate	Amount in Foreign Currency	Amount in ₹
Contingent Liabilities	-	-	-	-	-	-	-
Commitments	-	-	-	-	-	-	-
Total (G)	-	-	-	-	-	-	-
Hedges by derivative contracts (H)	-	-	-	-	-	-	-
Unhedged Payables (I= G-H)	-	-	-	-	-	-	-
Total unhedged FC Exposures (J= C+F+I)	-	-	-	-	-	-	-

d) Unhedged position of foreign currency loans is as under:

(₹ in Lac)

Institution	Amount of Unhedged Position	
	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Asian Development Bank (ADB):-		
USD	3,778.25	4,350.08
INR	2,44,977.01	2,88,553.72
Kreditanstalt für Wiederaufbau (KfW):-		
Euro	185.67	215.46
INR	12,857.34	16,180.67
IBRD World Bank:-		
USD	0.12	0.12
INR	8.10	8.29
European Investment Bank (EIB)		
EURO	2,000.00	750.00
INR	1,38,495.20	56,321.62

e) In terms of Accounting Policy 6.6.2, the exchange rates (i.e. RBI reference rates) prevailing on the date of closure of accounts are as follows:

S.No.	Exchange Rates	As on 31 st March 2017	As on 31 st March 2016
1	USD/INR	64.8386	66.3329
2	EURO/INR	69.2476	75.0955

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- f) In terms of Accounting Policy no. 1.1(ii) & 1.1(iii), the following exchange rates (i.e. RBI reference rates) (USD/INR) are used for translation of financial statement of IIFC(UK) Ltd.:

S.No.	Exchange Rates	As on 31 st March 2017	As on 31 st March 2016
1	Assets & Liabilities (Closing Exchange Rate)	64.8386	66.3329
2	Income & Expense (Average Exchange Rate)	Converted at RBI reference rate at the date of transaction.	Converted at RBI reference rate at the date of transaction.

16. Creation of Bond Redemption Reserve

- a) In respect of privately placed bonds: Since the company is notified as Public financial institution within the meaning of Section 2(72) of Companies Act 2013 vide notification no S.O.143 (E) (F.NO.3/5/2008) Dated 14th January 2009 of Central Government, it is not required to create Bond Redemption Reserve in respect of private placed bonds as per circular no 04/2013 issued by Ministry of Corporate Affairs, Government of India dated 11th February 2013.
- b) In respect of publicly placed bonds: The company issued Tax Free Bonds of the face value of ₹ 1,000 each aggregating to ₹ 3,15,631.89 Lac in FY 2012-13, ₹ 6,87,754.25 lac in FY 2013-14 and Long Term Infrastructure Bonds of ₹ 9,096.18 Lac in FY 2010-11 totaling ₹ 10,12,482.32 Lac through public issue.

As per Rule 18(7)(b)(ii) of Companies (Share Capital and Debentures) Rules 2014, The Company shall create Debenture Redemption Reserve (DRR) for NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997, 'the adequacy' of DRR will be 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and no DRR is required in the case of Privately Placed Debentures. Accordingly the company has created bond redemption reserve of ₹ 63,691.16 lac up to 31st March 2017 (₹ 45,507.67 lac up to 31st March 2016).

Further, the company has bought back of Long Term Infrastructure Bonds amounting to ₹ 20.05 lac (₹ 2,383.95 lac as on 31st March 2016) during the year ended 31st March 2017. Accordingly, DRR as on 31st March 2017 has been created after giving effect to buyback of these bonds.

As per the disclosure requirements contained in the listing agreement with Stock exchange, it is stated that the company has not given any loans and advances in the nature of loans to Individuals, associates and to firms/ companies in whom directors are interested. Further, no loan (borrower) has made any investment in the shares of the company or its subsidiary.

17. The pay revision of the employees of the company is due w.e.f. 1st November 2012. Pending revision of pay, a provision of ₹ 821.71 lac has been made for the period 1st November 2012 to 31st March 2017 on estimated basis taking base of 24% increase in last revision made from 1st November 2007 for next 5 years.
18. (a) RBI issued Certificate of registration dated 9th September 2013 to IIFCL to carry on the business of Non-Banking Financial Institution without accepting public deposits.
- (b) Prudential norms issued by RBI for NBFC-IFC do not apply to Company, being a Government owned company. On registration as an NBFC-IFC, the company, being a Government owned company, was required to prepare a roadmap for compliance with various elements of the NBFC Regulations in consultation with the Government and submit the same to Reserve Bank of India (Department of Non-Banking Supervision) as directed by RBI vide notification No. DNBS. PD/CC No. 86/03.02.089/2006-07 dated 12th December 2006. In compliance with the requirement, company vide letter dated 21st November 2014 to RBI has submitted roadmap to comply with various elements of RBI Regulation w.e.f. 1st January 2015.
- (c) The company has restructured/ rescheduled 24 loan accounts up to 31st March 2017 having outstanding balance of ₹ 3,24,140.80 lac as on 31st March 2017 (₹ 3,49,663.16 lac in 27 loan accounts as on 31st March 2016) and there is no shortfall in value of security in these accounts as on 31st March 2017 refer note 24(A)(3.3)(v)
- (d) Pursuant to Accounting policy no. 24(A)(3.3)(vii), reasons for adopting accelerated provisioning in 10 cases is as under:

i. **Dighi Port Limited**

Dighi Port is being developed by Balaji Infra Projects Ltd (BIPL) under a 50 year "Build, Own, Operate, Share, Transfer (BOOST)" concession agreement signed with the Maharashtra Maritime Board (MMB), the Government of Maharashtra, to develop, operate, finance and maintain the Port. Despite restructuring

under CDR, the project implementation has not been completed and revenue stream remains minimal. Capacity utilization of the port to break even depends on road and rail connectivity which is expected to take around three years of time. Further differences between the shareholders of the company is not resolved and promoter is unable to infuse funds/rope in strategic investor. Hence provisioning of 70% has been made as against required provisioning of 50% as per RBI norms.

ii. West Haryana Highways Projects Private Limited

The project involves augmentation of the existing road from Km 29.7 to Km 87 (approx. 63.49 km) on the Bahadurgarh-Rohtak Section of NH-10 in the State of Haryana by Six/Four Laning on BOT basis (toll based) for a period of 25 years from appointed date i.e. 03.05.2008. The Concessioneing Authority is NHAI. The project achieved PCOD in Nov 2015 as against SCOD of 01.05.2010 due to delay in handover of land. Further, the toll collections are much less than projections and not sufficient to service the lenders dues. In view of the same, a provision of 50% is made as against required provisioning of 30% as per RBI norms.

iii. KVK Nilanchal Power Limited

The project involves development 350 MW (1x350 MW) Coal based Thermal power Plant in the state of Orissa. The implementation of the project is stalled since May 2012 due to a status quo issued by High Court of Orissa based on a PIL filed regarding Wild Life Clearance from NBWL. Later the status quo was removed in May 2014. As per the audited balance sheet for financial year 2014-15 of the company there is a security shortfall. Hence provision of 66% has been made as against required provisioning of 20% as per RBI norms.

iv. Indira Container Terminal Private Limited

The project involves operation and management of Ballard Pier station for 5 years and development of Offshore Container Terminal (OCT) together with operation of OCT for 30 Years including period of 3 years for construction of OCT. The Licensor is Mumbai Port Trust (MbPT). The License period is 30 years. Presently, the project is stalled for various reasons. However RoRo (Roll on Roll off) operations have been permitted by Mumbai port Trust as an interim measure which is generating some revenue. The process for revival of this project including by way of rebidding with expanded scope is under discussion. In view of the above, provisioning of 60% as on 31st March 2017 against the required provisioning of 20% as per RBI norms.

v. GVK Power (Govindwal Sahib) Limited

The project involves implementation of 540 MW (2*270 MW), coal-based power project (sub-critical technology) at Goindwal Sahib, District Tarn Taran, Punjab. The project encountered multiple time/cost overrun and finally achieved COD in April 16. The plant operated for some time in July and August 2016 and thereafter it is shut down due to non-availability of coal/ shortage of WC. Company, as a long term solution requested to lenders that the loan may be structured/refinanced under 5/25 scheme or S4A scheme or any kind of deep structuring/refinancing and the matter under consideration with lenders. In view of the above, provisioning of 20% as on 31st March 2017 against the required provisioning of 10% as per RBI norms.

vi. Lucknow Sitapur Expressways Limited

Project involves Design, Engineering, Financing, Procurement, Construction, Operation Maintenance, Rehabilitation & Strengthening of existing 2 Lane Road and widening to 4 Lane divided highway from Km 488.270 to KM 413.20 of NH24 (Lucknow – Sitapur Section) in the state of Uttar Pradesh on Build, Operate and Transfer (BOT) Basis. Concessioneing Authority is National Highway Authority of India (NHAI). Project has achieved COD on 21.05.2013. However project revenues (Toll collections) are not sufficient to service the lenders dues. In view of the above, provisioning of 30% as on 31st March 2017 against the required provisioning of 10% as per RBI norms.

vii. Transstroy Tirupathi Tiruthani Chennai Tollways Private Limited

The project involves Four Laning of Tirupati – Tiruthani – Chennai section of NH-205 from km 274.800 to km 341.60 in the state of Andhra Pradesh and from km 0.00 to km 59.60 in the state of Tamil Nadu on Design, Build, Finance, Operate, Transfer (DBFOT) Basis for a period of 30 years. The Concessioneing Authority is NHAI. The project achieved PCOD in Feb 2015. However, the toll collection is not sufficient to service the lenders dues. In view of the same, a provision of 60% is made as against required provisioning of 20% as per RBI norms.

viii. Swiss Tech India Private Limited (IWRFC)

The project was sanctioned a Rupee Term Loan of Rs. 28 Cr. by Irrigation & Water Resources Finance Corporation Ltd (IWRFC) in May 2012. The account is transferred from erstwhile IWRFC in view of merger of IWRFC and IIFCL. The project involves installation & operation of RO treatment plants at 500 rural locations in four districts of United Andhra Pradesh state under scheme named as “Sujalam” on PPP basis for a period of 10 years. While the project was still under implementation, the project suffered due to bifurcation of state of Andhra Pradesh. A provision of 50% has been made in the account as against 30% required as per RBI.

ix. Lanco Teesta Hydro Power Pvt Ltd

The project involves implementation of 500 MW (4 X 125 MW) run of the river hydroelectric power project across the Teesta river (Teesta VI, “Project”). Strategic Debt Restructuring (SDR) had been invoked and lenders collectively acquired 51% stake by converting part debt to equity and the stand still period expired on 23.01.2017 and the account has been classified as NPA with effect from 30.09.2015. Borrower and lenders are continuing to pursue with Govt of Sikkim to take over the project. Considering the present status of project, repated time and cost over-run and uncertainty involved, a provision of 45% has been made as against required provisioning of 20% as per RBI Norms.

x. Ind-Barath Power (Madras) Ltd

The project involves implementation of 1*660 MW Coal based Thermal Power Project in Tuticorin. The project is presently stand still and lenders have recalled the loan. In view of the above, a provision of 50% is made as against required provisioning of 10%.

(e) Jaypee Infratech Limited

IIFCL had funded the project of Yamuna Expressway (promoter is Jaypee Infratech Ltd) for Rs. 900 crore in June 2015 under its Takeout Finance Scheme (TFS) as per the request of IDBI Bank lead Consortium after the PCOD has been achieved in year 2012, with terms and conditions under implementation of RBI scheme of flexible structuring of long term project loans to core industries (5/25 scheme). The project got delayed due to NGT order curtailing construction in the area due to proximity to Okhla Bird Sanctuary. This impacted the projected revenue generation and timely completion of the project. The order was subsequently relaxed, thus permitting the development of the project. In the meanwhile, the account has become substandard on 31.12.2016. Efforts are being made by the lenders for a resolution process by way of one time additional funding by new lender to expeditiously complete the remaining phases of project, which will further improve the overall revenues/financials of the company with the expected connectivity with Metro Rail Construction/Airport.

19. The status of pending assessment of Income Tax for the various Assessment Year(s) is as under:

Assessment Year	Status
2008-09	IIFCL has filed an appeal against demand of Income Tax dues of ₹ 159 lac for assessment year 2008-09 made by the Income Tax department Vide order dated 7 th March 2014. The Commissioner of Income Tax [Appeals] - 4 passed the order dated 8 th September 2015 and dismissed the appeal of IIFCL. IIFCL has filed an appeal against the order before ITAT dated 16 th November 2015.
2009-10	Notice for reassessment under Section 147 received on 31.03.2016. Assessment order received on 29.11.2016 after disallowances. Appeal filed to CIT(A) on 27.12.2016. Income Tax demand of Rs 11.88 crores has been deposited.
2011-12	Assessment order u/s 148 received on 29.11.2016 after disallowances. Appeal filed to CIT(A) on 27.12.2016. Income Tax demand of Rs 7.95 crores has been deposited.
2013-14	Assessment order u/s 143(3) dated 04.02.2016 received on 23.02.2016. Appeal filed with CIT(A) on 23.03.2016 & order received on 20.10.2016 after disallowances. Appeal filed to ITAT on 19.12.2016. Income Tax demand of Rs 48.31 lacs has been deposited.
2014-15	Return filed on time and Notice u/s 142(1) dated 20.06.2016 received on 23.06.2016. Assessment order received on 29.11.2016 after disallowances. Appeal filed to CIT(A) on 27.12.2016. Income Tax demand of Rs 9.35 crores has been deposited.
2015-16	Notice u/s 143(2) received vide letter dated 06.04.2016 on 13.04.2016. Relevant Documents are submitted to Income Tax Department on 25.04.2016.

* In FY 2016-17, IIFCL has followed the provisions of Income Computation & Disclosure Standard (ICDS) notified by Central Board of Duties & Taxes (CBDT) vide notification no. 32/0215 dated 31st March 2015 and effective from 1st April 2015, as opined by Tax Advisor. Subsequently, However, Income Tax Department vide press release dated 6th July 2016 extended the applicability of ICDS from 1.04.2016 i.e. previous year 2016-17 (Assessment Year 2017-18).

20. (a) During the year ended 31st March 2017 the Company had assigned financial assets having a net book value of **NIL** (₹ 10,416.00 lac as on 31st March 2016) to Asset Reconstruction Companies. The company had in terms of the DBOD.BP.BC.No. 98/21.04.132/2013-14 dated 26th February 2014 and RBI master circular DNBR (PD) CC.No.043/03.10.119/2015-16 on prudential norms on income recognition and assets classification dated 1st July 2015 spread over the net short fall of **NIL** (NIL as on 31st March 2016) over a period of eight quarters. Consequently, an amount of ₹ 5,633.18 lac has been charged off during the year ended 31st March 2017 (₹ 7,510.91 lac during the year ended 31st March 2016).
- (b) During the year ended 31st March 2017 the Company had written off 14 accounts amounting ₹ 65,880.48 lac (₹ 55,724.69 lac in 18 loan accounts as on 31st March 2016) refer note 24(A)(3.4)(iv).
21. During the year, the Company has sent letters requesting submission of confirmation of balances to Statutory Auditors by Borrowers as on 28th February 2017 and banks, parties etc. as on 31st March 2017. Some of the balances appearing under Infrastructure Loans, Borrowings and Other Debit and Credit Balances as on 28th February 2017 are subject to confirmation and reconciliation and in the opinion of management, no material impact of such confirmation and reconciliation and also on account of pending resetting of interest rates in some of the cases on financial statements is anticipated. After 31st March 2017, borrowers with outstanding balance aggregating ₹ 30,77,015.95 lac (Previous year ₹ 30,20,040.79 lac) (Excluding NPA Accounts) on 28th February 2017 representing 97.11% (Previous year 96.64%) of outstanding amount. Banks and other parties with material outstanding amounts have also given confirmations of outstanding amount of debit/credit as on 31st March 2017.
22. Disclosures pertaining to the Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities issued by ICAI on 15th May 2015:
- a) Breakup of various heads of expenses included in CSR expenditure:

(₹ In Lac)

S.No.	Name of the Organization	Project Details	Year Ended 31.03.2017	Year Ended 31.03.2016
1	National Safai Karamcharis Finance & Development Corporation (NSKFDC)	Skill development of 500 women cab drivers	10.00	20.00
2	Central Electronics Limited (CEL)*	Installation of 1050 Solar street lights in Rohtas(Bihar) (Previous Year-Social upliftment of rural tribes in Jaisalmer district of Rajasthan)	110.25	366.32
3	Himachal Consultancy Organization Limited (HIMCON)*	Integrated development of Borsimaluguri (Assam)	10.81	105.56
4	National Scheduled Tribes Finance and Development Corporation	Skill upgradation for tribal artisans.	-	127.50
5	Solar Energy Corporation of India*	Distribution of 35,000 solar lanterns in backward districts of India	185.15	210.00
6	Hindustan Prefabs Limited	Construction of toilets under the Swachh Vidhayala Abhiyaan	-	218.09
7	Artificial Limb Manufacturing Corporation of India (ALIMCO)	Distribution of assistive aids and appliances to persons with Disabilities(PwDs)	-	25.78
8	ITCOT Consultancy and Services	Skill development training of 500 unemployed youths	-	54.59

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9	Rajasthan Electronics and Instruments Limited (REIL)*	Installation of 2000 Solar Street Lighting System in Bhadohi (UP)	104.73	65.40
10	Sulabh International Social Service organization*	Construction of toilets in schools	43.66	55.61
11	Ministry of Health and Family Welfare (MoHWF), Government of India	Contribution to the Health Minister's Cancer Patient Fund of the Ministry of Health and Family Welfare (MoHWF), Government of India	409.37	691.72
12	Apeksha Homeo Society	Movement for creation of drop free zone in Maharashtra	-	4.00
13	National Cultural Fund, Ministry of Culture, Government of India	Contribution to the National Cultural Fund of the Ministry of Culture, Government of India	-	500.00
14	Vivekanand Kendra*	Construction of Toilets in Schools	14.30	-
15	Pyari Foundation India Trust*	Integrated development of Baghmundi (Purulia), WB	18.30	-
16	Lions Club of Palakkad*	Construction of toilets in Government aided schools, Palakkad (Kerala)	18.77	-
17	Gurgaon District Administration*	Construction of low cost diagnosis unit in Gurgaon (Haryana)	100.00	-
18	Dhyan Foundation*	Distribution of medical van for injured animals	13.42	-
19	Ministry of Youth Affairs and Sports (MYAS), Government of India*	Release of second installment to Ministry of Youth Affairs and Sports (MYAS), Government of India for contribution to the TOP Scheme of NSDF.	1000.00	-
20	Public Works Department, Ramdevra*	Construction of toilets at Ramdevra (Rajasthan)	27.00	-
21	CSR Overhead Expenditure		13.05	-
GRAND TOTAL			2,078.81	2,444.57

b) Additional disclosure in respect of CSR expenditure:

- Gross amount required to be spent by the company during the year ended was ₹ 2,078.81 lac (₹ 2,444.57 lac as on 31st March 2016).
- Amount spent during the year:

(₹ In Lac)

Particulars	Year Ended 31 st March 2017			Year Ended 31 st March 2016		
	In Cash	Yet to be paid in cash#	Total	In Cash	Yet to be paid in cash#	Total
(i) Construction/ Acquisition of any Asset*	1,461.23	Nil	1,461.23	810.98	Nil	810.98
(ii) On purpose other than (i) above	617.58	Nil	617.58	1,633.59	Nil	1,633.59
Total	2,078.81	Nil	2,078.81	2,444.57	Nil	2,444.57

Footnotes to note No. 22 (a) & 22 (b):

* Construction/Acquisition of any Asset includes installation of solar household lightening

#The entire amount of CSR expenditure accrued during FY 2016-17 was remitted by IIFCL upto 31st March 2017.

23. Department of Investment & Public Asset Management (DIPAM), Ministry of Finance, vide their Office Memorandum (OM) F. No. 5/1/2016-Policy dated 27th May 2016 issued "Guidelines on Capital Restructuring of CPSEs". The guidelines provide for payment of Dividend, issue of Bonus Shares, Buyback of Shares and Splitting of Shares by PSUs. The Guidelines for issue of Bonus Shares, Buyback of Shares and Splitting of Shares are not applicable to IIFCL. As per Guidelines of Payment of dividend, IIFCL was required to pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions. However, IIFCL vide letter dated 14th January 2016 had requested Government for exemption from payment of dividend for at least 3 years which amounts to ₹ 36,323.41 lacs in FY 2015-16 and ₹ 37,119.74 lacs in FY 2016-17. The reply of IIFCL's Letter is awaited.
24. a) Ministry of Corporate Affairs (MCA) vide order dated 21st July 2016 has conveyed sanction of the Central Government to the Scheme of Amalgamation of Irrigation and Water Resources Finance Corporation Ltd. (IWRFC) with India Infrastructure Finance Company Limited (IIFCL) under Section 391 (2) read with section 394 of the Companies Act, 1956. The scheme of amalgamation is binding with effect from 1st April, 2016, being appointed date for coming into force of the said Scheme. Consequent to the amalgamation of companies and the Scheme becoming effective, the Transferor Company i.e IWRFC stands dissolved without the process of winding up with effect from the date of order.

Name and general nature of business of the amalgamating company	Irrigation and Water Resources Finance Corporation Ltd.
Effective date of amalgamation for accounting purposes	1 st April 2016
The method of accounting used to reflect the amalgamation	Nature of Merger
Particulars of the scheme sanctioned under a statute	u/s 391-394 of erstwhile Companies Act 1956
Description and number of shares issued, together with the percentage of each company's equity shares exchanged to effect the amalgamation	Number of Shares Issued : 102,316,230 shares of ₹ 10 each. Exchange percent : 100%
The amount of any difference between the consideration and the value of net identifiable assets acquired, and the treatment thereof.	Nil

Impact to the amalgamation is as under :

Increase in Net Worth : Rs. 15,168.35 lacs

Increase in Liabilities : Rs. 874.08 lacs

Increase in Assets : Rs. 16,041.90 lacs

b) During the year, the IIFCL & Subsidiaries had Specified Bank Notes or Other Denomination Notes as defined in the MCA notification G.S.R. 308(E) dated 30th March 2017 on the details of Specified Bank Notes(SBN) held and transacted during the period from 08th November 2016 to 30th December 2016, the denomination wise SBNs and Other Denomination Notes as per the notification is given below:

For IIFCL:

(amount in ₹)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	3,500	7,003	10,503
(+) Permitted receipts	-	272,053	272,053
(-) Permitted payments	-	264,709	264,709
(-) Amount deposited in Banks	3,500	-	3,500
Closing cash in hand as on 30.12.2016	-	14,347	14,347

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For IAMCL:

(amount in ₹)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	13,500	3,193	16,693
(+) Permitted receipts	-	60,000	60,000
(-) Permitted payments	-	50,049	50,049
(-) Amount deposited in Banks	13,500	-	13,500
Closing cash in hand as on 30.12.2016	-	13,144	13,144

For IPL:

(amount in ₹)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	13,500	1,138	14,638
(+) Permitted receipts	-	22,000	22,000
(-) Permitted payments	-	17,305	17,305
(-) Amount deposited in Banks	13,500	-	13,500
Closing cash in hand as on 30.12.2016	-	5,833	5,833

25. #Some of the Subsidiaries Companies followed different accounting policies from that of the Company and the impact of the same is not material.

The Disclosure are made at print stage of Annual Report pursuant to assurances/replies given to the Office of Principal Director of Commercial Audit, Member Audit Board-III, New Delhi during course of audit on observations in Half Margins of Phase-III Audit on Annual accounts of IIFCL for the year 2016-17.

26. Statement of Additional information as required in terms of paragraph 13 of Non-banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(₹in lac)

Particulars	As on 31st March 2017		As on 31st March 2016	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side:				
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	14,94,898.32	-	14,94,918.37	-
: Unsecured	17,21,610.60	-	18,02,990.90	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	12,53,595.95	-	12,19,344.87	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans (short term bank loan)	89,717.62	-	1,70,028.11	-

Assets side:	Amount outstanding	
	As on 31 st March 2017	As on 31 st March 2016
(2) Break-up of Loans and Advances including bills receivables [Other than those included in (4) below]:		
(a) Secured	45,24,291.03	43,09,552.70
(b) Unsecured	-	-
(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 lease	-	-
(b) Operating lease	-	-
(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:		
Current Investments:		
1. Quoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
Long Term investments:		
1. Quoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	1,10,861.04	4,887.51
(iii) Units of mutual funds	-	-

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(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted:		
(i) Shares: (a) Equity	411.03	411.03
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	13,000.00	13,000.00
(i) Government Securities	17,313.79	17,338.00
(iv) Others (advance against equity share capital) (Investment in venture capital units)	5,212.02	7,467.02
(v) Investment in security receipts	21,359.11	22,032.00
Total	46,92,448.02	43,74,688.26

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

Category	Amount net of provisions (As on 31 st March 2017)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	43,55,418.00	-	43,55,418.00
Total	43,55,418.00	-	43,55,418.00

Category	Amount net of provisions (As on 31 st March 2017)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	42,21,186.61	-	42,21,186.61
Total	42,21,186.61	-	42,21,186.61

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

Category	Amount net of provisions (As on 31 st March 2017)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	411.03	411.03

Category	Amount net of provisions (As on 31 st March 2017)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	411.03	411.03

(7) Other information

Particulars	As on 31 st March 2017	As on 31 st March 2016
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	2,63,812.12	1,58,292.16
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	1,63,391.89	1,19,939.81
(iii) Assets acquired in satisfaction of debt	Nil	Nil

27. Disclosures pursuant to Reserve Bank of India Notification DNBR(PD) CC No.002/03.10.001/ 2014-15 dated 10th November 2014**27.1 Capital**

(₹ in lac)

Particulars	As at 31 st March 2017	As at 31 st March 2016
Tier I Capital	7,94,852.34	7,59,923.59
Tier II Capital	13,895.39	12,344.63
Total Capital	8,08,747.73	7,72,268.22
Total Risk Weighted Assets	48,91,400.30	46,56,647.97
Capital Ratios		
Tier I Capital as Percentage of Total Risk Assets (%)	16.25	16.32
Tier II Capital as Percentage of Total Risk Assets (%)	0.28	0.27
Total Capital (%)	16.53	16.58

27.2 Investments

(₹ in lac)

S.No.	Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
1	Value of investments		
(i)	Gross value of investments	1,68,156.99	65,135.56
(a)	In India	1,68,156.99	65,135.56
(b)	Outside India	-	-
(ii)	Provisions for depreciation	-	-
(a)	In India	-	-
(b)	Outside India	-	-
(iii)	Net value of investments	1,68,156.99	65,135.56

(a)	In India	1,68,156.99	65,135.56
(b)	Outside India	-	-
2	Movements of provisions held towards depreciation of investments		
(i)	Opening balance	-	-
	Add: Provisions made during the year	-	-
	Less: Write off/Write back of excess provisions during the year	-	-
	Closing balance	-	-

27.3 Derivatives

27.3.1 Forward Rate Agreement/ Interest Rate Swap

(₹ in lac)

S.No.	Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
1	The notional Principal of swap agreements	8,000.00	8,000.00
2	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
3	Collateral required by the NBFC upon entering into swaps	-	-
4	Concentration of credit risk arising from the swaps	-	-
5	The fair value of the swap book	(2,381.61)	(3,149.73)

27.3.2 Risk Exposure in Derivatives:

Qualitative Disclosure

NBFCs are required to describe their risk management policies pertaining to derivatives with particular reference to the extent to which derivatives are used, the associated risks and business purposes served. In compliance of RBI guidelines dated 10th November, 2014, same is being disclosed as under:

- IIFCL undertakes derivative transactions to mitigate currency and interest rate risk of foreign currency borrowings. The company has put in place the Hedging Policy which forms a part of Resource and Treasury policy duly approved by Board of Directors. The company's derivative transactions are governed by this policy which outlines the instruments which would be used for hedging as per the underlying liabilities.
- IIFCL undertakes derivative transaction for purpose of hedging and mitigating interest rate and currency risks (Market risk) arising on Foreign currency borrowings.
- IIFCL undertakes derivative transactions for the purpose of hedging exchange and interest rate risk of foreign currency borrowings and not for any other purpose. The terms of Derivative transactions match with the corresponding underlying (Liabilities) for continuous effectiveness. The said effectiveness is ascertained at the time of inception of hedge through matching term concept.
- The accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation is disclosed in Accounting Policy 24(A)2.

Quantitative Disclosures

(₹ in Lac)

S.No.	Particulars	For the Year Ended 31 st March 2017		For the Year Ended 31 st March 2016	
		Currency derivatives	Interest Rate derivative	Currency derivatives	Interest Rate derivative
(i)	Derivatives (Notional Principal Amount)	7,57,831.72	7,57,831.72	7,23,347.98	7,23,347.98
	For hedging	7,49,831.72	7,49,831.72	7,23,347.98	7,23,347.98
(ii)	Marked to Market positions(1)	95,363.13	95,363.13	1,27,959.56	1,27,959.56
	a. Asset (+)	1,11,524.91	1,11,524.91	1,31,109.28	1,31,109.28
	b. Liability(-)	(16,161.77)	(16,161.77)	(3,149.72)	(3,149.72)
(iii)	Credit Exposures	-	-	-	-
(iv)	Unhedged Exposures	3,96,337.66	3,96,337.66	3,61,064.32	3,61,064.32

27.4 Disclosures relating to Securitization

Details of Financial Assets sold to Securitization/ Reconstruction Company for Asset reconstruction:

(₹ in Lac)

S.No.	Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
(i)	No. of Accounts	-	2
(ii)	Aggregate value (net of provisions) of accounts sold to SC/ RC	-	10,416.00
(iii)	Aggregate consideration	-	13,768.00
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate (gain)/loss over net book value	-	(3,352.00)

27.5 Details of Non- performing Financial Assets sold:

(₹ in Lac)

S.No.	Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
(i)	No. of accounts sold	-	2
(ii)	Aggregate outstanding	-	13,213.61
(iii)	Aggregate consideration received	-	13,768.00

27.6 Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at 31st March 2017:

(₹ in lac)

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 Months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	89,717.62	-	-	-	-	1,62,096.50	4,53,870.20	7,45,643.90	14,51,328.22
Market Borrowings	-	-	-	-	-	-	5,388.11	18,49,510.21	18,54,898.32
Assets									

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Receivables under financing activity	7,333.72	3,525.43	24,160.22	36,200.74	75,189.08	4,85,368.83	5,94,231.56	32,98,192.40	45,24,201.98
Investment	1,265.71	7,422.33	6,973.24	1,27,669.16	6,77,994.91	1,29,000.00	-	43,742.88	9,94,068.23
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	3,085.02	-	14,552.42	-	23,492.77	97,816.19	1,17,662.98	9,96,986.57	12,53,595.95

Maturity pattern of certain items of assets and liabilities as at 31st March 2016:

(₹ in lac)

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	1,70,028.11	-	-	-	-	1,65,832.25	4,64,330.30	7,62,828.35	15,63,019.01
Market Borrowings	-	-	-	50,000.00	-	-	5,408.16	18,49,510.21	19,04,918.37
Assets									
Receivables under financing activity	9,955.52	4,336.73	16,450.22	31,012.48	65,930.99	4,66,827.38	5,66,131.21	31,48,793.85	43,09,438.37
Investment	30,556.78	1,487.85	6,633.29	4,51,327.59	5,72,354.88	12,437.86	9,787.66	67,604.84	11,52,190.75
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	1,33,48.59	-	1,48,05.28	9,13,07.46	1,05,143.21	9,94,740.31	12,19,342.46

27.7 Exposures

27.7.1 Exposure to Real estate sector

The Company does not have any direct or indirect exposure to the real estate sector as at 31st March 2017 (previous year Nil).

27.7.2 Exposure to Capital Market:

(₹ in lac)

S.No.	Particulars	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-

(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances';	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	5,212.02	7,467.02

27.8 Additional Disclosures: Provisions and Contingencies

(₹ in Lac)

S.No.	Breakup of Provisions and Contingencies reflected in Statement of Profit & Loss	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
(i)	Provision towards NPA	82,166.74	35,746.39
(ii)	Provision for income tax (including deferred tax)	41,929.81	54,881.91
(iii)	Provision for Standard Assets (including restructured accounts & SDR accounts)	52,548.39	40,681.65

27.9 Concentration of Advances, Exposure and NPAs:

(i) Concentration of Advances

(₹ in lac)

Particular	For the March Ended 31 st March 2017	For the Year Ended 31 st March 2016
Total Advances to twenty largest borrowers	18,24,647.21	18,26,266.32
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	40.06%	42.03%

(ii) Concentration of Exposure

(₹ in lac)

Particular	For the March Ended 31 st March 2017	For the Year Ended 31 st March 2016
Total Exposure to twenty largest borrowers	18,24,647.21	18,26,266.32
Percentage of Exposure to twenty largest borrowers/ customers to Total Exposure of the NBFC on borrowers/ customers	40.06%	42.03%

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(iii) Concentration of NPAs

(₹ in Lac)

Particular	For the March Ended 31 st March 2017	For the Year Ended 31 st March 2016
Total Exposure to top four NPA accounts	1,69,514.85	76,780.16

(iv) Sector- wise NPAs

S.No.	Sector	% of NPAs to Total Advances in that sector	
		For the March Ended 31 st March 2017	For the Year Ended 31 st March 2016
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	5.83%	3.67%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

(v) Movement of NPAs:

(₹ in Lac)

S.No.	Particular	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
(i)	Net NPAs to Net Advances (%)	3.61%	2.78%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	1,27,749.24	96,232.11
	(b) Additions during the year	2,04,903.74	79,616.24
	(c) Reductions/write off during the year	38,123.08	47,423.17
	(d) Closing balance	2,94,529.90	1,28,425.18
(iii)	Movement of Net NPAs		
	(a) Opening balance	89,250.74	68,195.49
	(b) Additions during the year	1,47,795.82	58,596.83
	(c) Reductions during the year	35,461.79	37,114.05
	(d) Closing balance	2,01,584.77	89,678.27
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	38,498.50	28,036.62
	(b) Provisions made during the year	60,496.60	31,843.29
	(c) Write off/ write- back of excess provisions	6,049.97	21,133.00
	(d) Closing balance	92,945.13	38,746.91

27.10 Customer Complaints

S.No.	Particular	For the Year Ended 31 st March 2017	For the Year Ended 31 st March 2016
(a)	No. of complaints pending at the beginning of the year	0	0
(b)	No. of complaints received during the year	988	816
(c)	No. of complaints redressed during the year	988	816
(d)	No. of complaints pending at the end of the year	0	0

27.11 Additional Disclosures

S.No.	Disclosure	Comment
(i)	Registration/ license/authorization obtained from other financial regulator	Corporate Identification No. U67190DL2006GOI144520 obtained from Ministry of Corporate Affairs
(ii)	Ratings assigned by credit rating agencies and migration of ratings during the year	AAA stable assigned by various Rating agencies for domestic bonds issued by company. International Credit Rating of the company for 2015-16 is S&P BBB – There is no migration of rating during current year 2015-16
(iii)	Penalties, if any, levied by any regulator	Nil
(iv)	Information viz., area, country and joint venture partners	
	(a) Joint Ventures	None
	(b) Overseas Subsidiary	IIFC (UK) Ltd. wholly owned subsidiary of company operates from London, United Kingdom and undertakes financing infrastructure projects in India,

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27.12 Disclosure of Restructured Accounts

S. No.	Type of Restructuring		Under CDR Mechanism	Under SME Debt Restructuring Mechanism	Others (₹ in lac)						Total (₹ in lac)					
	Asset Classification		Total	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard
	Details															
1	Restructured Accounts as on 01.04.2016	No. of borrowers	-	-	28.00	11	5	-	44.00	28.00	11	5	-	44.00		
		Amount outstanding	-	-	382,082.46	77,993.47	20,018.83	-	480,094.76	382,082.46	77,993.47	20,018.83	-	480,094.76		
		Provision thereon	-	-	17,259.94	8,760.95	5,020.24	-	31,041.13	17,259.94	8,760.95	5,020.24	-	31,041.13		
2	Fresh restructuring during the FY 2016-17	No. of borrowers	-	-	5.00	6	5	-	16.00	5.00	6	5	-	16.00		
		Amount outstanding	-	-	150,562.54	36,712.28	41,036.00	-	228,310.82	150,562.54	36,712.28	41,036.00	-	228,310.82		
		Provision thereon	-	-	7,528.13	6,483.73	25,973.20	-	39,985.06	7,528.13	6,483.73	25,973.20	-	39,985.06		
3	Upgradations to restructured standard category during the FY 2016-17	No. of borrowers	-	-	-	5	-	-	5.00	-	5	-	-	5.00		
		Amount outstanding	-	-	-	36,650.63	-	-	36,650.63	-	36,650.63	-	-	36,650.63		
		Provision thereon	-	-	-	3,665.07	-	-	3,665.07	-	3,665.07	-	-	3,665.07		
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY 2016-17	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-		
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-		
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-		

S. No.	Type of Restructuring		Under CDR Mechanism	Under SME Debt Restructuring Mechanism	Others (₹ in lac)						Total (₹ in lac)					
	Asset Classification		Total	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total		
	Details															
5	Down gradations of restructured accounts during the FY 2016-17	No. of borrowers	-	-	5.00	5	-	-	10.00	5.00	5	-	-	10.00		
		Amount outstanding	-	-	37,439.56	41,036.00	-	-	78,475.56	37,439.56	41,036.00	-	-	78,475.56		
		Provision thereon	-	-	1,756.49	50,65.20	-	-	6,821.69	1,756.49	50,65.20	-	-	6,821.69		
6	Write offs/ Prepayment of restructured accounts during the FY 2016-17	No. of borrowers	-	-	1.00	-	2	-	3.00	1.00	-	2	-	3.00		
		Amount outstanding	-	-	82.85	-	1,064.71	-	1,147.56	82.85	-	1,064.71	-	1,147.56		
		Provision thereon	-	-	3.52	-	319.41	-	322.93	3.52	-	319.41	-	322.93		
7	Restructured Accounts as on 31.03.17 (closing figures)	No. of borrowers	-	-	27.00	7	8	-	42.00	27.00	7	8	-	42.00		
		Amount outstanding	-	-	476,602.79	37,019.11	59,990.11	-	573,612.01	476,602.79	37,019.11	59,990.11	-	573,612.01		
		Provision thereon	-	-	23,830.14	6,514.41	55,256.54	-	85,601.09	23,830.14	6,514.41	55,256.54	-	85,601.09		

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27.13 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total Assets (Amount in \$)
IIFC (UK) Ltd.	None	United Kingdom	Nil. IIFCL does not hold any overseas assets with IIFC (UK) Ltd.

28. The previous year figures have been regrouped wherever considered necessary.

Form AOC-I

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures for the year 2016-17

Part “A”: Subsidiaries

(₹ in Lac/ USD in million)

S.No.	Particulars	I	II	III	
1	Name of the subsidiary	IIFCL Projects Ltd.	IIFCL Asset Management Company Ltd.	India Infrastructure Finance Company (UK) Ltd.	
2.	The date since when subsidiary was acquired#	14-Feb-2012	28-Mar-2012	07-Feb-2008	
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	Not Applicable	Not Applicable
4	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	Not Applicable	Not Applicable	INR	USD
				USD (Exchange rate as on 31 st March 2017: USD 1= ₹64.8386)	
5	Share capital	475.00	1,250.00	23,394.80	50.00
6	Reserves & surplus	580.16	386.01	65,034.02	86.38
7	Total assets	1,281.74	1,777.11	15,10,441.26	2,329.54
8	Total Liabilities	226.58	141.10	14,22,012.44	2,193.16
9	Investments	Nil	Nil	Nil	
10	Turnover	738.55	553.61	56,503.94	84.16
11	Profit before taxation	230.66	167.62	14,476.31	20.39
12	Provision for taxation	90.10	66.55	7,157.30	11.03
13	Profit after taxation	140.56	101.07	7,319.01	9.36
14	Proposed Dividend	Nil	Nil	Nil	
15	% of shareholding	100%	100%	100%	

The date of incorporation of Subsidiary Company of IIFCL is indicated as date since when subsidiary was acquired in above table at print stage of Annual Report pursuant to assurances/replies given to the Office of Principal Director of Commercial Audit, Member Audit Board-III, New Delhi during course of audit on observations in Half Margins of Phase-III Audit on Annual accounts of IIFCL for the year 2016-17.

Notes:

1. Subsidiaries which are yet to commence operations- Nil
2. Subsidiaries which have been liquidated or sold during the year. Nil

Part “B”: Associates and Joint Ventures

Not Applicable

In terms of our Report of even date
For K M Agarwal & Co
Chartered Accountants
(Firm Regn. No: 000853N)

-sd-
Meenakshi Gupta
Partner
Membership No.: 92834
Place: New Delhi
Dated:02.08.2017

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

-sd-
Praveen Mahto
(Director)
DIN No.: 06956796

-sd-
Manjari Mishra
(AGM & Company Secretary)

-sd-
Sanjeev Kaushik
(Chairman & Managing Director)
DIN No.: 02842527

-sd-
Rajeev Mukhija
(Chief General Manager-CFO)

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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED FOR THE YEAR ENDED 31st MARCH 2017

The preparation of consolidated financial statements of India Infrastructure Finance Company Limited for the year ended 31st March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act is responsible for expressing opinion on the financial statements under Section 143 read with Section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 28th August 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) read with Section 129(4) of the Act of the consolidated financial statements of India Infrastructure Finance Company Limited for the year ended 31st March 2017. We conducted a supplementary audit of the financial statements of India Infrastructure Finance Company Limited and IIFCL Projects Limited, but did not conduct supplementary audit of the financial statements of IIFCL Asset Management Company Limited for the year ended on that date. Further, Section 139(5) and 143(6)(b) of the Act are not applicable to India Infrastructure Finance Company (UK) Limited being entity incorporated in Foreign country under the respective laws, for appointment of their statutory auditor or for conduct of supplementary audit. Accordingly, C&AG has neither appointed the statutory auditor nor conducted the supplementary audit of this company. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Place : New Delhi
Date : 08 September 2017

-sd-
(Ritika Bhatia)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board - III
New Delhi


India Infrastructure Finance Company Limited
(A Government of India Enterprise)
CIN: U67190DL2006GOI144520

 Regd. Office : 8th Floor, Hindustan Times House, 18 & 20,
Kasturba Gandhi Marg, New Delhi-110001

Phone: 91-11-23730270 Fax: 91-11-23766256, 23730251

Email: info@iifcl.org Website : www.iifcl.org

ATTENDANCE SLIP

Name of Attending Member (In block letters)	
Folio	
Number of shares held	
Name of proxy (In block letters, to be filled if the proxy attends instead of the members)	

I, hereby record my presence at the 12th Annual General Meeting of the Company held on Friday 29th day of September, 2017 at 11.30 a.m. at Conference Hall, Department of Financial Services, Ministry of Finance, Government of India, Jeevan Deep Building, Sansad Marg, New Delhi-110001.

Member's / Proxy's Signature

Notes:

1. The attendance slip should be signed as per the specimen signature registered with the company. Such duly completed and signed Attendance Slip(s) should be handed over to the Company Secretary at the venue.
2. Members are please requested to carry photo-ID card for identification/verification.
3. Shareholders present in person or through reistered proxy only shall be entertained.
4. No gifts will be distributed at the Annual General Meeting.

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India Infrastructure Finance Company Limited

(A Government of India Enterprise)

CIN: U67190DL2006GOI144520

Regd. Office : 8th Floor, Hindustan Times House, 18 & 20,
Kasturba Gandhi Marg, New Delhi-110001

Phone: 91-11-23730270 Fax: 91-11-23766256, 23730251

Email: info@iifcl.org Website : www.iifcl.org

Form No. MGT 11

Proxy Form

**[Pursuant to section 105(6) of the Companies Act 2013 and Rules 19(3) of the Companies
(Management and Administration) Rules, 2014]**

CIN: U67190DL2006GOI144520

Name of the Company : India Infrastructure Finance Company Limited

Registered Office : 8th Floor, Hindustan Times House, 18 & 20, Kasturba Gandhi Marg, New Delhi-110001

Name of the Member(s):	
Registered Address:	
Email Id:	
Folio No. / Client Id:	
DP ID:	

I/we being the member(s) of _____ shares of the above named company hereby appoint

1. Name: Address:.....

Signature:..... or failing him

2. Name: Address:.....

Signature:..... or failing him

3. Name: Address:.....

Signature:..... or failing him

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As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 12th Annual General Meeting of the Company to be held on Friday 29th day of September, 2017 at 11.30 a.m. at Conference Hall, Department of Financial Services, Ministry of Finance, Government of India, Jeevan Deep Building, Sansad Marg, New Delhi-110001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No,

1.
2.
3.

Affix
Revenue
Stamp of
₹1

Signed this day of 2017

.....
Signature of shareholder

.....
Signature of Proxy holder(s)

Note:

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

[illegible]