FROM THE MANAGING DIRECTOR'S DESK

Ladies and Gentlemen,

It is my privilege to address you on the occasion of the 13th Annual General Meeting of your company.

Ever since its inception in 2006, IIFCL has been playing an instrumental role in the promotion, development and financing of infrastructure sector in India. Your company's Cumulative Gross Sanctions under Direct Lending, Takeout Finance and Refinance reached ₹ 1,17,190 Crore to 567 projects, while Cumulative Disbursements under Direct Lending, Takeout Finance and Refinance reached ₹ 60,136 Crore as on 31st March 2018. Making further strides in promoting innovative funding mechanisms such as Credit Enhancement, IIFCL has sanctioned Project Bonds totalling upto ₹ 8,380 Crore to 15 projects till March 2018 under the scheme. This includes sanction of one project with a bond size of ₹ 760 Crore in 2017-18. Of the total amount, bonds amounting to ₹ 1,338 Crore have already been issued.

The year 2017-18 has been a challenging year for the banking and financial sector in India and IIFCL is no exception to this. The year witnessed a sharp increase in non-performing assets across the industry. Corrective actions in the form of stricter and more prudent regulatory environment added to the woes of the financial sector. Further, new project pipeline also slowed down owing to several plaguing issues in the infrastructure sector in the country. The combined impact of the above factors was seen in the form of IIFCL posting a loss of ₹ 1,155 Crore during the year 2017-18, as against a profit of ₹ 68 Crore during 2016-17. This was largely on account of increased provisioning of about ₹ 1,277 Crore, including ₹ 1,069 crore treated as exceptional item in respect of loan cases involving forbearances under various schemes viz. SDR, S4A etc withdrawn pursuant to RBI Notification dated 12th February 2018. Also, falling interest rates during the year 2017-18 impacted income from both lending operations and investment activities. Income from interest on bank deposits fell by ₹ 130 crore during the year. Further, interest income from lending operations fell by ₹ 133 crore due to fall in outstanding advances on account of prepayments of loan accounts aggregating ₹ 3,478 crore during 2017-18. Reduction in NPA recognition period for NBFCs to three months during 2017-18 as against four months in the previous fiscal also had an adverse impact on IIFCL's profitability.

However, the situation is expected to improve in 2018-19 as reforms in the banking and infrastructure sectors are yielding results in the form of better and timely disclosures by lenders, improved monitoring and increased investments in infrastructure sectors like roads, renewable energy and waste management etc.

IIFCL has been contributing actively to several new initiatives of the Government to promote the growth of infrastructure sector in India. Such initiatives include the creation of a dedicated fund to provide credit enhancement for infrastructure projects, pursuant to Budget Announcement in 2016-17. IIFCL is serving as a nodal agency for the incorporation of the Credit Enhancement (CE) Company and will hold 22.5 percent of the initial paid-up share capital. The company is expected to facilitate infrastructure investments by insurance and pension funds and is likely to be operational during 2018-19.

Your company is also coordinating with Concessioning Authorities, NITI Aayog, Regulators and Government Agencies to expedite resolution of various pending issues in projects. IIFCL is also engaging with several multilateral financial institutions on a continual basis for facilitating larger inflow of foreign funds into the Indian infrastructure sector. The Hon'ble Finance Minister is his Budget Speech 2017-18 announced that IIFCL would be leveraged to help finance major infrastructure projects, including investments in educational and health infrastructure, on strategic and larger societal benefit considerations. This is expected to boost the growth prospects of your company and enable it to enhance its contribution to the country's infrastructure sector in the future.

Now, I would like to dwell upon the external environment, including the macroeconomic situation, health of the banking sector and overall status of progress in the infrastructure sector, as the same has a bearing on the performance and prospects of your Company.

Economic overview

India continues to be one of the largest growing economies of the world. According to the Central Statistics Office, the Indian economy grew at a rate of 6.7 per cent during 2017-18, riding on the back of structural reforms. The first half of the year was marked by some deceleration in growth owing to demonetization, teething difficulties in the new GST, highly leveraged corporate sector and bad loans of the banking sector. However, the second half witnessed robust signs of revival in growth as shocks from policy actions began to fade. While the World Bank expects India's GDP growth to advance to 7.3 per cent in 2018-19, the International Monetary Fund (IMF) in its World Economic Outlook Report predicts India's economy to grow by 7.8 per cent in 2019. India jumped 30 spots on the World Bank's Ease of Doing Business rankings during 2017-18.

With regards to inflation, the average retail inflation declined to a six-year low of 3.3 per cent in 2017-18 (April – December 2017), according to the Economic Survey 2017-18. However, CPI inflation fastened to 4.87 per cent in May 2018. Inflation outlook remains clouded by several uncertainties on the upside. These include rising international crude prices, a staggered impact of HRA increases by various state governments and fiscal slippage as indicated in the Union Budget 2018-19. Concerns over rising inflation led the RBI to raise its key repo rate to 6.25 per cent in June 2018, the first increase since January 2014, while keeping its stance as neutral.

India's bond yields are experiencing a rising trend. The benchmark bond yield jumped above 8 per cent in June 2018 for the first time in three years. The overall investment climate remains challenging as witnessed in the decline in new investment proposals, and rising rates across the industry may add to the pressure. However, a decline in number and cost of stalled projects, efforts to improve the quality of government expenditure, ease of doing business ranking, India's sovereign rating upgrade by Moody's, swift resolution of distressed sectors of the economy under the Insolvency and Bankruptcy Code and the bank recapitalisation announcement are expected to provide a significant fillip to investment sentiments.

State of the Financial Sector

The stress in the banking sector continued during 2017-18 as gross non-performing advances (GNPA) ratio rose further. As per the RBI's Financial Stability Report (FSR) published in June 2018, the Gross NPAs of Scheduled Commercial Banks (SCBs) increased from 10.2 per cent in September 2017 to 11.6 per cent in March 2018. Stressed advances in the infrastructure sector accounted for 22.6 per cent of advances. Further, most public sector banks posted losses in the last quarter of fiscal year 2017-18 owing to higher provisioning for bad loans and losses in treasury income as bond yields increased.

The year 2017-18 was marked by two key reforms in the financial sector, viz, a new framework for resolution of stressed assets announced by RBI in February 2018 and a large recapitalization package by government to strengthen the balance sheets of the public sector banks (PSBs). As per the new rules announced in February 2018, lenders must begin resolution of stressed assets if there is even a single-day default in payment. The new rule also mandates lenders to initiate insolvency resolution under the Bankruptcy Code if a borrower fails to pay within 180 days of first default. While the new framework is expected to reduce profitability of lenders in the short term, the time-bound process for resolving stressed assets will prevent a future build-up of bad loans in the system and will be beneficial in the long term. As these twin reforms take shape, firms are likely to resume spending and banks to increase lending after recent slowdown. As per the RBI's FSR, credit growth of SCBs picked up during 2017-18 despite sluggish deposit growth. Also, a rise in bond yields is now making bank financing more attractive for corporate borrowers.

Infrastructure Sector

The infrastructure sector has received a significant fillip by the Government over the past year. There has been a concerted focus in revamping the governance structure and creating an enabling environment to spur overall economic growth through infrastructure development in the country.

In the roads and highways sector, government's focus has been on enabling fast-track completion of pending projects and generating capacities to achieve a development rate of more than 45km/day during 2018-19, against 27km/day achieved in 2017-18. During 2017-18, NHAI awarded 150 road projects of 7,400 km worth ₹ 1.22 lakh crore, making it highest length awarded in a year ever since its inception in 1995. Road construction targets for 2018-19 have been set at 16,418 km. A substantial number of national highway projects have been awarded through the engineering, procurement and construction (EPC) mode and hybrid annuity model (HAM) over the past few years. This could pressurise the Government's fiscal balances since both EPC and HAM models require significant upfront government investments. Also, the huge funding requirements of upto ₹ 5 trillion under the ambitious Bharatmala project could add to the pressure. Hence, it is important to facilitate private sector funding of projects by working on issues deterring investors/private developers within the overall framework of the concession agreements. These include easing the land acquisition process, enforceability of contracts, provision for renegotiation of contracts in case of unforeseen circumstances like demonetisation etc.

In the power sector, the government launched the 'Saubhagya' scheme in September 2017, with the aim of providing electricity connections to all un-electrified households in rural and urban areas by December 2018. The scheme is expected to increase the demand for power and benefit power generating companies, currently saddled with excess capacity, as well as help financially distressed distribution companies recover some of their costs. In the renewable space, the installed generation capacity of renewable energy increased by over 10,000 MW during 2017-18, adding to the government's target of achieving 175 GW of installed renewable energy target before 2022. Transmission sector is expected to see traction as investors eye operational transmission assets put up for sale by debt-laden firms. Investments in transmission sector to secure timely grid connectivity are also needed for the success of new renewable energy projects. In the distribution sector, Ujwal Discom Assurance Yojana (UDAY) has started showing results as losses of state discoms have shown significant reduction over the past two years.

In the airport sector, robust air traffic movement was recorded in the year 2017-18 at Indian Airports. Passenger traffic witnessed a strong growth of over 24 per cent y-o-y in 2017-18. Government has announced big investments into expansion projects devised to relieve the pressure on existing airports. This includes the Jewar Airport in Greater Noida that will become the second international airport in the national capital region post construction. Another airport that is set for expansion is Goa-Dabolim International Airport, along with setting up of a new international airport at Mopa in North Goa. Similarly, there are new expansion projects coming in other cities such as Lucknow, Pune, Chennai and Guwahati to handle the increasing passenger traffic. As announced in the Union Budget 2017-18, Government proposes to expand airport capacity more than five times to handle a billion trips a year under a new initiative - NABH (Nextgen Airports For Bharat) Nirman. There are plans to leverage balance sheet of Airports Authority of India (AAI) to raise more resources for funding this expansion.

Government is also working towards promoting port-led development in the country under the Sagarmala Programme. The programme consists of 577 projects covering port modernisation, capacity augmentation, port connectivity (including coastal shipping and inland waterways), port-led industrialisation and development of coastal communities across 19 States and Union Territories. Till 2017-18, 220 projects worth over ₹ 2.47 Lakh Crore have been awarded, of which, 61 projects have been completed. More than 50 per cent of rail connectivity projects are already under implementation through agencies like the Indian Port Rail Corporation Limited (IPRCL). Further, the share of major ports in traffic handled, which declined continuously up to 2014-15, is increasing since then and has reached 58 per cent in 2017-18. Cargo traffic at 12 major ports rose by 4.77 per cent to 679.35 million tonnes (MT) during 2017-18 compared to 648.47 MT during 2016-17 buoyed by pick-up in demand. Turnaround time at major ports has reduced from 107 hours in 2011-12 to 64 in 2017-18. Increasing traffic and improved efficiency are expected to further promote port-led development in India.

In the railways sector, government allocated ₹ 1.48 Lakh Crore for the railways in the Budget 2017-18, which is the highest allocation ever for the sector. The plans for railways include expansion along with a better and safer rail experience for passengers. Further, redevelopment of 600 major railway stations is being taken up by Indian Railway Station Development Company Limited.

The Smart Cities Mission aims at building 100 Smart Cities with state-of-the-art amenities. As announced in the Union Budget 2017-18, 99 Cities have been selected under the mission with an outlay of ₹ 2.04 Lakh Crore. These Cities have started implementing various projects like Smart Command and Control Centre, Smart Roads, Solar Rooftops, Intelligent Transport Systems, Smart Parks etc. Further, under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) programme that aims to provide water supply to all households in 500 cities, state level plans of over ₹ 77,000 crore for the cities have been approved. Government is also swiftly implementing the Pradhan Mantri Awas Yojana (Urban) [PMAY(U)] to achieve the Government's vision of "Housing for All by 2022".

In November 2017, Government accorded "infrastructure" status to Logistics sector. This will lead to easier access to cheaper credit for the sector. Further, there has been a growing investor interest in the National Investment & Infrastructure Fund (NIIF) and so far, three funds have been registered, a $1 billion Master Fund, which invests directly into companies, a $2.5 billion fund of funds which invests in funds that are managed by third parties and a third $2 billion long gestation fund which is presently being designed by the Government. The above steps are expected to attract increased investment in infrastructure sector in the country.

IIFCL's Performance

Against this backdrop, I would now like to highlight your company's performance during the year 2017-18:

I. DIRECT LENDING:

- **Gross Sanctions during the year :** During 2017-18, your company made incremental gross sanctions of ₹ 3,609 Crore under direct lending. The cumulative gross sanctions under direct lending stand at ₹ 81,040 Crore to 459 infrastructure projects at the end of March 2018.
- **Financial Closure :** As on 31st March 2018, out of 357 net sanction projects under direct lending, 331 projects i.e. 93 per cent have achieved financial closure. Also, till 31st March 2018, of the 20 projects (net) sanctioned by IIFCL where IIFCL acted as lead lender, 14 projects have achieved financial closure.
- **Disbursements :** During 2017-18, your company made incremental disbursements of around ₹ 2,500 Crore under direct lending, taking cumulative disbursements under direct lending to ₹ 37,491 Crore as on 31st March 2018.

II. TAKEOUT FINANCE

- **Gross Sanctions during the year** : Under the Takeout Finance Scheme, IIFCL sanctioned ₹ 422 Crore during the year, taking cumulative gross sanctions under the scheme to ₹ 24,393 Crore to 108 projects.
- **Disbursements** : During 2017-18, disbursements under the Takeout Finance Scheme stood at ₹ 557 Crore, taking cumulative disbursements under the Scheme to ₹ 15,413 Crore at the end of March 2018.

III. TOTAL DISBURSEMENTS: Total incremental disbursements during the year 2017-18 stood at ₹ 4,097 Crore, taking total cumulative disbursements at the end of March 2018 to ₹ 60,135 Crore (including refinance of ₹ 7,231 Crore)

IV. NPAs: As on 31st March 2018, IIFCL's Gross NPAs stood at 16.55 per cent and Net NPAs stood at 9.67 per cent.

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 2017-18, IIFCL through its CSR initiative has successfully installed 1,500 solar LED street lights and 1,050 solar home lighting systems, constructed toilets in schools for boys and girls, part-funded an initiative for setting up centre of excellence for Child Neurology development at AIIMS, New Delhi, and contributed to the TOP Scheme under the National Sports Development Fund (NSDF).

During the year 2017-18, IIFCL has also received the DB India Pride Award 2018 for its initiative in the field of CSR. IIFCL is also amongst the few PSUs, who have completely utilized their allocated CSR budget consecutively over the last four financial years. As per the provisions of the Companies Act 2013, the entire budgeted amount of ₹ 17.31 Crore under the CSR initiative of IIFCL for FY 2017-18 was utilized during the year.

Subsidiaries' Highlights

IIFCL's wholly-owned subsidiary in London, IIFC (UK) has made cumulative loan sanctions (net of cancellations) of USD 3.84 billion and cumulative disbursements of USD 1.99 billion till 31st March 2018. Apart from RBI line of credit, IIFC(UK) is continuously exploring new sources of funds with a view to further supplementing financial resources for infrastructure development in India.

IIFCL Asset Management Company Limited (IAMCL), another wholly-owned subsidiary of IIFCL, closed its IDF Series II AAA IDF-MF rated scheme with six institutional investors with a fund size of ₹ 200 Crore in April 2017. IAMCL has also obtained approval to launch an Alternative Investment Fund (AIF) dedicated for Investment in debt instruments/ securitized debt instruments of renewable energy, water sector and other sectors as per Green Bond principles.

IIFCL Projects Limited (IPL), the third subsidiary of IIFCL, is continuously engaging with public authorities, developers, lenders and investors to provide services including infrastructure advisory, financial advisory, transaction advisory, project structuring, appraisal and syndications. During 2017-18, IPL played an instrumental role in the urban infrastructure sector. IPL was awarded a consultancy and transaction advisory mandate by Himachal Pradesh Infrastructure Development Board (HPIDB) for setting up solid waste processing and disposal facility in seven clusters in the state of Himachal Pradesh. It is its fourth running year wherein IPL is assisting OUIDF (Odisha Urban Infrastructure Development Fund) in Project Development & Appraisal with all the ULBs in the state of Odisha. IPL bagged repeat mandates from large renewable energy developers like Skeiron Renewables and Jindal Urban Infrastructure limited for appraisal and syndication. Also, Ministry of Shipping (MOS) continued its engagement with IPL for its key flagship programme Sagarmala Development Company Limited (SDCL).

Way forward

IIFCL has been playing a key role in furthering the growth of the infrastructure sector in India. However, the current business environment in the country, particularly in the banking and financial space, is a challenging one. Hence, IIFCL needs to take proactive measures to sail through these times and emerge as an even bigger specialist infrastructure financing institution in India. It is important to diversify across sectors and groups as well as keep cost of funds low in order to stay competitive. IIFCL intends to continually enhance its capacities, perform stiff monitoring & due diligence of projects and enhance means to improve the recovery prospects of loans to arrest the increase in its stressed assets. Over the coming years, IIFCL aims to enhance its contribution to the infrastructure sector, both in terms of financing and policy support to the Government.

Acknowledgement

At the outset, I would like to 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 their immense support and guidance throughout the year.

My sincere and heartfelt thanks go out 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 continued support. I would like to convey my thanks to the Comptroller and Auditor General of India, RBI, SEBI, Multilateral Institutions, MOU partners and statutory auditors for their valued contribution. I would also like to thank members of the Board for their unending support and contribution towards steering this company ahead. Lastly, I thank all the employees and staff of IIFCL for their continued dedication, hard-work and support extended to the company.

-sd-
Pankaj Jain
Managing Director
(Additional Charge)
DIN No. : 00675922

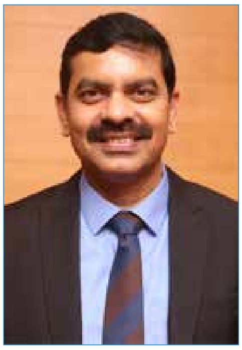
Board of Directors

Shri. Pankaj Jain
Managing Director

Dr. Kumar V Pratap
Joint Secretary
(Infrastructure Policy & Finance)
Govt. of India
Ministry of Finance
Department of Economic Affairs

Shri. Sonjay Kumar Saha
Adviser, NITI Aayog

Ms. P.V. Bharathi
Executive Director
Canara Bank



Shri. Chaitanya Gayatri Chintapalli
Executive Director
Bank of India

Chief General Managers

Shri S. Krishnan

Shri. Rajeev Mukhija

Shri. P.R. Jaishankar

Shri C.M. Khurana

Shri Anil Taneja

Contents

REGISTERED 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
CIN: U67190DL2006GOI55420

BANKERS
Punjab National Bank
Punjab and Sind Bank
IDBI Bank
Indus Ind Bank

TRUST
IL&FS Company Limited
The IL&FS Financial Centre, Plot C-22, G- Block, Bandra Kurla Complex,
Bandra (E) Mumbai-400051, Phone:+91-22-26593215

IDBI Trusteeship Service Limited
Asian Building, Ground Floor, 17R, Kamani Marg Ballard Estate,
Mumbai-400001, Phone: +91-22-40807000

STATUTORY AUDITORS
M/s G.S.A. & Associates, Chartered Accountants
16, DDA Flat Ground Floor Panchsheel Shivalik Mor, New Delhi – 110017
Tel. : 011-41811888, 7862099205-06, Fax No. : 011-26672949, E-mail : gsa@gsa.net.in

Sub: Notice of 13th Annual General Meeting

Dear Sir(s)

This is to inform that the 13th Annual General Meeting of the members of India Infrastructure Finance Company Limited will be held on Friday, the 28th day of September, 2018 at 3.30 p.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, Boards' Report, Secretarial Audit Report, Auditors' Report and Audited Accounts of the Company for the period ended on 31st March, 2018 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)

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED WILL BE HELD ON FRIDAY, THE 28TH SEPTEMBER 2018 AT 3.30 P.M. AT THE 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 2018, 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 2018-19 as directed by the office of the Comptroller & Auditor General of India (C&AG) vide C&AG letter no. CA. V/COY/CENTRAL GOVERNMENT, IIFCL (1)/564 dated 14th August 2018, 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 2018-19."

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 THEREUNDER:-**

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 ₹10,000 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.

FURTHER RESOLVED THAT for the purpose of giving effect to Private Placement of unsecured/secured nonconvertible 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**: 27th September 2018**

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

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 to be transacted at the meeting 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.

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 and to enable itself to raise extra budgetary resources as may be allocated by the Government of India, 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 14th May 2018 considered and approved, subject to the approval of shareholders, the resource raising plan of the company to the tune of ₹10,000 Crore by IIFCL. 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 ₹10,000 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 and 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.

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: **27th September 2018**

BOARDS' REPORT

To

THE SHAREHOLDERS OF IIFCL

Your Directors have great pleasure to present the 13th Annual Report on performance of your company for the financial year ended 31st March 2018 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 2018 is as under:

(₹crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Total Revenue	3,836	3,903
Total Expenditure	3,796	3,489
Profit before Tax	**40**	**414**
Provision For Taxation	127	346
Exceptional Items	(1,068.54)	-
Net Profit available for Appropriation (Profit after Tax)	**(1,156)**	**68**
Net Profit available after appropriation	**(1,394)**	**(241)**
Earning per equity share of face value of 10 each (₹Weighted Average)	(2.82)	0.17

Lending Operations

Direct Lending

During 2017-18, with further gross sanction of ₹3,608.76 crore, the cumulative gross sanctions of the company increased to ₹81,040.17 croreto 459 infrastructure projects. The sector-wise distribution of cumulative gross sanctions of your company isas under:

Cumulative Gross Sanctions under Direct Lending (As on 31st March, 2018)

(₹ Crore)

Sector	No. of Projects	Project Cost	Gross Sanctions
Road	236	260,162.91	36,071.65
Power	145	350,491.10	33,869.29
Airport	3	27,701.00	2,530.00
Port	18	26,119.93	3,656.73
Urban Infrastructure	15	47,963.49	3,763.93
Railway	3	3,193.69	638.54
PMDO*	38	8,602.13	260.03
Telecomm	1	3,750.00	250.00
Total	**459**	**727,983.95**	**81,040.17**

* *Pooled Municipal Debt Obligations*

Further, as at 31st March, 2018, sector-wise distribution of net sanctions of your company amounting to ₹51,277.60 Crore to 357 projects is as under:

Cumulative Net Sanctions under Direct Lending (As on 31st March, 2018)#

(₹ Crore)

Sector	No. of Projects	Project Cost	Net Sanctions
Road	196	214,572.90	25,082.37
Power	103	222,381.76	21,695.64
Airport	3	27,701.00	1,228.00
Port	14	19,800.77	2,253.69
Urban Infrastructure	10	2,338.91	437.93
Railway	1	600.00	120.00
PMDO	29	5,649.03	209.97
Telecomm	1	3,750.00	250.00
Total	**357**	**496,794.37**	**51,277.60**

 # Net Sanction amount is allocated amount in case of projects which have achieved financial closure

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 2011subsequent 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 2017-18, IIFCL further sanctioned ₹ 422.08 Crore under the Takeout finance Scheme, taking cumulative gross sanctions to ₹ 24,392.57 Crore in 108 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, 2018)

(₹ Crore)

Sector	No. of Projects	Project Cost	Gross Sanctions
Road	52	55,076.29	7,516.02
Power	43	96,781.36	11,558.79
Airport	2	15,777.00	1,911.14
Port	9	15,271.48	3,380.17
Urban Infrastructure	2	107.11	26.45
Total	**108**	**183,012.94**	**24,392.57**

Further, as at 31st March 2018, sector-wise distribution of net sanctions under takeout finance of your company amounting to ₹16,358.67Crore to 63 projects is as under:

Cumulative Net Sanctions under Takeout Finance (As on 31st March, 2018)#

(₹ Crore)

Sector	No. of Projects	Project Cost	Net Sanctions
Road	25	31,780.20	4,446.19
Power	28	51,600.89	7,979.85
Airport	2	15,777.00	1,736.14
Port	6	10,271.17	2,170.04
Urban Infrastructure	2	107.11	26.45
Total	**63**	**109,536.07**	**16,358.67**

 # Net Sanction amount is allocated amount in case of projects which have achieved financial closure

Disbursements

With further disbursements of ₹ 4,096.72 crore during 2017-18, the Cumulative disbursements at the end of March 2018 stood at ₹ 60,135.51crore, including refinance of ₹7,231.00 crore, takeout finance of ₹15,413.31 crore.

Sector-wise Cumulative Disbursement (As on 31st March, 2018)

(₹ Crore)

Sector	No. of Projects	Project Cost	Amount disbursed
Direct Lending			
Road	181	194,243.22	18,438.06
Power	96	225,747.18	16,602.49
Airport	3	27,701.00	858.39
Port	10	12,724.65	864.33
Urban Infrastructure	7	1,801.52	306.64
Railway	1	600.00	21.95
PMDO	27	4,744.21	151.34
Telecomm.	1	3,750.00	248.00
Total (A)	**326**	**471,311.78**	**37,491.20**
Takeout Finance			
Road	22	30,551.27	4,114.75
Power	26	50,971.92	7,799.58
Airport	2	15,777.00	1,484.90
Port	5	8,952.08	1,987.63
Urban Infrastructure	2	107.11	26.45
Total (B)	**57**	**106,359.08**	**15,413.31**
Sub-Total (A+B)			**52,904.51**
Refinance (C)			**7,231.00**
Grand Total (A+B+C)			**60,135.51**

Pooled Municipal Debt Obligation (PMDO) Facility

Pooled Municipal Debt Obligations Facility (PMDO) was set up in 2008 by 4 sponsors 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 2018, cumulative net sanctions of your company, under the facility,stood at ₹ 210 crore and cumulative disbursement stood at ₹ 151crore.

Priority to Public-Private Partnership (PPP) Projects

In line with the mandate your company provides overriding priority to Public Private Partnership (PPP) infrastructure projects. Your company's firm commitment of achieving its objective of providing financial support to infrastructure projects with overriding priority to Public Private Partnership (PPP) projects reflects in the number of PPP projects supported by it. Till 31st March 2018, under Direct Lending, financial assistance has been sanctioned for setting-up 327 PPP projects constituting 78% of 421 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, 2018

Sector	PPP	Non- PPP	PSU
Road	180	Nil	1
Power	37	54	5
Airport	3	Nil	Nil
Port	10	Nil	Nil
Urban Infra & Water Supply	6	1	Nil
Others	1	1	Nil
Total	**237**	**56**	**6**

Geographically Diversified Presence

Your company continues to support development of infrastructure projects spread across various states and enhanced its footprint across the country. Till 31st March 2018, under direct lending and takeout finance, your company has sanctioned (net) ₹67,636.27 crore to 420 projects in 26 states and has disbursed ₹52,904.51 crore in 383 projects.

Cumulative State-wise Net Sanctions and Disbursements under Direct Lending and Takeout Finance (As on 31st March, 2018)

(₹ Crore)

State	Net Sanctions	Disbursements
Andhra Pradesh	5,933.62	5,014.33
Arunachal Pradesh	107.98	96.00
Assam	480.00	0.00
Bihar	1,643.83	1,343.60
Chhattisgarh	1,419.45	1,179.42
Delhi	1,373.75	1,373.75
Goa	380.00	12.86
Gujarat	8,718.11	6,879.83
Haryana	1,433.62	1,092.24
Himachal Pradesh	988.54	467.55
Jammu & Kashmir	950.00	294.23
Jharkhand	1,482.08	1,416.60
Karnataka	2,015.63	1,524.82
Kerala	190.52	190.52
Madhya Pradesh	6,015.65	4,979.92
Maharashtra	10,355.75	7,965.24
Orissa	1,391.62	1,090.31
Pondicherry	179.21	179.22
Punjab	1,711.04	1,186.40
Rajasthan	1,564.76	1,352.22
Sikkim	1,292.53	1,199.25
Tamil Nadu	3,033.96	2,060.72
Telangana	2,564.15	1,613.37
Uttar Pradesh	9,476.52	7,637.93
Uttarakhand	463.67	460.90
West Bengal	2,470.29	2,293.30
Total	**67,636.27**	**52,904.51**

Achievement of Financial Closure under Sanctioned Projects

As on 31st March 2018, out of 357 net sanction projects under direct lending, 331 projects i.e. 93% have achieved financial closure. Sector-wise details of financial closure achieved projects are as under:

Financial Closure Achieved Projects (As on 31st March, 2018)

(₹ Crore)

Sector	No. of Projects	Net Sanctions
Road	185	22,156.04
Power	95	19,627.37
Airport	3	1,228.00
Port	11	1,352.11
Urban Infrastructure	7	375.93
PMDO	28	184.97
Others	2	370.00
Total	**331**	**45,294.42**

Achievement of CoD

At the end of March 2018, amongst 328 projects in which your company has provided financial assistance by Direct Lending mode (excluding PMDO), Commercial Operation Date (CoD) has been achieved in 180 projects which included 113 road projects and 59 power projects. Sector-wise details of CoD achieved projects are as under:

CoD Achieved Projects (As on 31st March, 2018)

(₹ Crore)

Sector	No. of Projects	Net Sanctions
Road	113	12,301.70
Power	59	12,470.07
Airport	2	848.00
Port	4	497.98
Urban Infrastructure	2	163.00
Other	16	122.64
Total	**196**	**26,403.39**

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.

During the year 2017-18, your company provided sanction of ₹4,000 crore to 5 financial institutions and disbursements of ₹ 975 were made.

CREDIT ENHANCEMENT

The Credit Enhancement Scheme was launched by IIFCL in the year 2012, with the objective of enabling infrastructure projects to raise long term funds from alternative resources like capital debt markets. To date, IIFCL has sanctioned guarantees totaling over ₹ 2,200 Crore for bond issuances exceeding ₹ 8,000 Crore by more than 15 infrastructure projects.

In the FY 2017-18, Total bond issuance with the help of IIFCL's Credit Enhancement was ₹ 760 Crore. During the Financial Year, IIFCL also assisted Indian Renewable Energy Development Agency Ltd (IREDA) in framing its Credit Enhancement Policy and brought IREDA on board as a co-guarantor for one of the transaction. IIFCL looks to undertake more transactions with IREDA as co-guarantor. Incremental fresh partial guarantee issued by IIFCL under Credit Enhancement in the year was ₹ 182 Crore for bond issuance of ₹ 760 Crore.

The year saw rise in bond yields. While there is substantial interest for Credit Enhancement from IIFCL, the increase in yields have deterred a number of prospective bond issuers in infrastructure space approaching IIFCL for Credit Enhancement. Rising bond yields have made bond issuances costlier for project developers, who do not want to refinance at higher fixed rates offered by bond markets, in comparison to lower borrowing through variable rates offered by the domestic banking industry. Even the underwriters in debt capital markets are treading cautiously in underwriting bonds at current yields due to expectation of further increase in bond yields. Further, the interest rates in the banking industry are yet to catch up with the increased bond yields and the initial signs on increasing interest rates are visible in the markets, something which the infrastructure project developers should take into account during refinancing.

Bandra Worli Sea Link

Mumbai International Airport

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 US$ 25 million (subject to a maximum of ₹100 crore) while IDFC & Citigroup committed to contribute US$ 100 million each as promoter sponsors. During 2017-18, under India Infrastructure Fund (IIF), IIFCL has received 5 redemption amounting to ₹35.37 crore.

Till 31st March 2018, out of total capital commitment of ₹100 crore to IIF, IIFCL has contributed ₹92.47crore, IIF has redeemed capital amounting to ₹75.73 crore till 31st March 2018. Outstanding amount of IIFCL's investment in IIF is ₹16.74 crore as on 31st March 2018.

RESOURCE MOBILIZATION

DOMESTIC RESOURCES

The company has so far raised ₹32,573 crore (out of which amount of ₹18,543.88 crore raised through bond is outstanding as on 31st March 2018) 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 1.6 billion, USD 195 million , Euro 50 million and Euro 200 million respectively. Of the USD 1.6 billion from ADB, IIFCL has drawn full amount of USD1.6 billion till 31st March 2018.

Of the World Bank line of Credit of US 195 million, IIFCL has fully availed the amount of US 195 million. The Euro 50 million line of credit from KfW has been availed fully by your company against disbursements in two hydro power projects and three solar power projects as approved by KfW. IIFCL had also executed a Financing Contract agreement of Euro 200 million with EIB on 31st March 2014, which also has been fully utilized by drawing Euro 200 million as on March 2017. In addition of the above, a line of credit of JPY 50 billion has been signed with Japan International Cooperation Agency (JICA) from which JPY 1 billion has been drawn as on 31st March 2018.

Further line of credit from ADB to the tune of USD 300 million and from EIB to the tune of Euro 200 million has also been sanctioned as on 31st March 2018.

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 organization 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 has also provided 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.

As per Reserve Bank of India vide Master Direction no. RBI/DNBS/2016-17/53 Master Direction DNBS.PPD. No.04/66.15.001/2016-17 dated 8th June, 2017, NBFCs are required to adopt following Board approved IT Policies (a) Information and Cyber Security (b) Policy for Information System Audit (c) Business Continuity Planning policy (d) IT Services Outsourcing policy. The policies are being formulated shortly.

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 2017-18, IIFCL complied with RBI Regulations applicable to it.

RESTRUCTURED LOANS, NPAS AND RECOVERY

As on 31st March 2018 principal outstanding in respect of NPAs was ₹5335.58 crore in Twenty Seven (27) accounts. Four (4) accounts having principal outstanding of ₹623.44 crore have been sold to Asset Reconstruction Companies. Thirty Three (33) accounts having principal outstanding of ₹1923.25 crore have been written off.

Requisite steps are being taken in consultation with Lead / Consortium, towards early resolution / recovery. IIFCL is taking the initiative in many cases by engaging with the Concession Authority, other stakeholders in seeking termination payments, initiating recovery action, etc. High value accounts are closely monitored and are being given focused attention. Cases where arbitration proceedings are in progress are being closely monitored.

During 2017-18, recovery of ₹ 285.11 crore has been made, which inter alia includes ₹ 198.69 crore received from written-off accounts.

As on 31st March 2018, the gross NPAs were at a level of 16.55% and Net NPAs at 9.67%. The Provision coverage ratio is 41.56%.

Coastal Gujarat Power Limited

Bothe Wind Power Private Limited

RISK MANAGEMENT

Your Company is exposed to various risks such as Credit Risk, Interest Rate Risk, Liquidity Risk, Market Risk and Operation Risk. 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 is using Credit Risk Assessment Model Software for credit risk assessment and internal risk rating of Infrastructure projects taking into account the industry, sector and project specific risk parameters. The Internal Risk Rating of the projects is approved by the Rating Committee, which consists of members of the senior management. Model Validation Exercise was carried out by engaging experts to improvise and strengthen the model. Your company is under process of acquiring new and updated credit risk related models for various infrastructure sectors covered in the Harmonized List of Infrastructure Sector.

Your company has internally formulated a Risk Based Pricing Policy for the projects in which it assumes the role of Lead lender.

To augment increased flow of funds for the development of infrastructure in the county at a time when commercial banks were facing challenges due to higher amount of stressed assets, your company launched a separate benchmark rate linked to market determined external benchmark for providing Refinance to Banks and Public Financial Institutions, so that such institutions can free up the capital for further on-lending. This initiative has added new dimension to the Refinance Scheme of your company by making available funds at lower costs to Banks/FIs. This is line with the report of the RBI constituted "Internal Study Group to Review the Working of the Marginal Cost of Funds Based Lending Rate System - Report of Sept 2017".

Your Company has a Board Level Asset Liability Management Committee (ALCO) which monitors risks related to liquidity & interest rate. The Asset Liability Management framework includes periodic analysis of short term and 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.

Your company has the operational Risk Management Framework 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. Your company carried out risk assessment around the LOU/LOC Business to further strengthen and insulate the operational aspects in line with market changes.

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 for NBFC-IFC, IIFCL has to maintain CRAR at 12%. However, IIFCL has maintained a CRAR of 16.56% as on 31st March 2018.

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

To raise long term resources, IIFCL has signed committed lines of credit with multilateral financial institutions. To avail lines of credit against various infrastructure projects, IIFCL needs to ensure compliance with DFI's safeguards Policies. To ensure and monitor the safeguards compliance, IIFCL has set up in-house Environment and Social Safeguard Management Unit (ESMU) comprising of Environmental & Social Safeguards Specialists headed by General Manager.

IIFCL has adopted Environmental and Social Policy and developed Environmental & Social Safeguards Framework (ESSF). As per ESSF, Safeguards compliance with GoI's regulations/Guidelines applies to all projects financed by IIFCL and DFI's safeguards compliance is applicable wherever DFI's funding assistance is involved.

During FY 2017-18, ESMU Team has been engaged to work on Environmental & Social safeguards compliance related requirements of various lines of credit (LoC) from Multilateral Financial Institutions during pre-signing, LoC draw period and line closure stages; which has helped IIFCL in raising long-term financial resources. During this period, Line of credit from JICA got effectuated and ESMU team facilitated drawl of ₹50 crores under JICA's line.

IIFCL received Greentech Environment Award-2018 under Platinum category in NBFC sector during Greentech 18th Annual Sustainability Conference-2018 which was held in Guwahati (Assam) on 31st May-1st June, 2018.

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 Eighty Seven (87) 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

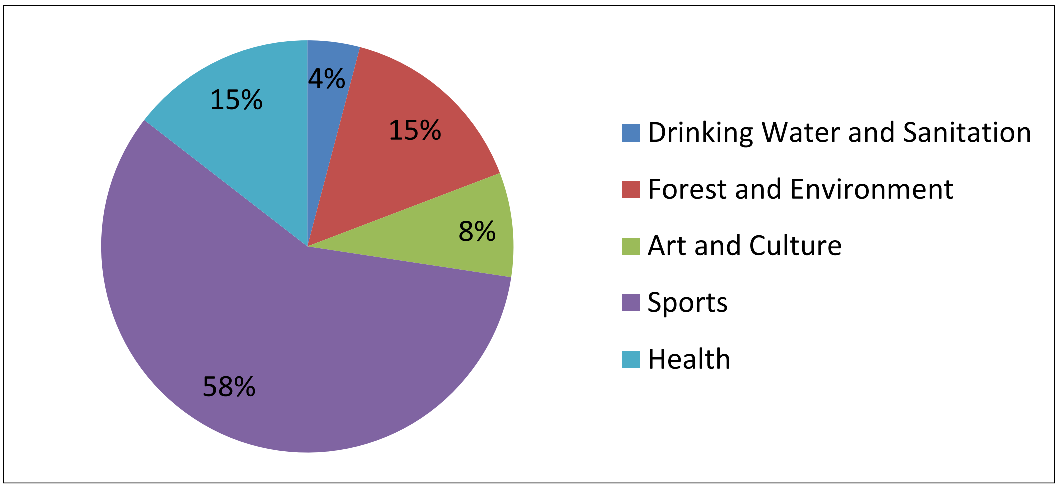
& Treasury Management, HR Management, Legal aspect and IT etc. at various renowned Indian and foreign institutions. To keep the workforce motivated and engaged several initiatives were taken including Staff welfare Initiative. In order to automate the HR function, Human Resources Management System (HRMS) has been implemented and is operational. The Employee relations during the year remain 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.

CORPORATE SOCIAL RESPONSIBILITY

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 2017-18, IIFCL through its CSR initiative has successfully installed 1,500 solar LED street lights and 1050 solar home lighting systems, constructed toilets in schools for boys and girls, part funded an initiative for setting up centre of excellence for Child Neurology development at AIIMS, New Delhi and contributed to the TOP Scheme under the National Sports Development Fund (NSDF).

IIFCL is amongst the few PSUs, who have completely utilized their allocated CSR budget consecutively over the last four financial years. As per the provisions of the Companies Act 2013, the entire budgeted amount of ₹ 17.31 Crore under the CSR initiative of IIFCL for FY 2017-18 was utilized during the year. During the year, IIFCL has also received the DB India Pride Award 2018 for its initiative in the field of CSR.



INTERNAL CONTROL

Your company has devised strong internal control mechanism involving systems, safeguards & procedures commensurate with its size and operations. The 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

Your company continues to be an ISO 9001:2015 certified company with established, documented, implemented Quality Policy & Quality Manual and maintains a Quality Management System (QMS) as a means of ensuring that the services of IIFCL conform to specified requirements and continually improve its effectiveness in accordance with the requirements.

As a part of ISO certification requirements during FY 2017-18, periodic internal and external audits were being conducted which were followed by Management Review Meetings to ensure its continuing suitability, adequacy and effectiveness, and assess opportunities for improvement. IIFCL management lays strong emphasis on quality standards and these are deliberated in periodic Management review meetings. IIFCL has successfully carried out annual surveillance audit required for continuity of ISO certification in the month of January 2018

BUSINESS DEVELOPMENT

During 2017-18, IIFCL participated in several conferences and seminars held in India and abroad as part of Business Development Activities. IIFCL also organized awareness campaign about its various offerings and to gather feedback of stakeholders. A summit was organized by IIFCL on its Foundation Day. 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. 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 51 million during 2017-18, IIFC (UK) has made cumulative disbursements of USD 2 billion till March 2018.

IIFCL Asset Management Company Limited (IAMCL)

IAMCL, a wholly-owned subsidiary of IIFCL, is an Asset Management company (AMC) of IIFCL Mutual Fund (IDF) created by IIFCL as a Trust. IIFCL Mutual Fund (IDF) launched and closed its maiden IDF Series I of fund size of ₹ 300.00 Crores with five investors on 14th February 2014. IDF Series I is rated AAA IDF-MF by two domestic rating agencies and is listed on BSE. The scheme has invested mainly in completed and revenue generating infrastructure assets. The Assets under Management (AUM) of Series I has reached ₹ 437.49 Crore as on 31st March 2018.

In the month of April 2017, IAMCL has launched and closed its IDF Series II AAA IDF-MF rated scheme with six institutional investors with a fund size of ₹ 200.00 Crore. The Assets Under Management (AUM) of IDF Series II has reached ₹ 212.79 crore as on 31st March 2018.

IAMCL has also obtained approval to launch an Alternative Investment Fund (AIF) dedicated for Investment in debt instruments/securitized debt instruments of renewable energy, water sector and other sector as per Green Bond principles.

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 ₹ 8.38 Crore for the year ending 31st March 2018. The net profits of the company were ₹ 2.33 Crore.

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 wastes 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 financials 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 KIIFB (Kerala Infrastructure Investment Fund Board) to setup an Alternate Investment Fund (AIF) & Asset Management Company to further raise capital for greenfield/brownfield project funding in the state of Kerala. 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 2018, the Authorised Share Capital of your company stood at ₹6000 crore and the paid –up Share Capital was ₹4102.32 crore consisting of 410.23 crore equity shares of ₹10 each, entirely held by Government of India. With an equity infusion of ₹100 crore by Government of India on 29th June 2018, the paid-up capital of your company stood at ₹4202.32 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 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 2013

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 Pankaj Jain(*Refer* Note 1) Joint Secretary, Department of Financial Services Ministry of Finance, Government of India	Managing Director (Additional Charge)	1st January 2016
Dr. Kumar V Pratap (*Refer* Note 2) Joint Secretary (Infrastructure Policy & Finance)	Government Nominee Director	14th December 2017
Shri Sonjay Kumar Saha (*Refer* Note 3) Adviser (PPPAU), NITI Aayog	Government Nominee Director	12th September 2018
Ms. P.V. Bharathi (*Refer* Note 4) Executive Director Canara Bank	Scheduled Commercial Banks Nominee Director	4th July 2018
Shri Chaitanya Gayatri Chintapalli (*Refer* Note 5) Executive Director Bank of India	Scheduled Commercial Banks Nominee Director	16thAugust 2018

Notes:

1. Shri Pankaj Jain, Joint Secretary, Department of Financial Services, Ministry of Finance was appointed as Government Nominee Director on the Board of IIFCL in place of Ms. Anna Roy, Joint Secretary, Department of Financial Services until further orders in terms of the provisions of Article 115(1)(b)(i) and 120 of the Articles of Association of IIFCL, communicated by Department of Financial Services, Ministry of Finance, Government of India vide Letter No. F. No. 3/2/2011/1F-1 dated1st January 2016

   Subsequently, Department of Financial Services, Ministry of Finance, Government of India vide Letter No. F.No. 3/5/2011/IF-I (Vol. II) dated 28th December 2017 communicated the assignment of additional charge of the post of Managing Director, IIFCL to Shri Pankaj Jain, IAS (AM: 90), Joint Secretary, Department of Financial Services (DFS) with immediate effect till the regular incumbent joins the post.

2. Department of Financial Services, Ministry of Finance, Government of India vide Letter No. F.No. 3/1/2010/IF-I (Vol. III) dated 14th December 2017 communicated the appointment of Dr. Kumar Vinay Pratap, Joint Secretary (Infrastructure Policy & Finance), Department of Economic Affairs (DEA) as Government Nominee Director on the Board of IIFCL in place of Ms. Sharmila Chavaly with immediate effect until further orders in terms of the provisions of Article 115(1)(b)(i) and 120 of the Articles of Association of IIFCL.

3. Department of Financial Services, Ministry of Finance, Government of India vide Letter No. F. No. 3/1/(ii)/2010/ IF-I dated 16^{th} August 2018 communicated the appointment of Shri Sonjoy Kumar Saha, Advisor, NITI Aayog as Government Nominee Director on the Board of IIFCL in place of Shri Praveen Mahto with immediate effect and until further orders in terms of the provisions of Articles 115(1)(b)(i) of the Articles of Association of IIFCL. Appointment of Shri Sonjay Kumar Saha is effective from the date of allotment of DIN i.e 12^{th} September 2018.

4. Department of Financial Services, Ministry of Finance, Government of India vide Letter No. F. No. 3/1/2010/IF-I (Vol. IV) dated 4^{th} July, 2018 communicated the appointment of Ms. P. V. Bharathi, ED, Canara Bank, as Scheduled Commercial Bank Nominee Director on the Board of IIFCL with immediate effect until further orders.

5. Department of Financial Services, Ministry of Finance, Government of India vide Letter No. F. No. 3/1/(i)/2010/ IF-I dated 16^{th} August 2018 communicated the appointment of Shri Chaitanya Gayatri Chintapalli as Scheduled Commercial Bank Nominee Director on the Board of IIFCL with immediate effect and until further orders in terms of the provisions of Articles 115(1)(b)(ii) of the Articles of Association of IIFCL.

Individual who ceased to be director from the Board of IIFCL from 1^{st} April 2017 to till date are as under:-

Name and Designation	Category	Tenure
Shri S.B. Nayar *(Refer Note 1)* Chairman & Managing Director	Whole Time Director	12^{th} December 2013 - 11^{th} June 2017
Shri Sanjeev Kaushik *(Refer Note 2)* Deputy Managing Director	Whole Time Director	2^{nd} February 2015 - 23^{rd} January 2018 (Deputy Managing Director) 12^{th} June 2017 – 11^{th} September 2017 Chairman & Managing Director (Additional Charge)
Ms. Sharmila Chavaly *(Refer Note 3)* Joint Secretary (I&E), DEA	Government Nominee Director	4^{th} December 2015 - 14^{th} December 2017
Shri Praveen Mahto *(Refer Note 4)* Adviser (PPPAU), NITI Aayog	Government Nominee Director	26^{th} December 2016 - 16^{th} August 2018
Shri Animesh Chauhan*(Refer Note 5)* Managing Director &CEO, Oriental Bank of Commerce	Scheduled Commercial Banks Nominee Director	13^{th} March 2015 - 30^{th} June 2017
Shri Rajeev Rishi *(Refer Note 5)* Chairman & Managing Director Central Bank of India	Scheduled Commercial Banks Nominee Director	13^{th} March 2015 - 12^{th} March 2018
Shri Sunil Mehta *(Refer Note 6)* Managing Director & CEO Punjab National Bank	Scheduled Commercial Banks Nominee Director	25^{th} July 2017 - 4^{th} July 2018
Shri V.K. Bhasin (*Refer Note 7)* Ex-Secretary, Legislative Department, Ministry of Law and Justice	Part-Time Non-Official Director	27^{th} January 2014 - 26^{th} July 2017
Shri. J. Venkateswarlu *(Refer Note 7)* Chartered Accountant	Part-Time Non-Official Director	10^{th} March 2014 - 9^{th} September 2017

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

Notes:

1. Tenure of Shri S.B.Nayar, Chairman & Managing Director (CMD) of IIFCL was extended for a period of one month w.e.f 11^{th} 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 9^{th} 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 12^{th} December 2016 in supersession of DFS letter dated 9^{th} 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 21^{st} December 2016. Shri S.B.Nayar vide letter dated 11^{th} June 2017 addressed to DFS relinquished office of CMD on 11^{th} June 2017 A/N) and handed over charge to Shri Sanjeev Kaushik, DMD, IIFCL.

2. 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 12th June 2017 subsequent to the completion of tenure of Shri S. B. Nayar on 11th June 2017(AN). Accordingly, tenure of Shri Sanjeev Kaushik as CMD (Additional Charge), IIFCL completed on 11th September 2017.

The tenure of Shri Sanjeev Kaushik, Deputy Managing Director expired on 23rd January 2018 in terms of Department of Financial Services, Ministry of Finance, Government of India Letter No F.No. 3/5/2011-IF.I dated 28th January 2015.

3. Tenure of Ms. Sharmila Chavaly expired in terms of Department of Financial Services, Ministry of Finance, Government of India Letter No. F. No. 3/1/2010/IF-I (Volume III) dated 14th December 2017.

4. Tenure of Shri Praveen Mahto expired in terms of Department of Financial Services, Ministry of Finance, Government of India Letter No. F. No. 3/1/(ii)/2010/IF-I dated 16th August 2018.

5. Shri Animesh Chauhan, MD & CEO, Oriental Bank of Commerce vide letter dated 30thJune 2017 tendered his resignation from the Board of IIFCL with effect from the close of business hours of 30thJune 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.

The tenure of Shri Rajeev Rishi expired on 12th March 2018 in terms of Department of Financial Services, Ministry of Finance, Government of India Letter No. F. No. 3/1/2010/1F-1 (Vol. III) dated 13th March 2015 *inter alia* conveying the appointment of Shri Rajeev Rishi, CMD, Central Bank of India 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.

6. Shri Sunil Mehta, MD & CEO, Punjab National Bank vide letter dated 9th May, 2018 addressed to Department of Financial Services (DFSs) tendered resignation from the position of Scheduled Commercial Bank Nominee Director on the Board of IIFCL which has been accepted by the Government. Subsequently, Department of Financial Services, Ministry of Finance, Government of India vide Letter No. F. No. 3/1/2010/IF-I (Vol. IV) dated 4th July, 2018 has communicated the resignation of Shri Sunil Mehta, MD & CEO, Punjab National Bank from the Board of India Infrastructure Finance Company Limited (IIFCL).

7. 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 –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 10th March 2014 for a period of three years expired on 9thMarch 2017.

Subsequently, Department of Financial Services (DFS), Ministry of Finance (MoF) vide Letter No. F.No. 18/6/2014-IF-I dated 23rdMarch 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 27thJanuary 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 2018 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, 2018 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.

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 one of whom shall be 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 two Whole Time Directors is vacant and additional charge has been assigned for the position of Managing Director. 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 five times on 15th May 2017, 2nd August 2017, 15th November 2017, 22nd January 2018 and 22nd March 2018.

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 2018, 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. 89/2018-19 dated 17th August 2018.

The Constitution of the Audit Committee as on date is as under:

Name	Designation
Shri Pankaj Jain	Joint Secretary , DFS holding additional charge as Managing Director , IIFCL
Shri Sanjeev Kaushik (*see note 1*)	Deputy Managing Director
Shri Praveen Mahto (*see note 2*)	Government Nominee Director
Shri Sonjay Kumar Saha	Government Nominee Director
Ms. P.V.Bharathi	Scheduled Commercial Banks Nominee Director
Shri Chaitanya Gayatri Chintapalli	Scheduled Commercial Banks Nominee Director
Shri Rajeev Rishi (*see note 3*)	Scheduled Commercial Banks Nominee Director
Shri Sunil Mehta (*see note 4)*	Scheduled Commercial Banks Nominee Director
Shri J.Venkateswarlu (*see note 5*)	Part-Time Non-Official Director
Shri V.K.Bhasin (*see note 6*)	Part-Time Non-Official Director

Note :

1. Tenure of Shri Sanjeev Kaushik expired on 23rd January 2018
2. Tenure of Shri Praveen Mahto expired on 16th August 2018
3. Tenure of Shri Rajeev Rishi expired on 12th March 2018
4. Tenure of Shri Sunil Mehta expired on 4th July 2018
5. Tenure of Shri J. Venkateswarlu expired on 9th September 2017
6. Tenure of Shri V.K. Bhasin expired on 26th July 2017

During the year 2017-18, the Audit Committee of the Board met five times on 12th May 2017, 2nd August 2017, 6th November 2017, 18th January 2018 and 22nd March 2018.

Management & Investment Committee (MIC)

The MIC was constituted in the 60th Board Meeting held on 20th February, 2013 which was reconstituted vide Circular Resolution No. 89/2018-19 dated 17th August 2018.

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

Name	Designation
Shri S.B.Nayar (*see note 1*)	Chairman & Managing Director
Shri Sanjeev Kaushik (*see note 2*)	Deputy Managing Director
Shri Pankaj Jain	Joint Secretary , DFS holding additional charge as Managing Director , IIFCL
Ms. Sharmila Chavaly (*see note 3*)	Government Nominee Director
Dr. Kumar V. Pratap	Government Nominee Director
Shri Praveen Mahto (*see note 4*)	Government Nominee Director
Shri Sonjay Kumar Saha	Government Nominee Director
Ms. P.V.Bharathi	Scheduled Commercial Bank Nominee Director
Shri Chaitanya Gayatri Chintapalli	Scheduled Commercial Banks Nominee Director
Shri Animesh Chauhan (*see note 5*)	Scheduled Commercial Banks Nominee Director
Shri Rajeev Rishi (*see note 6*)	Scheduled Commercial Banks Nominee Director
Shri Sunil Mehta (*see note 7*)	Scheduled Commercial Banks Nominee Director
Shri J.Venkateswarlu (*see note 8*)	Part-Time Non-Official Director

Note :

1. Tenure of Shri S.B.Nayar expired on 11th June 2017
2. Tenure of Shri Sanjeev Kaushik expired on 23rd January 2018

3. Tenure of Ms. Sharmila Chavaly expired on 14th December 2017
4. Tenure of Shri Praveen Mahto expired on 16th August 2018
5. Tenure of Shri Animesh Chauhan expired on 30th June 2017
6. Tenure of Shri Rajeev Rishi expired on 12th March 2018
7. Tenure of Shri Sunil Mehta expired on 4th July 2018
8. Tenure of Shri J. Venkateswarlu expired on 9th September 2017

During the year 2017-18, the Management & Investment Committee of the Board met seven times on 23rd May 2017, 5th July 2017, 5th September 2017, 8th December 2017, 18th January 2018, 26th February 2018 and 22nd March 2018.

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 manageintegrated 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 vide Circular Resolution No. 89/2018-19 dated 17th August 2018.

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

Name	Designation
Shri Sanjeev Kaushik (*see note 1*)	Deputy Managing Director
Shri Pankaj Jain	Joint Secretary , DFS holding additional charge as Managing Director , IIFCL
Shri Praveen Mahto (*see note 2*)	Government Nominee Director
Shri Sonjay Kumar Saha	Government Nominee Director
Ms. P.V.Bharathi	Scheduled Commercial Banks Nominee Director
Shri Chaitanya Gayatri Chintapalli	Scheduled Commercial Banks Nominee Director
Shri Rajeev Rishi (*see note 3*)	Scheduled Commercial Banks Nominee Director
Shri Sunil Mehta (*see note 4*)	Scheduled Commercial Banks Nominee Director
Shri J.Venkateswarlu (*see note 5*)	Part-Time Non-Official Director
Shri V.K.Bhasin (*see note 6*)	Part-Time Non-Official Director

Note :

1. Tenure of Shri Sanjeev Kaushik expired on 23rd January 2018
2. Tenure of Shri Praveen Mahto expired on 16th August 2018
3. Tenure of Shri Rajeev Rishi expired on 12th March 2018
4. Tenure of Shri Sunil Mehta expired on 4th July 2018
5. Tenure of Shri J. Venkateswarlu expired on 9th September 2017
6. Tenure of Shri V.K. Bhasin expired on 26th July 2017

During the year 2017-18, Risk Management Committee of the Board met four times on 12th May 2017, 25th July 2017, 6th November 2017 and 18th January 2018.

Asset Liability Management (ALCO) Committee

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

Name	Designation
Shri Sanjeev Kaushik (*see note 1*)	Deputy Managing Director
Shri Pankaj Jain	Joint Secretary , DFS holding additional charge as Managing Director , IIFCL
Shri Praveen Mahto (*see note 2*)	Government Nominee Director
Shri Sonjay Kumar Saha	Government Nominee Director
Ms. P.V.Bharathi	Scheduled Commercial Banks Nominee Director
Shri Chaitanya Gayatri Chintapalli	Scheduled Commercial Banks Nominee Director
Shri Rajeev Rishi (*see note 3*)	Scheduled Commercial Banks Nominee Director
Shri Sunil Mehta (*see note 4*)	Scheduled Commercial Banks Nominee Director
Shri J.Venkateswarlu (*see note 5*)	Part-Time Non-Official Director
Shri V.K.Bhasin (*see note 6*)	Part-Time Non-Official Director

Note :

1. Tenure of Shri Sanjeev Kaushik expired on 23rd January 2018
2. Tenure of Shri Praveen Mahto expired on 16th August 2018
3. Tenure of Shri Rajeev Rishi expired on 12th March 2018
4. Tenure of Shri Sunil Mehta expired on 4th July 2018
5. Tenure of Shri J. Venkateswarlu expired on 9th September 2017
6. Tenure of Shri V.K. Bhasin expired on 26th July 2017

During the year 2017-18, Asset Liability Committee of the Board met six times on 12th May 2017, 25th July 2017, 6th November 2017, 8th December 2017, 18th January 2018 and 26th February 2018.

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 vide Circular Resolution No. 89/2018-19 dated 17th August 2018. The constitution of the Corporate Social Responsibility (CSR) Committee as on date is as under:

Name	Designation
Shri S.B.Nayar (*see note 1*)	Chairman & Managing Director
Shri Sanjeev Kaushik (*see note 2*)	Deputy Managing Director
Shri Pankaj Jain	Joint Secretary , DFS holding additional charge as Managing Director , IIFCL
Ms. Sharmila Chavaly (*see note 3*)	Government Nominee Director
Dr. Kumar V. Pratap	Government Nominee Director
Shri Praveen Mahto (*see note 4*)	Government Nominee Director Chairman of the Committee
Shri Sonjay Kumar Saha	Government Nominee Director Chairman of the Committee
Shri J.Venkateswarlu (*see note 5*)	Part-Time Non-Official Director

Note:

1. Tenure of Shri S.B.Nayar expired on 11th June 2017
2. Tenure of Shri Sanjeev Kaushik expired on 23rd January 2018

3. Tenure of Ms. Sharmila Chavaly expired on 14th December 2017

4. Tenure of Shri Praveen Mahto expired on 16th August 2018

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

During the year 2017-18, Corporate Social Responsibility Committee of the Board met three times on 15th May 2017, 2nd August 2017 and 22nd March 2018.

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 vide Circular Resolution No. 89/2018-19 dated 17th August 2018.The constitution of the Remuneration and Nomination Committee as on date is as under:

Name	Designation
Shri Pankaj Jain (*see note 1*)	Joint Secretary , DFS holding additional charge as Managing Director , IIFCL
Dr. Kumar V. Pratap	Government Nominee Director
Shri Praveen Mahto (*see note 2*)	Government Nominee Director
Shri Sonjay Kumar Saha	Government Nominee Director
Shri Sunil Mehta (*see note 3*)	Scheduled Commercial Banks Nominee Director
Ms. P.V.Bharathi	Scheduled Commercial Banks Nominee Director
Shri J.Venkateswarlu (*see note 4*)	Part-Time Non-Official Director
Shri V.K.Bhasin (*see note 5*)	Part-Time Non-Official Director

Note:

1. Shri Pankaj Jain ceased to be a member of the Remuneration and Nomination Committee pursuant to resolution passed in Board Meeting held on 22nd January 2018
2. Tenure of Shri Praveen Mahto expired on 16th August 2018
3. Tenure of Shri Sunil Mehta expired on 4th July 2018
4. Tenure of Shri J. Venkateswarlu expired on 9th September 2017
5. Tenure of Shri V.K. Bhasin expired on 26th July 2017

During the year 2017-18, Remuneration and Nomination Committee of the Board met once on 15th May 2017.

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 vide Circular Resolution No. 89/2018-19 dated 17thAugust 2018.

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

Name	Designation
Shri S.B.Nayar (*see note 1*)	Chairman & Managing Director
Shri Sanjeev Kaushik (*see note 2*)	Deputy Managing Director
Shri Pankaj Jain	Joint Secretary , DFS holding additional charge as Managing Director , IIFCL
Shri Praveen Mahto (*see note 3*)	Government Nominee Director
Shri Sonjay Kumar Saha	Government Nominee Director
Ms. P.V.Bharathi	Scheduled Commercial Bank Nominee Director
Shri Chaitanya Gayatri Chintapalli	Scheduled Commercial Bank Nominee Director
Shri Rajeev Rishi (*see note 4*)	Scheduled Commercial Bank Nominee Director
Shri Sunil Mehta (*see note 5*)	Scheduled Commercial Bank Nominee Director
Shri J.Venkateswarlu (*see note 6*)	Part-Time Non-Official Director
Shri V.K.Bhasin (*see note 7*)	Part-Time Non-Official Director

Note :

1. Tenure of Shri S.B.Nayar, CMD, IIFCL expired on 11th June 2017
2. Tenure of Shri Sanjeev Kaushik expired on 23rd January 2018
3. Tenure of Shri Praveen Mahto expired on 16th August 2018
4. Tenure of Shri Rajeev Rishi expired on 12th March 2018
5. Tenure of Shri Sunil Mehta expired on 4th July 2018
6. Tenure of Shri J. Venkateswarlu expired on 9th September 2017
7. Tenure of Shri V.K. Bhasin expired on 26th July 2017

During the year 2017-18, Stakeholder Relationship Committee of the Board met four times on 15th May 2017, 25th July 2017, 6th November 2017 and 18th January 2018.

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 Committee was reconstituted in vide Circular Resolution No. 89/2018-19 dated 17thAugust 2018.

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

Members of the Committee
Shri Pankaj Jain Managing Director, IIFCL (Additional Charge)
Shri Sonjay Kumar Saha Government Nominee Director Chairman of the IT Strategy Committee
Shri Praveen Mahto (*see note below*) Government Nominee Director Chairman of the IT Strategy Committee
Chief General Manager & Head of HR Department
Chief General Manager & Head of IT Department
General Manager & Head of Risk Department
Deputy General Manager & CISO
Deputy General Manager & CIO

Note : Tenure of Shri Praveen Mahto expired on 16th August 2018

During the year 2017-18, IT Strategy Committee of the Board met once on 22nd January 2018.

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.

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.

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.

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

IIFCI has implemented the Right to Information Act, 2005, following the applicability of the RTI Act to IIFCL and it has been providing information to the applicants as perthe provisions of the RTI Act. The relevant information as perthe RTI Act has been uploaded on IIFCL's website (www.iifcl.org). IFCI has appointed Chief Public Information Officer (CPIO)& Appellate Authority for providing information to the applicants under the RTI Act. During the Financial Year, IIFCL received 42 applications, 36 applications were addressed and5 applications were rejected (not pertaining to IIFCL) and one application was forwarded to other organization within the stipulated time period.

Grievance Redressal

IIFCL has also put inplace online Grievance Redressal System for its stakeholders to provide a fair platform for raising grievance, if any, in an effective and timely manner, conferring to matters pertaining to payments, investors service, working conditions etc. which are addressed in affair and transparent way. Responsive handling of stakeholders and timely processing of investor grievances is the top priority for the company. During the Financial Year IIFCL received 9 grievances and all the grievances are addressed. For any grievance the applicant directly connected through electronics means of a dedicated mail facility: grievancefeedback@iifcl.org

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 2017-18 foreign exchanges used/earned is as under:-

(₹crore)

	Year ended 31st March, 2018	Year ended 31st March, 2017
Total Foreign exchange used	40.58	135.43
Total Foreign exchange earned	-	-

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.

Secretarial Standards

IIFCL has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Procurement of goods and services from Micro, Small & Medium Enterprises (MSME)

IIFCL intends to procure goods and services aggregating ₹3.40 crore during 2018-19 out of which goods and services aggregating ₹0.68 crore i.e 20% in value would be procured from Micro, Small & Medium Enterprises (MSME) enterprises including goods and services aggregating ₹0.136 crore i.e 4% of MSME procurement from SC/ST MSMEs.

Statutory Auditors

M/s G.S.A. & Associates (DE1177), Chartered Accountants were appointed as Statutory Auditors for the financial year 2017-18 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 2018. Also, the Three Phase Audit of the company for the Financial Year 2017-18 was entrusted to the Principal Director, Commercial Audit & Ex-Officio Member Audit Board – III.

Secretarial Auditor

M/s A.N. Kukreja & Co., Company Secretaries, was appointed as the Secretarial Auditor of the Company for the FY 2017-18 by Board of Directors of the Company in meeting held on 22nd January 2018. In terms of Section 204 of the Companies Act 2013 and rules made thereunder they have issued Secretarial Audit Report for the financial year 2017-18 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, Secretarial Audit Report and report of the Comptroller & Auditor General of India on the Financial Statements of IIFCL for the Financial Year ended 31st March 2018, as required under the Companies Act 2013 is given in addendum annexed herewith.

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

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-
Pankaj Jain
Managing Director
(Additional Charge)
DIN No. : 00675922

Place: New Delhi
Date: **01.08.2018**

ADDENDUM TO THE BOARD'S REPORT

SECRETARIAL AUDITORS OBSERVATIONS:

1. ***The requirement of at least one-third of total number of directors, as Independent Directors as laid down in Section 149(4) of the Companies Act, 2013 is not met, nor the provisions of second proviso of sub-section (1) of Section 149 of the Act for appointment of a Woman Director. Further, the composition of Board Committees-Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee, does not fulfill the requirements of Sections 177, 178, 135 of the Act, respectively as regards Independent Directors.***

MANAGEMENT COMMENTS: Government of India, Ministry of Finance, Department of Financial Services is in process of appointment of Independent Directors on the Board of IIFCL.

It is submitted that Department of Financial Services, Ministry of Finance, Government of India vide Letter No. F. No. 3/1/2010/IF-I (Vol. IV) dated 4th July, 2018 appointed Woman Director on Board of IIFCL.

STATUTORY AUDITORS OBSERVATIONS

2. ***The Company has been creating provisions in respect of the Loan Assets based upon the IRAC prudential norms issued by RBI and have been calculating the tax expense after adding back same to the net profit. AS 22 "Taxes on Income" issued by ICAI stipulates that in case that there are any timing differences in respect of tax liability on account of any item, the effect thereof has to be considered. In view of the fact that a part of such provisions are allowed on the basis of write off in subsequent years, the same gives rise to a timing difference. A higher tax being paid today is recovered / compensated by a lower tax liability in a subsequent period. AS 22 requires the creation of deferred tax assets in such case to the extent of timing differences. In our opinion, based upon the experience in the past with regard to the percentage of write off, deferred tax assets need to be created. Impact thereof needs to be ascertained. In view of above, we are unable to comment upon the impact of the same on Statement of Profit and Loss and the Reserves. (Amount Unascertained).***

MANAGEMENT COMMENTS: It is submitted that the provision on loan asset and writing of the loss asset are two separate items and creation and reversal of provision in loan asset is inadmissible as expense/income under section 36 of Income Tax Act, 1961. Therefore this is no timing difference for purpose of creation of Deferred tax Asset as per Accounting Standard 22. Accordingly IIFCL is not required to create an intangible asset i.e. Deferred Tax Asset (DTA).

In order to re-enforce its view in the matter, IIFCL, vide letter dated 24th November 2017 requested a clarification from Reserve Bank of India (RBI) regarding creation of Deferred Tax Asset on Provision for Loan Assets. RBI vide e-mail dated 5th February 2018 advised IIFCL to approach Institute of Chartered Accountants of India (ICAI) in this regard.

Pursuant to the reply from RBI, IIFCL vide letter dated 19th March 2018 has requested Institute of Chartered Accountants of India (ICAI) to clarify whether IIFCL is required to create Deferred Tax Asset (DTA) on Provision on Loan Assets.

The Expert Advisory Committee (EAC) of ICAI vide letter dated 11th May 2018 informed IIFCL that the query raised is a general issue for NBFCs and EAC of ICAI is constituted to answer specific queries. It is learnt that General accounting issues are clarified by the Accounting Standard Board(ASB) of the ICAI.

Subsequently, IIFCL vide letter dated 20th June 2018 has requested Accounting Standard Board(ASB) of Institute of Chartered Accountants of India (ICAI) to clarify whether IIFCL is required to create Deferred Tax Asset (DTA) on Provision on Loan Assets. The reply of IIFCL's Letter is awaited

3. ***During the current year, the company has created an accelerated provision of ₹ 1068.54 crore in non-performing category of loan assets, over and above the normal provision required as per IRAC guidelines issued by the regulator and the same has been treated as Exceptional item instead of treating as normal provision of Loan Assets. As per accounting policy no 3.3 (vii), the company is required to create accelerated provision based on case-to-case view of stressed advances as a prudent measure. However, in earlier years, accelerated provisions created by the Company were treated as "Provision for Loan Assets". The accounting treatment of accelerated provisions given by the Company in current year is not in conformity with the requirements of Accounting Standard 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".***

During the current year, Provision for loan assets in "Statement of Profit and Loss Account" has been understated by ₹ 1068.54 Crore. Resulting, Profit Before Exceptional and Extraordinary Items Shown should have been a loss of ₹.1027.73 Crore instead of profit of ₹ 40.81 Crore. However, Profit after tax and Balance Sheet reflect a true and fair view of the financial statements.

MANAGEMENT COMMENTS: Subsequent to applicability of Insolvency and Bankruptcy Code (IBC) 2016 become applicable from 2016-17, Reserve Bank of India (RBI) vide notification no. RBI/2017-18/131 dated 12th February 2018 on "Resolution of Stressed Assets- Revised Framework" repealed the extant instruction on resolution of stressed assets such as Framework for Revitalizing Distressed Assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long Term Project Loans, Strategic Debt Restructuring Scheme (SDR), Change in Ownership outside SDR and Scheme for sustainable Structuring of Stressed Assets (S4A) with immediate effect.

Consequently loan aggregating ₹ 2,096 crore as on 31st December 2017 referred under above-said forbearance schemes of RBI, were categorized as Non- Performing Accounts (NPAs) as on 31st March 2018.

It may be submitted that IIFCL had made provisions ranging 10% to 25% in these cases as per erstwhile under above-said forbearance schemes of RBI. It is however observed that based on resolution plans of initial loan cases already referred to National Company Law Tribunal (NCLT) as per IBC process, lenders may expect to realize less than 50% of outstanding loan amount by other banks/institution.

Accordingly, as a matter of abundant precaution, IIFCL consider it prudent to make accelerated provision up to 50% of outstanding loan amount in cases already categorized as NPA subsequent to RBI notification and referred to NCLT or expected to be referred to NCLT as per IBC process.

It is also submitted that as per para 12 of Accounting Standard 5 "When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items should be disclosed separately".

The features of exceptional items may be indicated as under:

1) Exceptional item arise from ordinary activity,

2) They are not expected to be recurring,

3) The nature and amount of such item is relevant to user of financial statement, and

4) They are generally disclosed in balance sheet.

In view of above, IIFCL has considered accelerated provision in loan cases consequent upon withdrawal of various forbearances by Reserve Bank of India (RBI) vide notification no. RBI/2017-18/131 dated 12th February 2018 as "Exceptional item" as the quantified amount of such one-time accelerated provision thereof has arisen from ordinary activity, non- recurring amount is considered relevant to user of financial statement and separately disclosed in balance sheet.

OBSERVATIONS OF C&AG

Statement of Profit & Loss:

Revenue from operations (Note No. 18) – ₹ 356813.84 lakh

Provision for Loan Assets {Note No. 23 (B)(9)} - 20812.31 lakh

As per Reserve Bank of India (RBI) Master Direction dated 01.09.2016 and the Company's Significant Accounting Policy No. 3.1(A) a loan assets is to be recognised as Non-Performing Assets (NPA), in case interest has remained overdue for a period of three months or more for the financial year ending 31st March, 2018 and thereafter. Further, as per the said RBI Master Direction and Significant Accounting Policy No. 3.2 (b) (i) an asset which was classified as NPA for a period of not exceeding 12 months is to be classified as Sub-Standard. A general provision of 10 percent of outstanding amount is to be made in the case of sub-standard assets and interest income recognised before the assets became non-performing and remaining unrealised is also to be reversed.

The following loan asset have become NPA and are required to be classified as Sub-Standard as per the above

mentioned Master Direction/Significant Accounting Policy, since the dues of the borrowers payable by 31.12.2017, have not been paid and remained overdue as on 31.03.2018.

1. ***Essel Ahmedabad Godhra Toll Roads Limited (Principal - ₹ 198.14 crore, unrealised recognised interest income – ₹ 28.34 crore)***
2. ***Madurai Tuticorin Expressways Limited (Principal – ₹ 138.16 crore, unrealised recognised interest income – ₹ 4.24 crore)***

The Company has treated the two loan assets as Standard, instead of clarifying the same as Sub-Standard and has not created the requisite provisions in the financial statement for the year ended 31.03.2018 on the ground that the borrowers have liquidated/partly liquidated the dues in April 2018. There is however, no room for any further relaxation in the time limit of three months for payment of dues, in the above mentioned RBI Master Direction and Significant Accounting Policy. Hence classification of the two assets as Standard is not order.

This has resulted in overstatement of Revenue from operations by ₹ 32.258 crore (due to recognition of unrealised interest income of ₹ 28.34 crore plus ₹ 4.24 crore), understatement of 'Provision for Loan Assets' by ₹ 32.28 crore (calculated at 10 percent of loan amount after adjusting general provision of 0.4 percent) as well as Loss for the year by ₹ 64.86 crore (₹ 32.58 crore plus ₹ 32.28 crore)

MANAGEMENT COMMENTS:

It is agreed as per RBI Master Direction dated 01.09.2016 and IIFCL's Significant Accounting Policy No.3.1 (a), a loan asset is to classified as Non-Performing Asset (NPA), in case interest has remained overdue for a period of three months or more. Further, a general provision on NPA is to be created and interest income recognised on NPA before becoming the asset NPA has also to be reversed. However, banks and financial institutions consider realization/credit in loan account in a reasonable period of time viz. 7-10 days from close of financial year due to operational difficulties as event occurring after balance sheet date for treating loan account as standard loan assets. In the two loan accounts viz. Essel Ahmedabad Godhra Toll Roads Limited, and Madurai Tuticorin Expressway Limited, the above parameter was applied for classification of loan accounts as Standard as on 31st March 2018.

Further comments in respect of each of the two loan accounts are given below:

Essel Ahmedabad Godhra Toll Roads Limited

IIFCL realized ₹38.19 Crore from Essel Ahmedabad Godhra Toll Roads Limited on 10th April 2018 pertaining to Sub debt and Sub Debt (FITL) loan. Consequently overdues in loan account reduced below 90 days. Borrower's Loan under Sr. Debt was also regular without any overdues as on 31st March 2018. The company has stated that due to certain operational issues at payment bank side the debt obligation payment was delayed for December 2017 and March 2018.

Account was considered as Standard and not recognized as NPA on 31st March 2018 as the payment was received within 10 days of close of the financial year.

As on date, account is regular and there are no overdues in the account.

In view of above and considering that the IIFCL's portfolio of advances of ₹32,584.65 cr. and revenue from operations of ₹3,568.14 cr. The outstanding amount of loan accounts is not material.

Madurai Tuticorin Expressway Limited

IIFCL realized `47.37 lakh from Madurai Tuticorin Expressway Limited on 6thApril 2018. Consequently overdues in loan account reduced below 90 days. Account was not recognized as NPA as 31stMarch 2018 as the payment was received within a 6 days from close of the financial year.

Further, as dues in the loan account subsequently exceeded for period more than 90 days, IIFCL has also declared loan account as NPA as on 30thJune 2018.

The impact of recognizing the loan account of Madurai Tuticorin Expressways Limited M-1 as NPA as on 31st March 2018 is not material (additional provision of ₹13.82 cr. and reversal of interest income ₹4.24 cr. totaling to ₹18.06 cr. and Net impact on Profit/Loss after Tax is ₹ 11.81 crore only).

In view of above and considering that the IIFCL's portfolio of advances of ₹32,584.65 cr. and revenue from operations of ₹3,568.14 cr. The outstanding amount of loan accounts is not material.

5th January 2018 Infra Finance Summit organised at the occassion of Foundation day

Panel discussion at the 5th January 2018 Infrastructure summit

Nukkad Natak organised on the occasion of Swacchta Pakhwada at IIFCL

IIFCL officials representing India in the a senior-level
coordination meeting of Shanghai Cooperation Organization (SCO) Inter-bank Consortium (IBC)
held from 10th to 14th April 2018

Yoga day celebrated at IIFCL

IIFCL being awarded by Governance now 5th PSU awards under the category strategic performance

IIFCL participated in the AIIB Infrastructure Expo 2018 at NCPA Mumbai, IIFCL officials representing IIFCL in the event.

Annexure I

A.N. KUKREJA & Co.
Company Secretaries

E-147A/I Naraina Vihar,
. New Delhi-110028
Tel. : 64705555, Mob. : 9810587990
E-mail : an_kukreja@rediffmail.com

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018
(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,

The Members of

India Infrastructure Finance Company Limited.

We 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-CIN: U67190DL2006GOI144520** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the India Infrastructure Finance Company Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended on 31st March, 2018** complied with statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by India Infrastructure Finance Company Limited for the financial year ended on 31st March, 2018 according to the provisions of:

(i). The Companies Act, 2013 (the Act) and the rules made there under;

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

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

(iv). Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.*

(v). 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011*;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

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

(d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(e) 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;

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

(g) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014*.

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

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998*.

*The Act under sub para (iv) of para 1 and regulations listed at sub-para (v) Serial Nos. (a), (f) (g), (h), and (i) are not applicable to the Company for financial year 2017-18 as there were no corporation actions/decisions attracting these regulations.

(vi). The Other Laws applicable specifically to the Company are:

(a) Reserve Bank of India Act, 1934 and RBI directions/guidelines to the extent applicable to the Company.

(i) IIFCL is a wholly owned Government company and has been granted Certificate of Registration No. N-14.03288 dated 9.9.2013 under Section 45-IA of the Reserve Bank of India Act, 1934 to carry on the business of an NBFC-ND-IFC.

(b) Right to Information Act, 2005 (Being a Government Company).

(c) Credit Information Companies (Regulation) Act, 2005.

(d) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

2. (i) We have also examined the compliances with the applicable regulations of SEBI (LODR) Regulations, 2015 and Listing Agreements for Debt Securities with the Bombay Stock Exchange Limited and the National Stock Exchange of India Ltd. and

(ii) The Secretarial Standards issued by the Institute of Company Secretaries of India.

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

(i) The requirement of at least one-third of total number of directors, as Independent Directors as laid down in Section 149(4) of the Companies Act, 2013 is not met, nor the provisions of second proviso of sub-section (1) of Section 149 of the Act for appointment of a Woman Director. Further, the composition of Board Committees-Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee, does not fulfill the requirements of Sections 177, 178, 135 of the Act, respectively as regards Independent Directors.

4. We further report that:

(a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive, **except** Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

(b) 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.

(c) Majority decision is carried through while dissenting members' views are captured and recorded as part of the minutes.

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

6. We further report that during the audit period, no major decision having a bearing on Company's affairs in pursuance of the above referred laws, rules/regulations were taken **except** the following:

(i). Approval of shareholders was obtained under Section 42 of the Act at the 12th Annual General Meeting of the Company held on 29th September, 2017 and other applicable regulations, to raise funds through private placement of unsecured/ secured non-convertible bonds/debentures, and other instruments as mentioned in the special resolution up to ₹ 4,750 crore during the period of one year commencing from the date of passing of the said special resolution thereof.

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.

For **A. N. Kukreja & Co**
Company Secretaries

-sd-
(A.N. Kukreja)
Proprietor
FCS 1070; CP 2318

Place: New Delhi
Date: 26th July 2018

Annexure “A”

To,

The Members of

India Infrastructure Finance Company Limited

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted practices in India, The company, based on the report of Insolvency Resolution Professional, has inform of a fraud of an amount of ₹89.24 crore, sanctioned and disbursed as loan under consortium comprising the company, Power Finance Corporation Ltd. (Lead lender) and Rural Electrification Corporation Ltd. to IND-Bharat Power (Madres) Ltd, having registered office at Hyderabad, and at present under insolvency resolution process. The company has since reported the matter to Reserve Bank of India

For **A. N. Kukreja & Co.**
Company Secretaries

sd/-
(A. N. Kukreja)
Proprietor
FCS 1070; CP No. 2318

Place: New Delhi
Date: 26th July 2018

Annexure II

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2018

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	5th 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	8th 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.

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	3rd 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	3rd 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	3rd 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 Register of Companies of England and Wales at London on February 7, 2008 [Company No. 06496661] 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-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% 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	-	**400.23 crore**	**400.23 crore**	**100%**	-	**410.23 crore**	**410.23 crore**	**100%**	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
SUB - TOTAL (A) (1)	-	**400.23 crore**	**400.23 crore**	**100%**	-	**410.23 crore**	**410.23 crore**	**100%**	-
(2) Foreign									-
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Any other	-	-	-	-	-	-	-	-	-
SUB - TOTAL (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)(1) + (A)(2)	-	**400.23 crore**	**400.23 crore**	**100%**	-	**410.23 crore**	**410.23 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	-	-	-	-	-	-	-	-	-
v. Unclaimed Shares Suspense Account	-	-	-	-	-	-	-	-	-
vi. Trusts	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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)	-	400.23 crore	400.23 crore	100%	-	410.23 crore	410.23 crore	100%	-

ii. Shareholding of Promoter

Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2017)			Shareholder's Name	Shareholding at the end of the year (As on 31-03-2018)			% 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	400,22,66,230	100	-	The Hon'ble President of India	410,22,66,230	100	-	NIL
Representative shareholding*	50,000			Representative shareholding*	50,000			
	400,23,16,230	100%			410,23,16,230	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)

Particulars	Shareholding at the beginning of the year (As on 01-04-2017)				Cumulative Shareholding during the year (As on 31-03-2018)	
	No. of shares	% of total shares of the company	Increase	Date	No. of shares	% of total shares of the company
At the beginning of the year	400,23,16,230	100	10,00, 00,000*	11.05.2017	410,23,16,230	100
At the end of the year	410,23,16,230	100			410,23,16,230	100

*Government of India vide Department of Financial Services (DFS) letter no. F.No. 6/13/2011-IF-1 dated 4th May 2017 conveyed sanction of Hon'ble President of India for release of a sum of ₹100,00,00,000/- (Rupees One Hundred Crore only) as equity contribution to India Infrastructure Finance Company Limited (IIFCL) during the year 2017-18. Government of India released an amount of ₹100, 00, 00,000/-(Rupees One Hundred Crore only) towards equity contribution to IIFCL on Thursday, 11th May 2017. On allotment of equity shares of IIFCL against amount released by Government of India the paid-up equity share capital of IIFCL increased from ₹4002,31,62,300 to ₹4102,31,62,300.

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 01-04-2017)		Cumulative Shareholding during the Year (As on 31-03-2018)	
	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 01-04-2017)		Cumulative Shareholding during the Year (As on 31-03-2018)	
	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.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year (01.04.2017)				-
i) Principal Amount	149,489,832,000.00	161,359,595,485.00	8,966,624,109.00	319,816,051,594.00
ii)Interest due but not paid				-
iii)Interest accrued but not due		7,435,774,560.00		7,435,774,560.00
Total (i+ ii+ iii)	149,489,832,000.00	168,795,370,045.00	8,966,624,109.00	327,251,826,154.00
Change in Indebtedness during the Financial year				
*Addition			8,472,462,168.99	8,472,462,168.99
*Reduction	(51,005,000.00)	(680,384,222.06)	-	(731,389,222.06)
Net change	(51,005,000.00)	(680,384,222.06)	8,472,462,168.99	7,741,072,946.93

Indebtedness at the beginning of the Financial year (01.04.2018)				
i) Principal Amount	149,438,827,000.00	160,831,869,894.68	17,439,086,277.99	327,709,783,172.67
ii)Interest due but not paid				-
iii)Interest accrued but not due		7,283,115,928.26		7,283,115,928.26
Total (i+ ii+ iii)	149,438,827,000.00	168,114,985,822.94	17,439,086,277.99	334,992,899,100.93

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(In ₹)

SN.	**Particulars of Remuneration**	**Name of MD/WTD/ Manager**		**Total Amount**
	Name	**S.B.Nayar**	**Sanjeev Kaushik**	
	Designation	**CMD**	**DMD/ CMD (Additional Charge)**	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.79	29.39	**45.18**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.48	5.61	**6.09**
	(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)	**16.27**	**35.00**	**51.27**

B. Remuneration to other directors

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	1.60	1.00	-	-	2.60
	Commission	-	-	-	-	-
	Others, please specify Conveyance	-	0.18	-	-	
	Total (2)			-	-	
	Total (B)=(1+2)	**1.60**	**1.18**	**-**	**-**	**2.78**

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

(in ₹)

SN	Particulars of Remuneration	Key Managerial Personnel		
	Name	**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 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961	31.37	19.59	**50.96**
	(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	**31.37**	**19.59**	**50.96**

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			**NIL**		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Annexure III

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 Managing Director (MD) and an Implementation Committee comprising of the senior officers of the Company).

IIFCL CSR initiatives during FY 2017-18 have focused on construction of toilets in schools, promotion of green and energy efficient technologies, promotion of sports, development of backward regions, conservation of National heritage and setting up center of excellence for Child Neurology with AIIMS. 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 thecountry.

Details of IIFCL CSR initiative are also available at:- http://www.iifcl.co.in/Content/ CSR%20Inititatives. 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:

- 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 2014-2015	121,764.41
Financial year 2015-2016	96,515.86
Financial year 2016-2017	41,506.24
Total	2,59,786.54
Average Net Profit	**86,595.51**

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) ₹1731.91 lakhs

5. Details of CSR spent during the financial year.

a) *Total amount to be spent for the financial year;* ₹1731.91lakh

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

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

Amount in ₹ lakhs

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programswas undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure up-to to the reporting period**	**Amount spent: Direct or through implementing agency***
1	Integrated Development of village Borsimaluguri	Development of Backward Regions	Baska (Assam)	₹166.00	₹3.36	₹160.96	₹3.36 (Himachal Consultancy and Services Ltd)
2	Installation at Bore well at Government aided school	Safe Drinking Water, Health care & Sanitation	Palakkad (Kerala)	₹1.60	₹0.80	₹0.80	₹0.80 (Lions club of Palakkad Chandanagar)
3	Installation of 1500 solar street lights in backward areas of UP	Promotion of Green and Energy Efficient Technologies	Sant Ravidas and Allahabad (UP)	₹327.00	₹213.49	₹284.00	₹213.49 (Rajasthan Electronics & Instruments Limited)
4	Construction of toilet at Government aided school	Safe Drinking Water, Health care & Sanitation	Palakkad (Kerala)	₹31.27	₹9.38	₹28.14	₹9.38 (Lions club of Palakkad Chandanagar)
5	Construction of toilet in school for Girls and Boys	Safe Drinking Water, Health care & Sanitation	Bhilwara (Rajasthan)	₹26.45	₹12.14	₹26.45	₹12.14 (Vivekananda Kendra)

6	Installation of solar home lighting system in Rohtas (Bihar)	Promotion of Green and Energy Efficient Technologies	Rohtas (Bihar)	₹157.50	₹47.25	₹157.50	₹47.25 (Central Electronics Limited)
7	Construction of toilet for girls in Government aided school	Safe Drinking Water, Health care & Sanitation	Thiruvarur (Tamil Nadu)	₹168.90	₹48.78	₹148.00	₹48.78 (Sulabh International Social Service Organization)
8	Setting up center of Excellence for child neurology	Promoting Education/ Health Care	New Delhi	₹500.00	₹250.00	₹250.00	₹250.00 (All India Institute of Medical Sciences (AIIMS))
9	Contribution to TOP Scheme of NSDF	Promotion of Sports	Multiple Locations across India	₹3000.00	₹1000.00	₹3000.00	₹1000.00 (Ministry of Youth Affairs and Sports, GoI)
10	Contribution to National Cultural Fund	Protection of National Heritage, Art and Culture	Multiple Locations across India	₹141.62	₹141.62	₹141.62	₹141.62 (National Culture Fund, Ministry of Culture, GoI)
11	CSR Overhead Expenditure			₹5.09	₹5.09	₹5.09	₹5.09 (Direct)

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 FY 2017-18.

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 last review meeting of the CSR activities has issued responsibility statement that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and Policy of the Company.

Annexure IV

STATEMENT OF AMOUNT TRANSFER FROM/TO RESERVE FOR THE YEAR 2017-18

(₹ in lac)

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Profit after Tax for the current year 2017-18	**(115,460.98)**	**6,790.45**
Add: Transfer from Reserve for Loan Assets	-	-
Add: Transfer from Staff Welfare Reserve	31.57	32.71
Add: Transfer from Corporate Social Responsibility Reserve	-	-
Add : Surplus of profit of IWRFC as on 31st March 2016	**-**	4408.10
Less: Transfer from Staff Welfare Reserve	-	-
Less: Transfer to Corporate Social Responsibility Reserve	-	-
Less: Transfer to Debenture redemption Reserve	18,126.40	18,183.48
Less: Transfer to Special Reserve u/s 36(1)(vii) of Income Tax Act, 1961	6588.78	17,200.18
Less: Adjustment of carrying amount of fixed assets (applying transitional provisions)	-	-
Less: Interim Dividend	-	-
Less: Dividend Distribution Tax	-	-
Balance c/f to balance sheet	**(140,144.59)**	**(24,152.40)**

INDEPENDENT AUDITOR'S REPORT

To The Members of India Infrastructure Finance Company Limited (#)

Report on the Standalone Financial Statements

1) We have audited the accompanying Standalone financial statements of **India Infrastructure Finance Company Limited ("the Company")**, which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2) 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3) 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 there under.

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 judgment, 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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 standalone financial statements.

Basis for Qualified Opinion

4) **Deferred Tax Assets**

- Taxable income is calculated in accordance with Income tax laws. In some circumstances, the requirements of these laws to compute taxable income differ from the accounting policies applied to determine accounting income. The effect of this difference is that the taxable income and accounting income may not be the same.
- The Company creates provisions for non-performing loan assets in accordance with the IRAC norms issued by RBI. These ranges from 10% to 100% depending upon the various conditions laid down for the advances.
- Owing to the above accounting treatment of Provision for Non-Performing loan assets, there exists a difference in the income as per records maintained for income-tax purposes and income as per the books of account. Section 36(1)(viia) of the Income-tax Act, 1961 lays down limits to the extent of which provision for doubtful debts will be allowed as a deduction. This is a timing difference that will match in future by way of either recovery or write-off.
- In one of the opinion given by the Expert Advisory Committee of the ICAI, it is stated that

- The difference in the provision for bad debts (Provision for Non-Performing Assets) as per the books and as per income-tax is a timing difference and, therefore, it requires recognition of deferred tax effect subject to the considerations of prudence in case of deferred tax asset, in accordance with AS 22, when the tax treatment is as explained by the querist.
- Difference originating in one period is bound to reverse in one or more subsequent period(s). Withdrawal of excess provision, if any, also amounts to, in substance, reversal of timing difference. This may happen, for example, due to partial write-off and partial recovery of a loan. Therefore, the Committee is of the view that the difference between taxable income and accounting income attributable to provision for bad and doubtful debts is a timing difference. As noted in paragraph 17 is said opinion, there is no time limit for the reversal of timing differences. Accordingly, the Committee is of the view that the said timing difference should be considered for recognition of deferred tax implications in accordance with the provisions of AS22.

5) **Exceptional Items**

The company has consistently been following accounting policy of making accelerated provisions in respect of non-performing assets. This has been continued in view of the prudence. As per accounting policy no 3 (viii) of provisions states that *"IIFCL, as a prudent lender, in addition to normal provisioning to be done under RBI guidelines, inter ms of applying stipulated percentages for secured / unsecured portions depending on asset classification, as may beam ended from time to time, consider sac celerated provision in gona case- to- case basis, depending on the expected recovery scenario."*

Based upon the aforesaid accounting policy, the company also created accelerated provision of ₹ 383.49 crore and ₹.138.17 crore in the financial year ended on 31st March 2017 and 31st March 2016 respectively. In these financial years, these accelerated provisions were treated as a normal provision on the Loans Assets.

An exceptional item debit / credit may arise because of certain agreement with the employees / outsiders etc. or due to certain court verdicts against the company.

But in case the Management of the Company, based on its experience with regard to recovery of dues in stressed assets, it self takes a decision for creation of accelerated provisions in accordance with its accounting policy, in respect of certain category of loan assets, the same cannot be considered as an exceptional item.

Qualified Opinion

6) ***The Company has been creating provisions in respect of the Loan Assets based upon the IRAC prudential norms issued by RBI and have been calculating the tax expense after adding back same to the net profit. AS 22 "Taxes on Income" issued by ICAI stipulates that in case that there are any timing differences in respect of tax liability on account of any item, the effect thereof has to be considered. In view of the fact that a part of such provisions are allowed on the basis of write off in subsequent years, the same gives rise to atiming difference. A higher tax being paid today is recovered / compensated by a lower tax liability in a subsequent period. AS 22 requires the creation of deferred tax assets in such case to the extent of timing differences. In our opinion, based upon the experience in the past with regard to the percentage of write off, deferred tax assets need to be created. Impact thereof needs to be ascertained. In view of above, we are unable to comment upon the impact of the same on Statement of Profit and Loss and the Reserves. (Amount Unascertained).***

7) **During the current year, the company has created an accelerated provision of ₹ 1068.54 crores in non-performing category of loan assets, over and above the normal provision required as per IRAC guidelines issued by the regulator and the same has been treated as Exceptional item instead of treating as normal provision of Loan Assets. As per accounting policy no 3.3 (vii), the company is required to create accelerated provision based on case-to- case view of stressed advances as a prudent measure. However, in earlier years, accelerated provisions created by the Company were treated as "Provision for Loan Assets". The accounting treatment of accelerated provisions given by the Company in current year is not in conformity with the requirements of Accounting Standard 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".**

During the current year, Provision for loan assets in "Statement of Profit and Loss Account" has been understated by ₹ 1068.54 crore. Resulting, Profit Before Exceptional and Extraordinary Items Shown should have been a loss of ₹ 1027.73 crore instead of profit of ₹ 40.81 crore. However, Profit after tax and Balance Sheet reflect a true and fair view of the financial statements.

8) **Except for the effects of the matter described in paragraph 6 above,** 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 (financial position) of the Company as at 31st March 2018, and its profit (financial performance), its cash flows for the year ended on that date.

Emphasis of Matters

9) Effective this year, the company has introduced a new accounting policy and started writing off loan assets which have already been identified as Non-Performing Asset (NPA) for more than 5 years or where the scheduled commercial operations of the project have been delayed for more than 4 years (refer Accounting Policy No. 23(A)3.3(ix) (d) and note no 2 of 23(b).

Our opinion is not qualified / modified in these matters

Other Matters

10) As per guidelines of the Department of Investment and Public Asset Management, the Company is supposed 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. However, IIFCL vide letter dated 14th January 2016 had requested Government for exemption from payment of dividend for at least 3 years. The reply of IIFCL's Letter is awaited. (refer note no 26 of 23(b)).

11) The Company has been waiting for the appointments of requisite numbers of independent directors under Section 149 (1) of the Companies Act 2013. Accordingly, the Board remained constituted without complying with the requirements of aforesaid section**.**

Our opinion is not qualified / modified in these matters.

Report on Other Legal and Regulatory Requirements

12) 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 the paragraph 3 and 4 of the Order to the extent applicable.

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

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) **except for the possible effects of the matter described in the Qualified Opinion paragraph 6 above**, 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) **except for the possible effects of the matter described in the Qualified Opinion paragraph 6 above**, 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 controls, refer to our separate Report in "**Annexure-II**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. As explained to us, 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 or long-term contracts including derivative contracts. (Refer note no..23B(9))

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

14) The directions/ sub directions issued by C&AG under section 143(5) of the Companies Act, 2013 have been verified during the audit of annual accounts of the company for the year ended 31st March 2018 and compliance to the directions is enclosed in **Annexure III**.

For GSA & Associates
Chartered Accountants
FRN 000257 N

-sd-
(Sunil Aggarwal)
Partner
M.No. 083899 (#)

Place : New Delhi
Dated : 01st August 2018

 # Audit report addressed to the members of the Company and membership number of the Partner is updated at print stage in accordance with the assurance / 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 2017-18.

Annexure I to the Independent Auditor's Report on Standalone Financial Statement of India Infrastructure Finance Company Limited

Reference to in Paragraph – 11 under "Report on Other Legal and Regulatory Requirements" of our report of even date.

i. In respect of Company's 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 the 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 register maintained under section 189 of Companies Act, 2013. Accordingly, sub clauses (a), (b) and (c) of clause 3(iii) of the order are not applicable to the Company.

iv. 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 deposits from the public.

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for activities performed by the Company.

vii. (a) according to the information and explanations given to us, and on the basis of our examination of books of accounts, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Service Tax, GST and other statutory dues as applicable with the appropriate authorities.

   (b) According to the information and explanation given to us, there are no dues outstanding on account of Income Tax/Service Tax/ GST that have not been deposited on account of dispute. However, dues outstanding in respect of income-tax, service-tax on account of any disputes, are as follows:

Name of the statute	Nature of the Dues	Period to which the amount relates	Forum where dispute is pending.	Amount (₹ in Lakh)	Amount paid under Protest (₹ In Lakh (#)) and shown under recoverable	Remark
Income Tax Act, 1961	Income tax	AY 2008-09	ITAT	159.00	159.00	Said demand has been adjusted against refund of AY 2010-11 and 2011-12
Income Tax Act, 1961	Income Tax	AY 2014-15	CIT (A)	934.55	934.55	Amount deposited by IIFCL under protest.

viii. According to the information and explanations given to us, and on the basis of examination of the books of accounts, 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).

x. To the best of our knowledge and belief and according to the information and explanations given to us, except for one fraud reported to Reserve Bank of India in current year which was detected in previous year, no other 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. According to the information and explanation provided to us and based on our examination of the records of the Company, the Company is not a Nidhi Company Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanation provided to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the accounting standards and Companies Act, 2013.

xiv. According to the information and explanation provided 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. However, the Company has issued 10 Crore equity shares aggregating to ₹ 100 Crore to Government of India during the year.

xv. According to the information and explanation provided to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him.

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 GSA & Associates
Chartered Accountants
FRN 000257 N

-sd-
(Sunil Aggarwal)
Partner
M.No. 083899 (#)

Place : New Delhi
Dated : 1st August 2018

 # reporting in crore replaced with lakh in table of para no Vii (b) above and membership number of the Partner is updated at print stage in accordance with the assurance / 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 2017-18.

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 ("the Company")** as of March 31, 2018 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 the Companies Act,2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by 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 ethical requirements and plan and perform the audit to obtain reasonable assurance that whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information's and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 GSA & Associates
Chartered Accountants
FRN 000257 N

-sd-
(Sunil Aggarwal)
Partner
M.No. 083899 (#)

Place : New Delhi
Dated : 01st August 2018

 # Membership number of the Partner is updated at print stage in accordance with the assurance / 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 year2017-18.

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 2017-18 issued by the Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013.

Directions	**Auditor's Comment**
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/leasehold land, this para is not applicable
Please report whether thereare any cases of waiver/ write off of debts/ loans/ interest etc., if yes, the reasons there for and the amount involved.	We are informed that during the year ended 31st March 2018, the Company had written off Sixteen loan assets, as mentioned below :-

Sr No	**Name of the Borrower**	**Gross Advances (in Lakh)**	**Provision held till Mar 17 (In Lakh)**	**IRAC status as on 31st March 2017 Remarks**
1	KVK Nilachal Power Pvt. Ltd. Debt A-Q-15	21,875.00	14,460.25	NPA
2	Indira Container Terminal Pvt. Ltd.	9,616.00	5,769.60	NPA
3	K.V.K. Nilachal Power Limited Debt B-Q-15	3,125.00	2,065.75	NPA
4	Lucknow Sitapur Expressways Limited-M1	2,987.25	896.18	NPA
5	Swiss Tech India Pvt. Ltd (IWRFC)	2,151.00	1,075.50	NPA
6	Hema Sri Power Projects Limited	28.21	0.11	NPA
7	Sion Panvel Tollways Pvt Ltd	16,000. 00	1,600.00	NPA
8	Ind-Barath Power (Madras) Ltd	8,924.00	4,462.00	NPA
9	Concast Damoh Road Projects Addl. TL	320.74	32.07	NPA
10	Concast Damoh Road Projects Pvt. Ltd.	1,400.06	140.01	NPA
11	Topworth Tollways (Bela) Pvt.Ltd	2,471.99	247.20	NPA
12	GVK Bagodra Vasad Expressway Pvt. Ltd	12,214. 74	-	Performing in March 2017 but downgraded in September 2017
13	Concast Path Bameetha Santa Road Projects Pvt. Ltd	4,320.00	-	Performing in March 2017 but downgraded in September 2017
14	Transstroy Hoskote Dobbaspet Tollways Pvt. Ltd	5,089.54	-	Performing in March 2017 but downgraded in September 2017
15	Sanjose Supreme Tollways Development Pvt. Ltd.	811.70 out of 4600.00	-	Performing in March 2017 but downgraded in September 2017
16	Adhunik Power Natural Resource Ltd	4,350.0 0	4,217.28	Sold under SDR

	Reasons: The above mentioned accounts from S. No. 1 to 15 were NPA at the time of written off in current financial year. As explained to us, 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. 23(A)(3.3)(ix). Further in respect of serial number 16, loan assets was sold under SDR and remaining balance was written off.
Whether proper records are maintained for inventories lying with the third parties & assets received as gift/ grant(s) from the Government or other authorities	We are informed that the company is not required to hold any Inventories for the year ended 31st Match, 2018. Further, as explained to us, during the year ended 31st March, 2018, no assets as gift/grant were received from Government or other authorities.

For GSA & Associates
Chartered Accountants
FRN 000257 N

-sd-
(Sunil Aggarwal)
Partner
M.No. 083899 (#)

Place : New Delhi
Dated : 01st August 2018

Membership number of the Partner is updated at print stage in accordance with the assurance / 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 2017-18.

Annexure IV

COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of India Infrastructure Finance Company Limited for the year ended 31st March 2018 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 GSA & Associates
Chartered Accountants
FRN 000257N

-sd-
(Sunil Aggarwal)
Partner
M. No. 083899

Place: New Delhi
Dated: 01st August 2018

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 the Reserve Bank of India (RBI) on the matters specified in paragraph 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 Principle 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 on hold such CoR in terms of its Principle Business Criteria (financial asset/income pattern) as on March 31st, 2018.

3. The company is meeting the required net owned fund requirement as laid down in Master Direction – Non-Banking Financial Company – Systematically 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 deposits during the year ended 31.03.2018.

5. The company has not accepted any public deposits during the year 2017-18.

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 – Systematically 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. According to the information and explanation given to us, the company is in compliance with the minimum CRAR prescribed by the Bank.

For GSA & Associates
Chartered Accountants
FRN 000257N

-sd-
(Sunil Aggarwal)
Partner
M. No. 083899

Place : Delhi
Dated : 01st August 2018

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)
BALANCE SHEET AS AT 31ST MARCH 2018
CIN No. U67190DL2006GOI144520

₹ in Lac

	PARTICULARS	Note No.	Year ended 31st March 2018	Year ended 31st March 2017
I	**EQUITY AND LIABILITIES**			
	(1) Shareholders' Funds			
	(a) Share capital	1	410,231.62	400,231.62
	(b) Reserves and Surplus	2	229,923.14	342,163.27
	SUB-TOTAL (1)		**640,154.76**	**742,394.89**
	(2) Non-current liabilities			
	(a) Long-term borrowings	3	3,053,768.52	3,067,364.06
	(b) Deferred tax liabilities (Net)	4	31,923.08	29,415.22
	(c) Other long term liabilities	5	40,976.12	41,646.99
	(d) Long-term provisions	6	234,178.80	124,053.93
	SUB-TOTAL (2)		**3,360,846.52**	**3,262,480.20**
	(3) Current liabilities			
	(a) Short-term borrowings	7	174,390.86	89,666.24
	(b) Other current liabilities	8	124,919.79	118,483.93
	(c) Short-term provisions	9	10,245.03	2,652.86
	SUB-TOTAL (3)		**309,555.68**	**210,803.03**
	TOTAL (1)+(2)+(3)		**4,310,556.96**	**4,215,678.12**
II	**ASSETS**			
	(1) Non-current assets			
	(a) Fixed Assets	10		
	(i) Tangible assets		118.66	171.73
	(ii) Intangible assets		161.87	30.12
	(iii) Capital Work in Progress		20,114.68	14,895.70
	(b) Non-current investments	11	238,047.15	193,276.79
	(c) Long term loans and advances	12	3,106,906.54	3,246,270.54
	(d) Other non-current assets	13	67,650.68	97,744.74
	SUB-TOTAL (1)		**3,432,999.58**	**3,552,389.62**
	(2) Current assets			
	(a) Trade Receivables	14	-	17.25
	(b) Cash and Bank Balances	15	604,903.33	421,199.19
	(c) Short term loans and advances	16	26,407.48	6,750.62
	(d) Other current assets	17	246,246.51	235,321.44
	SUB-TOTAL (2)		**877,557.38**	**663,288.50**
	Significant accounting policies and other notes to the financial statements	23		
	TOTAL (1)+(2)		**4,310,556.96**	**4,215,678.12**

Notes from 1 to 23 form integral part of Accounts.

In terms of our report of even date
For GSA & Associates
Chartered Accountants
(Firm Regn. No: 000257N)

-sd-
Sunil Aggarwal
Partner
Membership No: 083899
Place: New Delhi
Dated: 01.08.2018

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

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

-sd-
Pankaj Jain
(Managing Director)
DIN No.: 00675922

-sd-
Manjari Mishra
(AGM & Company Secretary)

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

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018
CIN No. U67190DL2006GOI144520

₹ in Lac

S.NO.	PARTICULARS	Note No.	Year ended 31st March 2018	Year ended 31st March 2017
I.	**Revenue from operations**	18	356,813.84	375,094.49
II.	**Other Income**	19	26,830.54	15,169.41
III.	**Total Revenue (I+II)**		**383,644.38**	**390,263.90**
IV.	**Expenses**			
	Finance Costs	20	218,150.11	220,460.97
	Employee Benefits Expense	21	2,538.85	2,595.67
	Provision for Loan Assets	23(B)(9)	20,812.31	55,977.94
	Marked to Market Losses on Derivatives	23(B)(15)(a)	(239.99)	(768.12)
	Depreciation and amortisation expense	10	168.05	117.94
	CSR Expenditure	23(B)(23)(a)	1,731.91	2,078.81
	Other Expenses	22	136,402.03	68,394.38
	Total Expenses		**379,563.27**	**348,857.59**
V.	**PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)**		**4,081.11**	**41,406.31**
VI.	**Exceptional Items**		**106,854.47**	**-**
VII.	**PROFIT/(LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX (V+VI)**		**(102,773.36)**	**41,406.31**
VIII.	**Extraordinary Items**		**-**	**-**
IX.	**PROFIT/(LOSS) BEFORE TAX (VII-VIII)**		**(102,773.36)**	**41,406.31**
X.	**Tax Expense:**			
(1)	Current Tax			
	- Current Year		(10,179.78)	(27,898.23)
	- Earlier Year		-	(4,119.55)
(2)	Deferred Tax			
	- Current Year	4	(2,507.84)	(2,598.08)
	- Earlier Year		-	-
XI	**Profit/(Loss) for the year from continuing operations (IX-X)**		**(115,460.98)**	**6,790.45**
XII	**Earnings per equity share (face value of ₹ 10/- each)**	23(B)(7)		
	Basic		(2.82)	0.17
(2)	Diluted		(2.82)	0.17
	Significant accounting policies and other notes to the financial statements	23		

Notes from 1 to 23 form integral part of Accounts.

In terms of our report of even date
For GSA & Associates
Chartered Accountants
(Firm Regn. No: 000257N)

-sd-
Sunil Aggarwal
Partner
Membership No: 083899
Place: New Delhi
Dated: 01.08.2018

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

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

-sd-
Pankaj Jain
(Managing Director)
DIN No.: 00675922

-sd-
Manjari Mishra
(AGM & Company Secretary)

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

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018
CIN No. U67190DL2006GOI144520

₹ in Lac

S.NO.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
(i)	Net Profit before Tax	(102,773.36)	41,406.31
	Adjustments for:		
(ii)	Depreciation and amortisation expense	168.05	133.52
(iii)	Provision/write offs	213,523.74	121,140.97
(iv)	Provisions/ Amounts written back	0.01	(216.87)
(v)	Foreign Exchange Fluctuation Loss / (Profit) on borrowings	-	(8,308.54)
(vi)	(Profit)/ Loss on sale of fixed assets	0.51	0.13
(vii)	Interest accrued and due on loans and advances	4,336.22	5,008.67
(viii)	Interest accrued but not due on borrowings	(1,526.59)	(1,567.30)
(ix)	Interest on income tax	3.83	940.32
(x)	Stamp Duty on issue of Share Capital	10.00	10.23
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**113,742.41**	**158,547.44**
(i)	Cash Flow From Lending Operations	52,940.97	(308,019.19)
(ii)	Sale of/ (Addition) to Investments	(44,821.03)	(103,497.10)
(iii)	(Increase)/decrease in Trade Receivables	17.25	8.28
(iv)	(Increase)/decrease in Current Assets, Loans and Advances	7,960.17	37,125.60
(v)	(Increase)/decrease in other bank balances	(182,555.00)	325,627.98
(vi)	Increase/(decrease) in other current liabilities	385.30	937.51
	CASH FLOW FROM OPERATIONS BEFORE TAX	**(52,329.93)**	**110,730.52**
(i)	Taxes paid (Net)	(29,492.72)	(32,428.03)
(ii)	Increase/(decrease) in non-current liablities	(489.31)	10,537.51
	NET CASH FROM OPERATIONS	**(82,311.96)**	**88,840.00**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
(i)	(Purchase of)/ Sale for Fixed Assets	(247.24)	(28.98)
(ii)	(Increase)/decrease in Capital Work in progress	(5,218.98)	(5,774.86)
	NET CASH FROM INVESTING ACTVITIES	**(5,466.22)**	**(5,803.84)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
(i)	Proceeds from Issue/ Allotment of Share Capital	10,000.00	-
(ii)	Proceeds from Long term Borrowings	(13,595.54)	29,563.25
(iii)	Proceeds/ (Repayment) from Short term Borrowings	84,724.62	(80,361.87)
(iv)	Proceeds from Current Maturities of Long term debt	7,808.24	(37,023.67)
(v)	Stamp Duty on issue of Share Capital	(10.00)	(10.23)
	NET CASH FROM FINANCING ACTIVITIES	**88,927.32**	**(87,832.52)**
	NET CHANGE IN CASH & CASH EQUIVALENT (A+B+C)	**1,149.14**	**(4,796.36)**
	Add: Opening Cash and Cash Equivalents	689.81	5,430.85
	Additions on Amalgamation	-	55.32
	Closing Cash and Cash Equivalents	**1,838.95**	**689.81**
	Closing Cash and Cash Equivalent Comprises of :-		
(i)	Cash in hand	0.01	0.32
(ii)	Current Accounts	1,838.94	689.49
	TOTAL	**1,838.95**	**689.81**

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 (₹ 1,82,555) lac as on 31st March 2018 (3,25,627.98 lac as on 31st March 2017) includes ₹ 8,300 lac as on 31st March 2018 (₹ 8,000 lac as on 31st March 2017) on which lien has been marked for interest payment of bonds."

In terms of our report of even date
For GSA & Associates
Chartered Accountants
(Firm Regn. No: 000257N)

-sd-
Sunil Aggarwal
Partner
Membership No: 083899
Place: New Delhi
Dated: 01.08.2018

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

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

-sd-
Pankaj Jain
(Managing Director)
DIN No.: 00675922

-sd-
Manjari Mishra
(AGM & Company Secretary)

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

NOTES TO THE FINANCIAL STATEMENTS
Note 1 : SHARE CAPITAL

₹ in Lac

PARTICULARS	As at 31st March 2018	As at 31st March 2017
Authorized Share Capital 6,000,000,000 equity shares of ₹ 10/- each (6,000,000,000 equity shares of ₹ 10/- each as at 31st March 2017)	**6,00,000.00**	**6,00,000.00**
Issued, Subscribed & Fully Paid up 4,102,316,230 (4,002,316,230 as at 31st March 2017) equity shares of ₹ 10/- each	4,10,231.62	4,00,231.62

Footnotes:

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

PARTICULARS	Year ended 31st March 2018		Year ended 31st March 2017	
	No. of Shares	₹ in Lac	No. of Shares	₹ in Lac
Shares outstanding at the beginning of the reporting period	4,00,23,16,230	4,00,231.62	3,90,00,00,000	3,90,000.00
Shares Issued during the reporting period	10,00,00,000	10,000.00	10,23,16,230	10,231.62
Shares outstanding at the end of the reporting period	4,10,23,16,230	4,10,231.62	4,00,23,16,230	4,00,231.62

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 ₹ 10 each held by the Government of India in IWRFC.

d) During the year, the company has issued 1,000 lac equity shares of ₹ 10/- each aggregating ₹ 10,000 lac by way of Right Issue to Government of India.

e) #Financial institutions utilize share capital for strengthening owned funds to meet requirement of capital for maintaining capital adequacy, exposure norms and leverage ratio as per regulatory requirements. The amount of share capital in turn supports financing new and existing infrastructure projects. IIFCL has accordingly, utilized the entire amount of capital provided by the Government of India during 2017-18.

 # The utilization of addition in Share Capital received during FY 2017-18 is disclosed 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 2017-18.

Note 2 : RESERVES & SURPLUS

₹ in Lac

S.No.	PARTICULARS	As at 31st March 2018	As at 31st March 2017
(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	235.50	235.50
	Add: For the year	-	-
	Closing Balance	**235.50**	**235.50**
(c)	**DEBENTURE/ BOND REDEMPTION RESERVE**		
	Opening Balance	63,691.15	45,507.67
	Add: Transfer from Surplus in Statement of Profit and Loss	18,126.40	18,183.48
	Closing Balance	**81,817.55**	**63,691.15**
(d)	**CASH FLOW HEDGE RESERVE**		
	Opening Balance	(5,860.36)	-
	Add: Transfer from Surplus in Statement of Profit and Loss	57,426.47	91,940.25
	Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss	54,205.63	97,800.61
	Closing Balance	**(2,639.52)**	**(5,860.36)**
(e)	**OTHER RESERVES**		
(i)	**SPECIAL RESERVE U/S 36(1)(viii) OF INCOME TAX ACT, 1961 (Footnote 1)**		
	Opening Balance	1,20,759.40	1,03,338.76
	Add: Transfer from Surplus in Statement of Profit and Loss (Net)	6,588.78	17,200.18
	Add: Transfer from IWRFC on merger	-	220.46
	Closing Balance	**1,27,348.18**	**1,20,759.40**
(ii)	**STAFF WELFARE RESERVE (Footnote 2)**		
	Opening Balance	36.22	68.93
	Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss	31.57	32.71
	Closing Balance	**4.65**	**36.22**
(iii)	**CORPORATE SOCIAL RESPONSIBILITY RESERVE (Footnote 3)**		
	Opening Balance	2,633.78	2,497.42
	Add: Transfer from IWRFC on merger	-	136.36
	Closing Balance	**2,633.78**	**2,633.78**
(f)	**SURPLUS IN STATEMENT OF PROFIT AND LOSS**		
	Opening Balance	1,60,082.44	1,84,234.84
	Add: Profit for the current year	(1,15,460.98)	6,790.45
	Add: Surplus in Statement of Profit & Loss of IWRFC as on 31st March 2016 (Footnote 4)	-	4,408.10
	Add: Transfer from Staff Welfare Reserve	31.57	32.71
	Less: Transfer to Debenture Redemption Reserve	18,126.40	18,183.48
	Less: Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	6,588.78	17,200.18
	Closing Balance	**19,937.86**	**1,60,082.44**
	TOTAL	2,29,923.14	3,42,163.27

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 considerd as Surplus in Statement of Profit and Loss of IIFCL.

Note 3 : LONG TERM BORROWINGS

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	SECURED BONDS^		
(i)	500 (500 as at 31st March 2017) 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 31st March 2017) 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 31st March 2017) 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)	12,87,311 (13,15,838 as at 31st March 2017) 8.80% Tax Free Bonds Tranche III Series 3B of face value ₹ 1000 each, redeemable on 27/03/2034	12,873.11	13,158.38
(v)	1,25,470 (96,943 as at 31st March 2017) 8.55% Tax Free Bonds Tranche III of face value ₹ 1,000 each, redeemable on 27/03/2034	1,254.70	969.43
(vi)	5,15,765 (4,01,389 as at 31st March 2017) 8.66% Tax Free Bonds Series IV of face value ₹ 1,000 each, redeemable on 22/01/2034	5,157.65	4,013.89
(vii)	75,43,989 (75,43,989 as at 31st March 2017) 8.66% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2034	75,439.89	75,439.89
(viii)	54,43,232 (55,57,608 as at 31st March 2017) 8.91% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2034	54,432.32	55,576.08
(ix)	1,59,113 (12,80,46 as at 31st March 2017) 8.50% Tax Free Bonds Series III of face value ₹ 1,000 each, redeemable on 12/11/2033	1,591.13	1,280.46
(x)	18,68,982 (18,68,982 as at 31st March 2017) 8.50% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2033	18,689.82	18,689.82
(xi)	24,20,508 (24,51,575 as at 31st March 2017) 8.75% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2033	24,205.08	24,515.75
(xii)	265 (265 as at 31st March 2017) 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 31st March 2017)8.19% Tax Free Bonds Series V of face value ₹ 10 lac each, redeemable on 23/08/2033	200.00	200.00
(xiv)	42,472 (35,812 as at 31st March 2017) 7.08% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2033	424.72	358.12
(xv)	1,90,693 (1,97,353 as at 31st March 2017) 7.58% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2033	1,906.93	1,973.53
(xvi)	1,01,62,809 (1,01,12,152 as at 31st March 2017) 7.40% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2033	101,628.09	101,121.52
(xvii)	14,01,415 (14,52,072 as at 31st March 2017) 7.90% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2033	14,014.15	14,520.72
(xviii)	210 (210 as at 31st March 2017) 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 31st March 2017) 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)	1,22,807 (93,915 as at 31st March 2017) 8.55% Tax Free Bonds Tranche III of face value ₹ 1,000 each, redeemable on 27/03/2029	1,228.07	939.15
(xxi)	1,59,58,486 (1,59,58,486 as at 31st March 2017) 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)	27,11,062 (27,39,954 as at 31st March 2017) 8.80% Tax Free Bonds Tranche III Series 2B of face value ₹ 1000 each, redeemable on 27/03/2029	27,110.62	27,399.54
(xxiii)	67,908 (52,550 as at 31st March 2017) 8.48% Tax Free Bonds Series IV of face value ₹ 1,000 each, redeemable on 22/01/2029	679.08	525.50
(xxiv)	27,98,922 (27,98,922 as at 31st March 2017) 8.48% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2029	27,989.22	27,989.22
(xxv)	14,10,950 (14,26,308 as at 31st March 2017) 8.73% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2029	14,109.50	14,263.08
(xxvi)	89,009 (58,112 as at 31st March 2017) 8.38% Tax Free Bonds Series III of face value ₹ 1,000 each, redeemable on 12/11/2028	890.09	581.12

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(xxvii)	30,35,330 (30,35,330 as at 31st March 2017) 8.38% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2028	30,353.30	30,353.30
(xxviii)	15,71,311 (16,02,208 as at 31st March 2017) 8.63% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2028	15,713.11	16,022.08
(xxix)	11,297 (11,297 as at 31st March 2017) 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 31st March 2017) 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 31st March 2017) 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)	3,61,554 (3,56,419 as at 31st March 2017) 7.02% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2028	3,615.54	3,564.19
(xxxiii)	1,04,064 (1,09,199 as at 31st March 2017) 7.52% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2028	1,040.64	1,091.99
(xxxiv)	67,41,162 (67,22,052 as at 31st March 2017) 7.36% Tax Feee Bonds of face value ₹ 1,000 each, redeemable on 22/01/2028	67,411.62	67,220.52
(xxxv)	8,68,391 (8,87,501 as at 31st March 2017) 7.86% Tax Free Bonds of face value ₹ 1,000 each, redeemable at 22/01/2028	8,683.91	8,875.01
(xxxvi)	500 (500 as at 31st March 2017) 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 31st March 2017) 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 31st March 2017) 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)	12,80,511 (12,95,786 as at 31st March 2017) 8.41% Tax Free Bonds Tranche III Series 1B of face value ₹ 1000 each, redeemable on 27/03/2024	12,805.11	12,957.86
(xL)	41,188 (25,913 as at 31st March 2017) 8.16% Tax Free Bonds Tranche III of face value ₹ 1,000 each, redeemable on 27/03/2024	411.88	259.13
(xLi)	1,91,778 (1,44,938 as at 31st March 2017) 8.41% Tax Free Bonds Series IV of face value ₹ 1,000 each, redeemable on 22/01/2024	1,917.78	1,449.38
(xLii)	79,57,885 (79,57,885 as at 31st March 2017) 8.41% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2024	79,578.85	79,578.85
(xLiii)	40,69,571 (41,16,411 as at 31st March 2017) 8.66% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2024	40,695.71	41,164.11
(xLiv)	17,26,340 (17,26,340 as at 31st March 2017) 8.01% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2023	17,263.40	17,263.40
(xLv)	12,31,739 (12,39,118 as at 31st March 2017) 8.26% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2023	12,317.39	12,391.18
(xLvi)	27,719 (20,340 as at 31st March 2017) 8.01% Tax Free Bonds Series III of face value ₹ 1,000 each, redeemable on 12/11/2023	277.19	203.40
(xLvii)	50 (50 as at 31st March 2017) 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 31st March 2017) 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)	19,27,319 (19,23,359 as at 31st March 2017) 6.86% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2023	19,273.19	19,233.59
(L)	98,318 (1,02,278 as at 31st March 2017) 7.36% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2023	983.18	1,022.78
(Li)	85,46,348 (85,13,922 as at 31st March 2017) 7.19% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2023	85,463.48	85,139.22
(Lii)	11,18,644 (11,51,070 as at 31st March 2017) 7.69% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2023	11,186.44	11,510.70
(Liii)	2,140 (2,140 as at 31st March 2017) 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 31st March 2017) 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)	79,402 (1,30,407 as at 31st March 2017) 8.30% Bonds of face value ₹ 1000 each, redeemable on 28/3/2026 with earliest buyback on 29/3/2018	794.02	1,304.07

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(Lvi)	5,38,811 (5,40,816 as at 31st March 2017) 8.15% Bonds of face value ₹ 1000 each, redeemable on 28/3/2021 with earliest buyback on 29/3/2016	5,388.11	5,388.11
	SUB-TOTAL (A)	**1,494,388.27**	**1,494,898.32**
(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)*	896,804.59	931,701.47
(ii)	IBRD (World Bank)*	114,456.60	120,265.23
(iii)	European Investment Bank (EIB)*	161,244.15	138,494.95
(iv)	Kreditanstalt für Wiederaufbau (KFW)*	20,720.91	22,004.09
(v)	Japan International Cooperation Agency*	6,154.00	-
	SUB-TOTAL (C)	**1,199,380.25**	**1,212,465.74**
	TOTAL (A)+(B)+(C)	**3,053,768.52**	**3,067,364.06**

Unsecured Bonds are Guaranteed by Government of India	360,000.00	360,000.00
All Unsecured Term loans from other parties are Guaranteed by Government of India out of which [₹ 37,851.05 Lac, ₹ 4,897.80 Lac and ₹ 6,189.60 Lac amount as on 31st March 2018 (₹ 30,754.07 Lac, ₹ 4,206.10 Lac and ₹ 6,170.04 Lac as on 31st March 2017) 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 Liabilties" in Note 8].	1,248,318.70	1,253,595.95

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.

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.

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 Agree-ment (Euro in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
I	165.89	0.75%	30.06.2020	30.06.2050	Semi-Annual	- Euro 271,000 from 30.06.2020 to 30.12.2021 - Euro272,000 from 30.06.2022 to 30.12.2049 and Euro 272581.03 on 30.06.2050
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 Agree-ment (Euro in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
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
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
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
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					

v) Japan International Cooperation Agency

Tranche	Loan Amount as per Agreement (Japanese Yen in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
Portion-I	10,000.00	6M JPY LIBOR with a floor of 0.10% and cap of 6.208%	20.03.2022	20.03.2036	Semi-Annual	First instalment of 3.448328% of loan amount and subse-quent instalments of 3.448274% of loan amount.

Note 4 : DEFERRED TAX LIABILITIES (NET)

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(I)	**Deferred tax Liability on account of:**		
(i)	Special Infrastructure Reserve created under section 36(1)(viii) of Income Tax Act, 1961	44,072.66	41,792.42
(ii)	Provision for Leave Fare Concession	22.28	22.03
(iii)	Deduction claimed for standard loan assets	1,511.95	1,511.95
	Deferred Tax Liability	**45,606.89**	**43,326.40**
(II)	**Deferred tax Assets on account of:**		
(i)	Interest credited to Sundry Liabilities Account (Interest Capitalisation) offered for tax	12,658.74	12,890.91
(ii)	Depreciation	(6.41)	12.52
(iii)	Provision for Leave Encashment	7.50	-
(iv)	Provision for Sick Leave	29.46	25.42
(v)	Expenses on which TDS not deducted	4.95	4.98
(vi)	Provision for Performance Linked Incentive to Wholetime Directors	-	(15.39)
(vii)	Provision for Medical Assistance Scheme	248.43	168.51
(viii)	Provision for contingencies*	741.14	824.23
	Deferred Tax Assets	**13,683.81**	**13,911.18**
	Deferred Tax Liability (Net)	**31,923.08**	**29,415.22**

* Created in respect of marked to market losses on derivatives

Note 5 : OTHER LONG TERM LIABILITIES

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(a)	**Trade payables**	-	-
(b)	**Others:**		
(i)	Security deposit received	8.75	8.75
(ii)	Sundry Liabilities Account (Interest Capitalisation)	40,967.37	41,638.24
	TOTAL	**40,976.12**	**41,646.99**

Note 6 : LONG TERM PROVISIONS

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**Provision for Employee Benefits [See note 23 (B) (9)]**		
(i)	Leave Encashment	-	29.33
(ii)	Sick Leave	124.65	115.47
(iii)	Post-retirement medical benefit	696.21	476.20
(iv)	Leave Fare Concession	54.07	54.25
(v)	Performance Linked Incentive to Wholetime Directors	-	18.12
	SUB-TOTAL (A)	**874.93**	**693.37**
(B)	**Others [See note 23 (B) (9)]**		
(i)	Marked to market losses on derivatives	2,141.62	2,381.61
(ii)	Contingent Provisions against Standard Assets	10,621.63	10,480.27
(iii)	Provisions against Sub-standard Assets	124,532.84	23,236.26
(iv)	Provisions against Doubtful Assets	92,856.04	55,237.54
(v)	Provisions against Restructured Assets	3,151.74	19,910.39
(vi)	Provisions against Strategic Debt Restructured Assets	-	12,114.49
	SUB-TOTAL (B)	**233,303.87**	**123,360.56**
	TOTAL (A)+(B)	**234,178.80**	**124,053.93**

Note 7 : SHORT TERM BORROWINGS

₹ in Lac

PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
Loans repayable on demand from banks* (Secured by pledge of fixed deposit receipts of ₹ 3,49,512 Lac (₹ 3,94,574 Lac as at 31st March 2017))	174,390.86	89,666.24
TOTAL	**174,390.86**	**89,666.24**

* Net of debit balance	0.15	0.14

Note 8 : OTHER CURRENT LIABILITIES

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**Current maturities of long term debt (See footnotesof Note 3):**		
(i)	IBRD (World Bank)	6,189.60	6,170.04
(ii)	Asian Development Bank (ADB)	37,851.05	30,754.07
(iii)	Kreditanstalt für Wiederaufbau (KFW)	4,897.80	4,206.10
	SUB-TOTAL (A)	**48,938.45**	**41,130.21**
(B)	**Interest accrued but not due on borrowings**		
	On bonds and term loans	72,831.16	74,357.75
	SUB-TOTAL (B)	**72,831.16**	**74,357.75**
(C)	**Amounts received in advance**		
(i)	Amount pending appropriation*	2,503.54	2,732.70
(ii)	Grants received from World Bank	(0.02)	(0.02)
	SUB-TOTAL (C)	**2,503.52**	**2,732.68**
(D)	**Other payables**		
(i)	Duties & Taxes payable	170.88	82.03
(ii)	PF deducted on behalf of employees/ whole time directors	6.49	6.70
(iii)	Unclaimed Interest on Bonds	1.38	1.38
(iv)	Commitment Charges payable	-	(0.33)
(v)	Payable to Employees/ Wholetime Directors	3.61	5.12
(vi)	Contribution towards gratuity fund payable to LIC	-	23.68
(vii)	Others	464.30	144.71
	SUB-TOTAL (D)	**646.66**	**263.29**
	TOTAL (A)+(B)+(C)+(D)	**124,919.79**	**118,483.93**

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

Note 9 : SHORT TERM PROVISIONS

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**Provision for Employee Benefits [See note 23 (B) (9)]**		
(i)	Sick Leave	4.18	3.76
(ii)	Leave Fare Concession	3.50	4.96
(iii)	Post-retirement medical benefit	21.78	10.87
(iv)	Wage Revision [See note 23(B)(17)]	917.28	696.05
	SUB-TOTAL (A)	**946.74**	**715.64**
(B)	**Others [See note 23 (B) (9)]**		
(i)	Income Tax (Net)	-	483.43
(ii)	Contingent Provisions against Standard Assets	451.84	370.39
(iii)	Provisions against Sub-standard Assets	3,851.15	285.26
(iv)	Provisions against Doubtful Assets	2,859.32	19.00
(v)	Provisions against Restructured Assets	2,135.98	644.33
(vi)	Provisions against Strategic Debt Restructured Assets	-	134.81
	SUB-TOTAL (B)	**9,298.29**	**1,937.22**
	TOTAL (A)+(B)	**10,245.03**	**2,652.86**

Note 10 : FIXED ASSETS

₹ in Lac

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2017	Addition	Disposals/ Adjustments	As at 31.03.2018	As at 01.04.2017	For the Period	Deductions/ Reversals	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
TANGIBLE ASSETS										
FURNITURE & FITTINGS	136.92	1.82	1.55	137.19	71.87	33.54	0.80	104.61	32.58	65.05
VEHICLES	95.97	33.33	31.92	97.38	54.85	14.71	22.76	46.80	50.58	41.12
OFFICE EQUIPMENTS	30.78	0.59	1.60	29.77	23.27	3.87	1.04	26.10	3.67	7.51
PLANT & MACHINERY	7.91	0.96	0.45	8.42	3.30	0.97	0.28	3.99	4.43	4.61
COMPUTER HARDWARE	249.17	1.13	0.59	249.71	195.73	27.12	0.54	222.31	27.40	53.44
TOTAL	**520.75**	**37.83**	**36.11**	**522.47**	**349.02**	**80.21**	**25.42**	**403.81**	**118.66**	**171.73**
Previous Year	583.12	46.92	109.29	520.75	317.90	108.49	77.37	349.02	171.73	265.22
INTANGIBLE ASSETS*										
COMPUTER SOFTWARE*	112.93	219.59	-	332.52	82.81	87.84	-	170.65	161.87	30.12
TOTAL	**112.93**	**219.59**	**-**	**332.52**	**82.81**	**87.84**	**-**	**170.65**	**161.87**	**30.12**
Previous Year	98.63	14.30	-	112.93	57.78	25.03	-	82.81	30.12	40.85
CAPITAL WORK IN PROGRESS	14,895.70	5,460.39	241.41	20,114.68	-	-	-	-	20,114.68	14,895.70
TOTAL	**14,895.70**	**5,460.39**	**241.41**	**20,114.68**	**-**	**-**	**-**	**-**	**20,114.68**	**14,895.70**
Previous Year	9,120.84	5,774.86	-	14,895.70	-	-	-	-	14,895.70	9,120.84

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

Note 11 : NON-CURRENT INVESTMENTS

₹ in Lac

S.NO.	PARTICULARS	Year ended 31st March 2018			Year ended 31st March 2017		
		Number of Shares	Face Value		Number of Shares	Face Value	
(A)	**TRADE INVESTMENTS**						
(a)	**Investment in Equity Instruments - Unquoted (Fully Paid) (See footnotes b and c)**						
	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	4,750,000	₹ 10	475.00
				25,119.80			**25,119.80**
(b)	**Investment in Equity Instruments - Unquoted (Fully Paid) (See footnotes b and c)**						
(i)	Delhi Mumbai Industrial Corridor Development Corporation Ltd.	4,100,000	₹ 10	411.03	4,100,000	₹ 10	411.03
(ii)	Adhunik Power & Natural Resources Limited (Held by Security Trustee on behalf of IIFCL)	47,649,969	₹ 10	4,765.00	-	-	-
	Less: Provision for Diminution in Investments			(4,191.05)	-	-	-
				984.98			**411.03**
(c)	**Investment in Venture Capital Units (Unquoted) (Fully Paid) (See footnotes b and c)**	Number of Units	Face Value		Number of Units	Face Value	
	IDFC Project Equity Domestic Investors Trust II (Fully Paid)	1,674,872	₹ 100	1,674.87	5,212,020	₹ 100	5,212.02
				1,674.87			**5,212.02**
(d)	**Investment in Bonds (Quoted) (Fully Paid) (See footnote a and c)**	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	500.04	50	₹10 lac	500.13
(iii)	11.00% PFC 2018	50	₹10 lac	461.89	50	₹10 lac	470.00
(iv)	11.25% PFC 2018	100	₹10 lac	922.70	100	₹10 lac	940.96
(v)	6.90% PFC 2018	10,600	₹10 lac	106,000.00	10,600.00	₹10 lac	106,000.00
				109,868.66			**109,895.12**
	SUB-TOTAL (A)			**137,648.31**			**140,637.97**
		Number of Units	Face Value		Number of Units	Face Value	
(B)	**OTHER INVESTMENTS**						
(a)	**Investment in Government Securities (Unquoted) (See footnote b and c)**						
(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	501.83	500,000	₹ 100	503.82
(v)	7.85% SL (Andhra Pradesh) 2019	1,000,000	₹ 100	1,000.42	1,000,000	₹ 100	1,000.74
(vi)	8.27% SL (Kerala) 2019	1,000,000	₹ 100	1,001.22	1,000,000	₹ 100	1,002.45
(vii)	8.43% SL (West Bengal) 2019	1,500,000	₹ 100	1,511.55	1,500,000	₹ 100	1,523.77
(viii)	8.48% SL (Tamil Nadu) 2019	2,500,000	₹ 100	2,507.98	2,500,000	₹ 100	2,516.41
				17,289.60			**17,313.79**

(b)	**Investment in Bonds (Quoted) (Fully Paid) (See footnote a and c)**	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)	**Investment in Mutual Funds (Unquoted) (Fully Paid) (See footnote b and c)**	Number of Units	Face Value		Number of Units	Face Value	
(i)	IIFCL Mutual Fund IDF Series I	1300	₹10 lac	13,000.00	1300	₹10 lac	13,000.00
(ii)	IIFCL Mutual Fund IDF Series II	1000	₹10 lac	10,000.00			
	(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)*						
				23,000.00			**13,000.00**
(d)	**Investment in Security Receipts (Unquoted) (Fully Paid) (See footnote e)***	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	₹ 943.46	400.97	42500	₹ 1000	425.00
(ii)	Edelweiss Asset Reconstruction Company Ltd. (EARC Trust-SC 207-Series I)	923780	₹847.51	7,829.13	923780	₹ 1000	8,564.91
(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
(v)	Edelweiss Asset Reconstruction Company Ltd. (EARC Trust-SC 276-Series I)	3888495	₹ 975.03	37,913.93	-	-	-
				58,513.23			**21,359.11**
(e)	Investment in Debentures (Unquoted) (Fully Paid) (See footnote b and c)*	Number of Debentures	Face Value		Number of Debentures	Face Value	
	Debentures in Bansal Pathways (Mangawan-Chakghat) Pvt Ltd	6078000	₹ 100	6,078.00	-	-	-
	Less: Provision for Diminution in Investments			(5,447.91)	-	-	-
				630.09			**-**
	SUB-TOTAL (B)			**100,398.84**			**52,638.82**
	TOTAL (A)+(B)			**238,047.15**			**193,276.79**

Footnotes:

(a)	**Aggregate amount of quoted investments:**		
(i)	Cost/ Book Value	1,10,834.58	1,10,861.04
(ii)	Market Value	1,10,844.85	6,196.38
(b)	**Aggregate amount of unquoted investments - Cost/ Book Value**	1,27,212.57	82,415.75
(c)	Refer Note 24(A)(5) for valuation of individual investments.		
(d)	*NAV (in ₹) per unit of the following investmets is under:		
(i)	IIFCL Mutual Fund IDF Series I	14,58,323.45	13,85,719.32
(ii)	IIFCL Mutual Fund IDF Series II	10,63,891.62	-
(iii)	EARC Trust-SC 135-Series I	943.46	1,000.00
(iv)	EARC Trust-SC 207-Series I	1,271.27	1,390.74
(v)	EARC Trust-SC 276-Series I	1,000.00	-
(vi)	Arcil-AST-VIII-Trust	1,000.00	1,000.00
(vii)	Phoenix Trust FY 16-20	1,000.00	1,000.00
	The fluctuation in NAV is considered as temporary.		
(e)	**Aggregate Provision for Diminution in Investments**	9,638.96	-

Note 12: LONG TERM LOANS AND ADVANCES

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**SECURITY DEPOSIT**	701.04	701.24
	(Unsecured, Considered good)		
	SUB-TOTAL (A)	**701.04**	**701.24**
(B)	**LOANS AND ADVANCES TO RELATED PARTIES**		
	Secured, Considered good		
	Loan to employees*	6.13	8.23
	SUB-TOTAL (B)	**6.13**	**8.23**
(C)	**OTHER LOANS AND ADVANCES**		
(I)	**Secured, Considered good**		
	Infrastructure Loans: Standard Assets		
(i)	Direct Lending	1,720,872.44	2,239,747.85
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	1,452.00	4,634.47
(iii)	Takeout financing Scheme	746,748.72	773,621.48
(II)	**Secured, Others**		
	Infrastructure Loans:Sub-standard Assets		
(i)	Direct Lending	340,842.20	43,024.63
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	3,082.07	2,020.11
(iii)	Takeout financing Scheme	3,840.08	90,000.00
	Loan to employees	364.57	267.34
(III)	**Unsecured, Considered good**		
(i)	Infrastructure Loans: Standard Assets		
	Refinancing Scheme	97,500.00	-
	Advance recoverable from employees	17.18	17.34
(IV)	**Doubtful**		
	Infrastructure Loans (Doubtful Assets)		
(i)	Direct Lending	98,875.67	91,709.21
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	2,604.44	518.64
(iii)	Takeout financing Scheme	90,000.00	-
	SUB-TOTAL (C)	**3,106,199.37**	**3,245,561.07**
	TOTAL (A) + (B) + (C)	**3,106,906.54**	**3,246,270.54**

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	1,091,441.05	2,186,136.48
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.	2,069,524.45	1,220,955.21
Financial Institutions under Refinancing Scheme	Unsecured	97,500.00	-
	TOTAL#	**3,258,465.50**	**3,407,091.69**

The Infrastructure loan amount in Footnote giving particulars of security above includes ₹ 1,72,043.09 lac as on 31st March 2018 (₹ 1,61,815.30 lac as on on 31st March 2017) being amount of loans due within a year and principal overdue amount which are shown in Note 18. Further, aggregate provisions of ₹ 2,50,099.51 Lac has been made against these advances till 31st March 2018 (₹ 1,22,432.74 Lac till 31st March 2017) 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 ₹ 8.23 lac as on 31st March 2018 (₹ 10.33 lac as on 31st March 2017).

Note 13: OTHER NON CURRENT ASSETS

₹ in Lac

PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
Derivative Asset	67,650.68	97,744.74
TOTAL	**67,650.68**	**97,744.74**

Note 14: TRADE RECEIVABLES

₹ in Lac

PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
Unsecured, considered good:		
Dues not exceeding six months		
Guarantee Fees Receivable	-	17.25
TOTAL	**-**	**17.25**

Note 15: CASH AND BANK BALANCES

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**CASH AND CASH EQUIVALENTS**		
(i)	Balances with banks*	1,838.94	689.49
(ii)	Cash on hand	0.01	0.32
	SUB-TOTAL (A)	**1,838.95**	**689.81**
(B)	**OTHER BANK BALANCES**		
(i)	Earmarked balances with banks for unclaimed interest on bonds	1.38	1.38
(ii)	Fixed Deposits with banks (Unencumbered) (original maturity more than three and upto twelve months)	245,251.00	105,816.08
(iii)	Fixed Deposits with banks (Encumbered): (original maturity more than three and upto twelve months)		
(a)	Held as security against Interest Payment of Bonds	8,300.00	69,658.92
(b)	Pledged to avail overdraft facility from banks	349,512.00	245,033.00
	SUB-TOTAL (B)	**603,064.38**	**420,509.38**
	TOTAL (A)+(B)	**604,903.33**	**421,199.19**
*	Net of credit balance	0.07	2.05

Note 16: SHORT TERM LOANS & ADVANCES

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**Loans and advances to related parties (Unsecured, considered good)**		
(i)	Expenses Incurred on behalf of subsidiary companies	18.86	0.35
(ii)	Loan to employees*	2.10	2.10
	SUB-TOTAL (A)	**20.96**	**2.45**
(B)	**Others**		
(I)	**Secured, considered good**		
	Loan to employees	73.22	57.23
(II)	**Unsecured, considered good**		
(i)	Security deposit	28.78	29.57
(ii)	Advances recoverable from employees	20.02	22.86
(iii)	Advance Tax paid (Net)	18,825.68	-
(iv)	Income Tax Recoverable	7,398.39	6,600.11
(v)	Service Tax Recoverable (CENVAT)	0.02	5.40
(vi)	Goods and Service Tax Recoverable	17.21	-
(vii)	Prepaid Expenses	12.94	26.70
(viii)	Other advances	10.26	6.30
	SUB-TOTAL (B)	**26,386.52**	**6,748.17**
	TOTAL (A)+(B)	**26,407.48**	**6,750.62**

* 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 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 ` 8.23 lac as on 31st March 2018 (` 10.33 lac as on 31st March 2017).

Note 17: OTHER CURRENT ASSETS

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**Infrastructure Loans (See Footnote in Note 12)**		
(I)	**Secured, Considered good**		
	Standard Assets:		
(i)	Direct lending	91,264.28	80,981.68
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	1,620.41	2,180.43
(iii)	Takeout financing Scheme	59,763.18	40,725.09
(II)	**Secured, Others**		
	Sub-standard Assets:		
(i)	Direct lending	-	30,362.42
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	-	12.57
(iii)	Takeout financing Scheme	-	-
(III)	**Doubtful**		
	Doubtful Assets:		
(i)	Direct lending	-	7,499.99
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	-	53.12
	SUB-TOTAL (A)	**152,647.87**	**161,815.30**
(B)	**Interest accrued and due on loans and advances**	26,469.87	30,806.09
	SUB-TOTAL (B)	**26,469.87**	**30,806.09**
(C)	**Interest accrued but not due on:**		
(i)	Fixed Deposits with Banks	13,517.94	6,239.89
(ii)	Bonds	5,313.91	644.97
(iii)	Government Securities	204.88	204.88
(iv)	Loans & Advances	22,678.77	35,519.02
	SUB-TOTAL (C)	**41,715.50**	**42,608.76**
(D)	**Others**	25,413.33	91.29
	SUB-TOTAL (D)	**25,413.33**	**91.29**
	TOTAL (A)+(B)+(C)+(D)	**246,246.57**	**235,321.44**

 # The Short Term Infrastructure loans under Financing Activity is updated 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 2017-18.

Note 18: REVENUE FROM OPERATIONS

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	Interest		
(i)	Interest on Loans and Advances under Direct Lending	215,604.73	221,164.63
(ii)	Interest on Loans under PMDO Scheme	886.29	907.65
(iii)	Interest on Loans and Advances under Refinancing Scheme	23.21	-
(iv)	Interest on Loans and Advances under Takeout Financing Scheme	87,952.76	95,936.04
(v)	Penal Interest	689.00	423.38
(vi)	Interest on Government Securities	1,273.70	1,273.70
(vii)	Interest on Bonds	7,780.76	985.81
(viii)	Interest on Deposits with Banks	35,817.65	48,815.34
	SUB-TOTAL (A)	**350,028.10**	**369,506.55**
(B)	**Other Financial Services**		
(i)	Upfront Fee	830.40	2,279.96
(ii)	Processing fee	61.00	220.00
(iii)	Pre-Payment Charges	4,388.78	1,629.81
(iv)	Commission Received	246.03	392.72
(v)	Fees from Credit Enhancement	601.80	172.30
(vi)	Other Charges	657.73	893.15
	SUB-TOTAL (B)	**6,785.74**	**5,587.94**
	TOTAL (A) + (B)	**356,813.84**	**375,094.49**

Note 19: OTHER INCOME

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**Other Operating Income**		
	Recovery of loan written off	13,235.93	-
	SUB-TOTAL (A)	**13,235.93**	**-**
(B)	**Other Non-Operating Income**		
(i)	Gain on Swap Deals	12,757.49	6,621.23
(ii)	Net foreign exchange gain	-	8,308.54
(iii)	Amounts/ Provisions other than provision on loan assets written back	(0.01)	216.87
(iv)	Interest on Income Tax Refund	798.28	-
(v)	Miscellaneous Income	38.85	22.77
	SUB-TOTAL (B)	**13,594.61**	**15,169.41**
	TOTAL (A) + (B)	**26,830.54**	**15,169.41**

Note 20: FINANCE COSTS

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**Interest Expense:**		
(i)	Interest on Bonds & Debentures	152,796.95	155,450.40
(ii)	Interest on Bank Borrowings	2,638.11	3,900.56
(iii)	Interest on loan from ADB	4,107.70	13,496.06
(iv)	Interest due to net settlement of swap transactions on ADB Loan	43,371.07	31,721.84
(v)	Interest on loan from IBRD (World Bank)	428.83	1,610.01
(vi)	Interest due to net settlement of swap transactions on IBRD (World Bank) Loan	8,383.60	7,520.37
(vii)	Interest on loan from KFW	380.09	960.93
(viii)	Interest due to net settlement of swap transactions on KFW Loan	758.00	431.80
(ix)	Interest on loan from EIB	174.82	152.81
(x)	Interest on Income Tax	3.83	940.32
	SUB-TOTAL (A)	**213,043.00**	**216,185.10**
(B)	**Other Borrowing Costs:**		
(i)	Guarantee Fees to Govt. of India	4,335.59	4,001.10
(ii)	Commitment charges	-	91.97
(iii)	Bond Servicing Expenses	169.52	182.80
(iv)	Upfront Fees on Borrowings	602.00	-
	SUB-TOTAL (B)	**5,107.11**	**4,275.87**
(C)	Net loss on foreign currency transactions and translations	-	-
	SUB-TOTAL (C)	**-**	**-**
	TOTAL (A) + (B) + (C)	**218,150.11**	**220,460.97**

Note 21: EMPLOYEE BENEFITS EXPENSE

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(i)	Salaries and Wages	1,536.46	1,642.02
(ii)	Contribution to provident and other funds	86.68	122.94
(iii)	Staff Welfare Expenses	915.71	830.71
	TOTAL	**2,538.85**	**2,595.67**

Note 22: OTHER EXPENSES

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(i)	Power and Fuel	14.57	19.59
(ii)	Lease Rent	1,369.69	1,357.84
(iii)	Insurance	1.40	1.37
(iv)	Professional Fees	59.25	72.77
(v)	Rates and Taxes	11.10	10.23
(vi)	Amortization of Premium Paid on non-current securities	50.67	50.67
(vii)	Net loss on foreign currency transactions and translations	38,277.42	-
(viii)	Loan Amount Written Off [See note 23(B)(21)]	95,685.22	65,880.48
(ix)	Establishment and Other Expenses (including auditors' remuneration) [See note 23(B)(19)]	932.71	1,001.43
	TOTAL	**136,402.03**	**68,394.38**

Note 23: SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018

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 Directions 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) and Outside Strategic Debt Restructuring cases is reversed from reference date of Strategic Debt Restructuring and and Outside Strategic Debt Restructuring cases 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 Directions 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 IV 'Norms on Restructuring of Advances by NBFC' prescribed by RBI's Master Directions 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 12 months.

(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 exceeding 12 months.

(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 0.40.

(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) Project loans restructured 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 Loan Assets and Outside Strategic Debt Restructuring Loan Assets

The provisions of Structured Debt Restructuring (SDR) and Outside Strategic Debt Restructuring cases are made 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 any four quarters from the end of the quarter of reference date. 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.

The extant instruction on Structured Debt Restructuring Loan Assets and Outside Strategic Debt Restructuring Loan Assets stand withdrawn vide Reserve Bank of India's circular dated 12th February 2018 and no loan account has been classified as Structured Debt Restructuring (SDR) and Outside Strategic Debt Restructuring as on 31st March 2018.

(vii) Scheme for Sustainable Structuring of Stressed Assets

a) In case of change in promoter:

In case a change of promoter takes place, i.e. a new promoter comes in, the asset classification and provisioning requirement will be as per the 'SDR' scheme or 'outside SDR' scheme as applicable.

b) In case of no change in promoter:

In cases where there is no change in promoter, in respect of an account that is 'Standard' as on the reference date, the entire outstanding (both Part A i.e. the level of debt that can be serviced within the respective residual maturities of existing debt from all sources, based on the cash flows available from the current as well as immediately prospective level of operations and part B i.e. difference of aggregate outstanding debt and Part A) is remained as Standard. The provisions are made upfront atleast the higher of 40 percent of amount held in Part B or 20 percent of the aggregate outstanding (sum of Part A and part B). The provisions already held in the account are reckoned.

The above provision is made upfront on aggregate amount of loan outstanding on determination of Part A and Part B. Pending determination of Part A and Part B, upfront provision of 10 percent of the aggregate outstanding Loan amount is made. Any additional provision would be made after determination of Part A and Part B.

The extant instruction on Scheme for Sustainable Structuring of Stressed Assets stand withdrawn vide Reserve Bank of India's circular dated 12th February 2018 and no loan account has been classified as Sustainable Structuring of Stressed Assets(S4A) as on 31st March 2018.

(viii) 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

(ix) 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 concession agreement is terminated and certain value of financial asset can be attached based on valuation report/ offer from Asset Reconstruction Companies etc., loan amount is written off on the cases covered under (a) above or on cases covered under (b), provision to the extent of shortfall is made.

(d) A loan asset other than cases under Strategic Debt Restructuring Scheme (SDR), Scheme for Sustainable Structuring of Stressed Assets (S4A), Outside Strategic Debt Restructuring(SDR) scheme applicable as per RBI Regulations and considered withdrawn pursuant to RBI Notification No. RBI/131 DBR No. BP.BC.101/21.04.048/2017-18 dated February 12, 2018 or any other mutually agreed restructuring/settlement process shall be written off in case the loan asset has been categorized as Non-Performing Asset (NPA) for more than 5 years or the scheduled commercial operations of the project have been delayed for more than 4 years unless any substantive offer for sale/realization of loan asset is available.

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

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 base 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 base 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.

(e) Provision is made for diminution, other than temporary in the value of such investments. However, diminution in value is reversed, when there is rise in the value or if the reason for the reduction no longer exists.

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.

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 31st March 2018	Year Ended 31st March 2017
(A) **Income**		
(i) Income on Loans & Advances	29.15	(1,057.12)
(ii) Penal Interest	(1.92)	(17.55)
(iii) Other Charges	-	0.16
Total (A)	**27.23**	**(1,074.51)**
(B) **Expenditure**		
(i) Establishment and other expenses	10.91	0.54
(ii) Salaries and Wages	-	1.35
Total (B)	**10.91**	**1.89**
Net impact via Gain/(Loss) on current year profit [(A)-(B)]	**16.32**	**(1,076.40)**

2. **Changes in Accounting Policies:**

Subsequent to change in Accounting Policy No. 23(A)3.3(ix)(d), IIFCL has written off six loan assets amounting ₹ 39,782.48 lacs on which provision of ₹ 24,267.39 lacs was created as on 31st March 2017. Hence, the Net impact in Statement of Profit & Loss is ₹.15,515.09 lacs.

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.

Principal assumptions used for actuarial valuation are:

Method used	**Projected Unit Credit Method**
i) Discounting Rate	7.71
ii) Future cost escalation rate	5.50
iii) Expected Rate of return on plan assets	7.65

I. Assumptions for Gratuity Plan:

	2017-18	**2016-17**
Mortality rate	LIC (2006-08)	LIC (2006-08)
Withdrawal rate	1 % to 3 % depending on age	1 % to 3 % depending on age
Discount rate (p.a.)	7.5%	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	**2017-18**	**2016-17**
A) **MEMBERSHIP DATA**		
i) Number of members	42	44
ii) Average Age (years)	40.76	40.68
iii) Average Monthly Salary	1.04	1.06
iv) Average Past Service (years)	7.79	6.82
B) **RESULTS OF VALUATION**		
i) Present Value of Past Service Benefit	243.12	157.74
ii) Current Service Cost	15.94	3.32
iii) Total Service Gratuity	800.34	436.72
iv) Accrued Gratuity	322.10	300.85
v) Life Cover Sum Assured (LCSA)	468.24	135.88
vi) LC Premium	1.25	0.30
vii) Service Tax @14.5%	0.22	0.04
C) **RECOMMENDED CONTRIBUTION RATE**		
i) Fund Value as on renewal date	54.65	177.29
ii) Additional Contribution for existing fund	188.46	-
iii) Current Service Cost	15.94	-
TOTAL AMOUNT PAYABLE [(C(ii)+ C(iii)+B(vi)+B(vii)]	205.87	0.34
D) **FUND BALANCE**		
i) Opening Balance	177.29	153.10
ii) Amount credited towards the Fund	0.65	11.62
iii) Amount paid as Claim	(28.14)	(0.80)
iv) Interest Credited for the year	12.70	13.37
Closing Balance	162.50	177.29

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

Particular	2017-18	2016-17
A) **MEMBERSHIP DATA**		
i) Number of members	44	47
ii) Average Age (years)	35.27	34.62
iii) Average Monthly Salary	0.78	0.78
iv) Average Past Service (years)	3.59	2.62
B) **RESULTS OF VALUATION**		
i) Present Value of Past Service Benefit	53.77	38.54
ii) Current Service Cost	14.76	13.35
iii) Total Service Gratuity	517.76	461.93
iv) Accrued Gratuity	71.00	56.38
v) LCSA	446.76	405.55
vi) LC Premium	0.81	0.72
vii) Service Tax @14.5%	0.15	0.11
C) **RECOMMENDED CONTRIBUTION RATE**		
i) Fund Value as on renewal date	54.65	29.39
ii) Additional Contribution for existing fund	-	9.15
iii) Current Service Cost	13.88	13.35
TOTAL AMOUNT PAYABLE [(C(ii)+ C(iii)+B(vi)+B(vii)]	14.84	23.33
D) **FUND BALANCE**		
i) Opening Balance	29.39	3.84
ii) Amount credited towards the Fund	22.78	24.64
iii) Amount paid as Claim	-	-
iv) Total Mortality /Pol Admin /Fund Management Charges for the period along with Service Tax thereon	(1.20)	(1.01)
v) Interest Credited for the year	3.68	1.93
Closing Balance	54.65	29.39

B) EARNED LEAVE LIABILITY (FUNDED): 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.

Principal assumptions used for actuarial valuation are:

Method used	Projected Unit Credit Method
i) Discounting Rate	7.71
ii) Future cost escalation rate	5.50
iii) Expected Rate of return on plan assets	7.00

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
1. Change in present value of obligation		
a) Present value of obligation as the beginning	271.75	173.93
b) Acquisition adjustment	-	-
c) Interest Cost	20.49	13.91
d) Past service cost	-	-
e) Current service cost	54.79	58.45
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	(104.90)	(20.69)
i) Actuarial (gain) / loss	45.43	46.15
j) Present value of the defined benefit obligation as at end of the period	287.56	271.75
2. Change in the fair value of plan assets		
a) Fair value of plan assets at the beginning	208.75	-
b) Acquisition adjustment	-	-
c) Expected return on plan assets	16.09	-
d) Contributions	101.74	198.85
e) Benefits paid	(37.55)	-
f) Actuarial (gain) / loss	(1.75)	9.91
g) Fair value of plan assets at the end of the period	287.28	208.75
3. Fair value of plan assets		
a) Fair value of plan assets at the beginning	208.75	-
b) Acquisition adjustment	-	-
c) actual return on plan assets	17.46	9.91
d) Fund Management Charges	(3.12)	-
e) Contributions	101.74	198.85
f) Benefits paid	(37.55)	-
g) Fair value of plan assets at the year end	287.28	208.75
h) Funded status	(0.26)	(63.00)
i) Excess of actual over estimated return of plan assets	(1.75)	9.91
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	(45.43)	(46.15)
b) Actuarial gain/ (loss) for the period – plan assets	1.75	(9.91)
c) Total (gain) / loss for the period	47.18	36.24
d) Actuarial (gain) / loss recognized in the period	47.18	36.24
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	287.56	271.75
b) Fair value of plan assets as at the end of period	287.28	208.75
c) Funded status	(0.26)	(63.00)
d) Excess of actual over estimated	(1.75)	9.91
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(0.26)	(63.00)
6. Expense recognized in the statement of profit and loss		
a) Current service cost	54.79	58.45

b)	Past service cost	-	-
c)	Interest cost	20.49	13.91
d)	Expected return on plan assets	(16.09)	-
e)	Curtailment cost / (credit)	-	-
f)	Settlement cost / (credit)	-	-
g)	Net actuarial (gain) / loss recognized in the period	47.18	36.24
h)	Expenses recognized in the statement of profit and loss	106.37	108.61

II. OTHER EMPLOYEE BENEFITS (UNFUNDED)

Actuarial assumptions for other employee benefits (unfunded)

a) Economic Assumptions

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
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 31st March 2018	Year Ended 31st March 2017
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

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.

Principal assumptions used for actuarial valuation are:

Method used	Projected Unit Credit Method
i) Discounting Rate	7.71
ii) Future cost escalation rate	5.50
iii) Expected Rate of return on plan assets	0.00

1. Change in present value of obligation		**Year Ended 31st March 2018**	**Year Ended 31st March 2017**
a)	Present value of obligation as the beginning	59.21	12.44
b)	Acquisition adjustment	-	-
c)	Interest Cost	4.46	1.00
d)	Past service cost	-	-
e)	Current service cost	12.91	19.18
f)	Curtailment cost / (credit)	-	-
g)	Settlement cost / (credit)	-	-
h)	Benefits paid	(150.43)	(183.80)
i)	Actuarial (gain) / loss	131.42	210.40

j) Present value of the defined benefit obligation as at end of the period	57.57	59.21
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	(57.57)	(59.21)
h) Excess of actual over estimated return of plan assets	-	-
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	(131.42)	(210.40)
b) Actuarial gain/ (loss) for the period – plan assets	-	-
c) Total (gain) / loss for the period	131.42	210.40
d) Actuarial (gain) / loss recognized in the period	131.42	210.40
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	57.57	59.21
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(57.57)	(59.21)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(57.57)	(59.21)
6. Expense recognized in the statement of profit and loss		
a) Current service cost	12.91	19.18
b) Past service cost	-	-
c) Interest cost	4.46	1.00
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	131.42	210.40
h) Expenses recognized in the statement of profit and loss	148.79	230.57

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.

Principal assumptions used for actuarial valuation are:

Method used	**Projected Unit Credit Method**
i) Discounting Rate	7.71
ii) Future cost escalation rate	5.50
iii) Expected Rate of return on plan assets	0.00

1. Change in present value of obligation	**Year Ended 31st March 2018**	**Year Ended 31st March 2017**
a) Present value of obligation as the beginning	119.23	106.94
b) Acquisition adjustment	-	-
c) Interest Cost	8.99	8.56
d) Past service cost	-	-
e) Current service cost	24.94	28.12
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	-	-
i) Actuarial (gain) / loss	(24.33)	(24.39)
j) Present value of the defined benefit obligation as at the end of period	128.83	119.23
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	(128.83)	(119.23)
h) Excess of actual over estimated return of plan assets	-	-
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	24.33	24.39
b) Actuarial gain/ (loss) for the period – plan assets		-
c) Total (gain) / loss for the period	(24.33)	(24.39)
d) Actuarial (gain) / loss recognized in the period	(24.33)	(24.39)
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	128.83	119.23
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(128.83)	(119.23)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(128.83)	(119.23)
6. Expense recognized in the statement of profit and loss		
a) Current service cost	24.94	28.12
b) Past service cost	-	-
c) Interest cost 3	8.99	8.56
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	(24.33)	(24.39)
h) Expenses recognized in the statement of profit and loss	9.60	12.29

E) Post-retirement medical benefit (PRMB) (Introduced from Sep 2015): Actuarial valuation of the Post-retirement medical benefit (PRMB) liability as on 31st March 2018, as per AS-15(R).

Principal assumptions used for actuarial valuation are:

Method used	**Projected Unit Credit Method**
i) Discounting Rate	7.71
ii) Future Medical Cost Increase a) Outdoor Treatment b) Indoor Treatment	5.50

1. Change in present value of obligation	**Year Ended 31st March 2018**	**Year Ended 31st March 2017**
a) Present value of obligation as the beginning	487.07	313.06
b) Acquisition adjustment	-	-
c) Interest Cost	36.73	25.04
d) Past service cost	-	-
e) Current service cost	70.06	69.68
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	(0.10)	-
i) Actuarial (gain) / loss	124.23	79.29
j) Present value of the defined benefit obligation as at the end of period	717.99	487.07
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	(717.99)	(487.07)
h) Excess of actual over estimated return of plan assets	-	-
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	(124.23)	(79.29)
b) Actuarial gain/ (loss) for the period – plan assets	-	-
c) Total (gain) / loss for the period	124.23	79.29
d) Actuarial (gain) / loss recognized in the period	124.23	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	717.99	487.07
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(717.99)	(487.07)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(717.99)	(487.07)
6. Expense recognized in the statement of profit and loss		
a) Current service cost	70.06	69.68
b) Past service cost	-	-
c) Interest cost	36.73	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	124.23	79.29
h) Expenses recognized in the statement of profit and loss	231.02	174.01

1.2) In respect of Ex-Whole Time Director: - (₹ in lac)

Particular	Gratuity	Leave Encashment	Sick Leave
Expenses recognized in Statement of Profit & Loss	-	-	0.03
Amount recognized in Balance Sheet	-	-	-

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 - Ex-CMD (with effect from 12.12.2013 till 11.06.2017)
- Shri Sanjeev Kaushik - Ex-Whole Time Director and Deputy Managing Director (with effect from 02.02.2015 to 23.01.2018)
- Shri Pankaj Jain - Additional Charge as Managing Director (with effect from 28.12.2017)

Other than Directors

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

(ii) **Wholly owned Subsidiary Company:** (a) India Infrastructure Finance Company (UK) Limited

(b) IIFCL Projects Ltd.

(c) IFCL Asset Management Company Ltd.

B) Transactions during the year ended 31st March 2018 (Previous year ended on 31st March 2017) with related parties:

(₹ in lac)

S.No.	Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
(a)	**Managerial Remuneration (Whole time directors)**		
	(i) Shri S.B. Nayar (Ex-CMD) (Tenure Upto 11th June 2017)		
	Remuneration	15.79	37.42
	Perquisite	0.48	1.83
	Provision for Performance linked incentive	-	10.00
	Leave encashment, LFC, Sick Leave, PF & Gratuity	-	7.07
	(ii) Shri Sanjeev Kaushik (DMD)		
	Remuneration	29.39	33.15
	Perquisite	5.61	2.70
	Provision for Performance linked incentive	-	8.12
(b)	**Managerial Remuneration (Other than directors)**		
	(i) Shri Rajeev Mukhija (Chief General Manager- CFO)		
	Remuneration	31.37	34.80
	(ii) Smt. Manjari Mishra (Assistant General Manager-CS)		
	Remuneration	19.59	23.37
(c)	Rent received/ recoverable from subsidiaries/ associate companies		
	IIFCL Projects Ltd.	68.34	71.07
	IIFCL Asset Management Company Ltd	83.29	86.62

(d)	**Amounts recovered/recoverable from subsidiaries:**		
	IIFCL Projects Ltd.	15.00	17.57
	IIFCL Asset Management Company Ltd	61.93	51.88
	IIFC (UK) Ltd.	2.31	-
(e)	**(i) Sitting fee paid to Part Time Non- Official Directors:**		
	Shri V. K. Bhasin	1.60	2.00
	Shri J. Venkateshwarlu	1.00	2.70
	(ii) Conveyance reimbursement to Part Time Non- Official Directors :		
	Shri J. Venkateshwarlu	0.18	0.33

C) Balances Outstanding

(₹ in lac)

S.No.	Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
i)	**Remuneration & other benefits**		
	Key Managerial Person		
	Provision for Performance Linked Incentive to Whole time Directors	-	18.12
	Leave Encashment(Provision)	-	4.76
	Sick Leave(Provision)	-	2.07
	Gratuity(Provision)	-	1.39
	Provident Fund	-	0.22
ii)	**Investment in equity shares :**		
	Wholly owned subsidiaries :		
	(a) IIFC (UK) Ltd.	23,394.80	23,394.80
	(b) IIFCL Projects Ltd.	475.00	475.00
	(c) IIFCL Asset Management Company Ltd.	1,250.00	1,250.00
	Amount recoverable from subsidiaries/ associate		
	(a) IIFCL Projects Ltd.	18.35	-
	(b) IIFCL Asset Management Company Ltd.	0.17	-
	(c) IIFC (UK) Ltd.	0.34	0.35

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 31st March 2018	Year Ended 31st March 2017
Total of future minimum lease payments (Gross Investment)	2,518.08	4,374.85
Present value of lease payments	2,244.06	3,890.42
10 Year G-Sec Yield	7.56%	7.12%
Maturity profile of total of future minimum lease payments		
Not later than one year	1,454.27	1,856.77
Later than one year but not later than five year	998.01	2,189.06
Later than five year	65.80	329.01
Total	**2,518.08**	**4,374.85**

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 31st March 2018		Year Ended 31st March 2017	
	Shares	Amount ₹ in lac	Shares	Amount ₹ in lac
Nominal Value of share (₹)	10/-		10/-	
Number of Equity Share (No. in lac)	41,023.16		40,023.16	
Weighted Average Number of Equity Shares (No. in lac) (Denominator)	40,902.61		39,706.40	
Net Profit (after tax) (Numerator)		(1,15,460.98)		6,790.45
Earnings Per Share (Basic) (₹)		(2.82)		0.17
Earnings Per Share (Diluted) (₹)		(2.82)		0.17

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 2018, 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 31st March 2018	Year Ended 31st March 2017
Proposed Wage Revision		
Opening Balance	696.05	459.15
Addition during the period	221.23	236.90
Amount Paid/ Transferred to current liabilities	-	-
Closing Balance	**917.28**	**696.05**
Contingent Provision against Standard Assets		
Opening Balance	10,850.66	9,087.62
Addition during the period	222.81	1,758.36
Carry forward from IWRFC	-	4.68
Closing Balance	**11,073.47**	**10,850.66**
Provision against Sub-standard Assets		
Opening Balance	23,521.52	19,638.48
Addition during the period	1,06,050.62	3,452.84
Carry forward from IWRFC	-	430.20
Provision write back on account of NPA write off	(1,188.15)	-
Closing Balance	**1,28,383.99**	**23,521.52**
Provision against Restructured Assets		
Opening Balance	20,554.72	20,068.97
Addition/Adjustment during the period	(15,267.00)	499.75
Provision write back on account of NPA write off	-	(14.00)
Closing Balance	**5,287.72**	**20,554.72**
Provision against Doubtful Assets		
Opening Balance	55,256.54	8,081.63
Addition during the period	1,01,942.30	47,763.89
Provision write back on account of NPA write off	(61,483.48)	(588.98)
Closing Balance	**95,715.36**	**55,256.54**

Provision against Strategic Debt Restructured Assets		
Opening Balance	12,249.30	9,143.23
Addition during the period	(3,840.97)	8,004.18
Provision adjusted on account being transferred to NPA	(8,408.33)	4,898.11
Closing Balance	**-**	**12,249.30**
Provision for diminution in investments		
Opening Balance	-	-
Addition during the period	9,638.96	-
Provision adjusted on account being sale of investments	-	-
Closing Balance	**9,638.96**	**-**

(B) Other Disclosures:

(₹ in lac)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
Income Tax (Net)		
Opening Balance	483.43	(860.52)
Addition during the period	10,179.78	32,017.78
Amount paid/ adjusted during the period	29,488.82	(30,673.83)
Closing Balance	**(18,825.68)**	**483.43**
Leave Fare Concession		
Opening Balance	59.21	12.44
Addition during the period	149.70	200.36
Amount paid/adjusted during the period	151.34	153.59
Closing Balance	**57.57**	**59.21**
Post-retirement Medical Benefit		
Opening Balance	487.07	313.06
Addition during the period	231.02	166.23
Amount paid/adjusted during the period	0.10	(7.78)
Closing Balance	**717.99**	**487.07**
Leave Encashment		
Opening Balance	29.33	173.93
Addition during the period	-	74.93
Amount paid/adjusted during the period	(29.33)	(219.53)
Closing Balance	**-**	**29.33**
Sick Leave		
Opening Balance	119.23	106.94
Addition during the period	9.60	12.29
Amount paid/adjusted during the period	-	-
Closing Balance	**128.83**	**119.23**
Performance Linked Incentive to Whole Time Directors		
Opening Balance	18.12	91.80
Addition during the period	8.76	18.12
Amount paid/adjusted during the period	26.88	91.80

Closing Balance	**-**	**18.12**
Marked to Market Losses on Derivative		
Opening Balance	2,381.61	3,149.73
Addition during the period	(239.99)	-
Amount paid/adjusted during the period	-	768.12
Closing Balance	**2,141.62**	**2,381.61**

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

(₹ In lac)

S.No.	Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
(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 7th 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 21st November 2016.	934.55	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)	67,202.21	61,454.29
	(ii) Guarantee given under credit enhancement scheme	29,800.50	15,155.19
(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)	8,697.86	13,826.72
	(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
	(c) Other commitments : Estimated amount of contracts under Corporate Social Responsibility (CSR) as per provision of The Companies Act 2013 remaining to be executed (net of advances)	671.33	1,759.24

11. **Earnings and Expenditure in Foreign Currency**

(₹ in lac)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
(a) **Earnings in foreign currency (Actual Receipt excluding interest received under IRS derivative contracts):**		
(i) Interest	-	-
(ii) Grants Received	-	0.27
(iii) Dividend Received	-	-
TOTAL	**-**	**0.27**
(b) **Expenditure in Foreign Currencies on account of interest and other matters (Actual outgo):**		
(i) Interest on borrowings	58,132.35	13,397.71
(ii) Commitment Charges	0.33	95.10
(iii) Foreign Travelling	4.53	19.65
(iv) Other Expenses	28.81	30.81
TOTAL	**4,057.68**	**13,543.27**

12. Investment in Venture Capital Units

During the year ended 31st March 2018, the company has invested NIL (₹ 13.45 as at 31st March 2017) 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 ₹ 3,263.55 lac (₹ 2,268.45 lac during year ended 31st March 2017) including tax paid NIL (₹ 4.16 lac during year ended 31st March 2017) in respect of redemption of venture capital units.

13. The company has created net deferred tax liability of ₹ 2,507.84 lac during year ended 31st March 2018 (increase in deferred tax liability of ₹ 2,280.49 lac & decrease in deferred tax asset by ₹ 227.35 lac), Previous year ended 31st March 2017 the company has created net deferred tax liability of ₹ 2,598.08 lac (increase in deferred tax liability of ₹ 6,025.90 lac & net of increase in deferred tax asset by 3,427.82 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 2018. 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 I 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 ₹ 2,141.62 lac as at 31st March 2018 (₹ 2,381.61 lac as at 31st March 2017) which includes loss of ₹ 239.99 lac for the year ended 31st March 2017 (gain of ₹ 768.12 lac for the year ended 31st March 2017).

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 31st March 2018	Year Ended 31st March 2017
Asian Development Bank (ADB):-		
USD	11,130.42	11,065.57
INR	6,27,639.90	6,10,922.88
Kreditanstalt für Wiederaufbau (KFW):-		
EURO	161.90	192.84
INR	9,891.42	11,781.93
IBRD World Bank:-		
USD	1,854.72	1,949.87
INR	1,20,923.11	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 2018 amounts to ₹ 92,745.65 lac (Gross gain of ₹ 1,03,933.61 lac less Gross loss ₹ 11,187.96 lac) and 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).

During the financial year ended 31st March 2012, the company sought the opinion of Expert Advisory Committee of the Institute of Chartered accountant 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 Contracts 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 31st March 2018	Year Ended 31st March 2017
Asian Development Bank (ADB):-		
USD	11,130.42	11,065.57
INR	7,23,968.15	7,17,476.07
KreditanstaltfürWiederaufbau(KFW):-		
EURO	161.90	192.84
INR	13,052.73	13,353.71
IBRD World Bank:-		
USD	1854.72	1,949.87
INR	1,20,638.59	1,26,426.84

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 JPY	65.0441 80.6222 0.6154	16,224.33 2,317.77 10,000.00	10,55,301.84 1,86,862.86 6,154.00	64.8386 69.2476 -	16,793.81 2,378.51 -	10,88,887.13 1,64,706.11 -
Total Payables (D)	USD EURO JPY	65.0441 80.6222 0.6154	16,224.33 2,317.77 10,000.00	10,55,301.84 1,86,862.86 6,154.00	64.8386 69.2476 -	16,793.81 2,378.51 -	10,88,887.13 1,64,706.11 -
Hedges by derivative contracts (E)	USD EURO JPY	65.0441 80.6222 0.6154	12,985.14 161.90 -	8,44,606.74 13,052.73 -	64.8386 69.2476 -	13,015.44 192.84 -	8,43,902.91 13,353.71 -
Unhedged Payables (F= D – E)	USD EURO JPY	65.0441 80.6222 0.6154	3,239.19 2,155.87 10,000.00	2,10,695.10 1,73,810.13 6,154.00	64.8386 69.2476 -	3,778.37 2,185.67 -	2,44,984.22 1,51,352.40 -
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 31st March 2018	Year Ended 31st March 2017
Asian Development Bank (ADB):-		
USD	3,239.08	3,778.25
INR	2,10,687.95	2,44,977.01
KreditanstaltfürWiederaufbau(KFW):-		
Euro	155.87	185.67
INR	12,565.73	12,857.34
IBRD World Bank:-		
USD	0.11	0.12
INR	7.15	8.10
European Investment Bank (EIB)		
EURO	2,000.00	2,000.00
INR	1,61,244.40	1,38,495.20
Japan International Cooperation Agency(JICA)		
JPY	10,000.00	-
INR	6,154.00	-

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	Year Ended 31st March 2018	Year Ended 31st March 2017
1	USD/INR	65.0441	64.8386
2	EURO/INR	80.6222	69.2476
3	JPY/INR	0.6154	0.5796

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 ₹ 81,817.56 lac up to 31st March 2018 (₹ 63,691.16 lac up to 31st March 2017).

Further, the company has bought back of Long Term Infrastructure Bonds amounting to ₹ 510.05 lac (₹ 20.05 lac as on 31st March 2017) during the year ended 31st March 2018. Accordingly, DRR as on 31st March 2018 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, an estimated provision of ₹ 917.28 lac has been made for the period from 1st November 2012 to 31st March 2018 (₹ 696.05 up-to 31st March 2017).

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 Nil loan accounts as on 31st March 2018 having outstanding balance of Nil lac as on 31st March 2018 (₹ 3,24,140.80 lac in 24 loan accounts as on 31st March 2017) and there is no shortfall in value of security in these accounts as on 31st March 2018 refer note 23(A)(3.3)(v)

(d) Pursuant to Accounting policy no. 23(A)(3.3)(viii), reasons for adopting accelerated provisioning in 15 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. In view of the same, a provision of 70% is 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 Concessioning 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. 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 Concessioning 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 30% as per RBI norms.

iv. 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 uncertainity involved, In view of the same, a provision of 50% is made as against required provisioning of 30% as per RBI norms.

v. Jaypee Infratech Limited

IIFCL had funded the project of Yamuna Expressway (promoter is Jaypee Infratech Ltd) for ₹ 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.

IIFCL had made provision of 40% i.e. ₹ 360 Crores till 31.03.2018 as per extant directions and RBI letter dated 23rd June 2017 for provisioning in Loan Accounts where NCLT proceedings have started. Consequent upon withdrawal of various forbearance schemes pursuant to RBI Notification dated 12th February 2018, IIFCL has prudently increased the provisioning upto 50% in those NCLT Cases where 50% provisioning was not already done. Consequently, it made a further provision of 10% in loan account of Jaypee Infratech of ₹ 90 crores and reflected it as exceptional provision alongwith provisions on other loan cases made pursuant to reference of cases to NCLT under Insolvency and Bankruptcy Code (IBC) and on cases involving withdrawal of forbearances by RBI vide notification dated 12th February 2018.

vi. IVRCL Indore Gujarat Toll way Limited

Project implementation got delayed on account of delay in handing over of land and other required approvals. Project cost overrun and time overrun was supported by lenders by way of additional term loan. However project is further delayed and currently under implementation with the help of One Time Fund Infusion from NHAI. In view of the same, a provision of 65% is made as against required provisioning of 10% as per RBI norms.

vii. Soma Isolux Surat Hazira Tollways Limited

Project is operational with low toll collection, which is not sufficient for debt servicing. Scheme for Sustainable Structuring of Stressed Assets in the account was proposed but could not be completed due to RBI circular dated 12/2/2018. Borrower has submitted a resolution plan, which is under consideration with lenders. In view of the same, a provision of 60% is made as against required provisioning of 10% as per RBI norms.

viii. Atlanta Infra Assets Limited

After PCOD, the toll collection was less than the projection. The account slipped to NPA with IIFCL as on 30.09.2015 due to non-servicing of dues. Subsequently, Arbitration Tribunal awarded a sum of ₹ 145.214 crore in Sep 2016 in favour of Atlanta Infra Assets Limited and NHAI challenged the award. Based on NITI AAYOG/ NHAI guidelines, Lead Bank (Union Bank) had issued BG to NHAI for receipt of 75% amount. IIFCL received its pro-rata share and thereby upgraded the account with effect from 31.03.2017. While the appeal by NHAI against arbitration award is pending with High Court of Delhi, the BG was invoked by NHAI in March 2018 due to non-renewal. Accordingly the account again slipped to NPA with IIFCL from 31.03.2018. In view of the same, a provision of 100% is made as against required provisioning of 10% as per RBI norms.

ix. Sai Maatarini Tollways Limited

The project has achieved PCOD in August 2017 and commenced tolling. The toll collection was lower than the projections due to ban on mining. Due to this, the lenders decided to Invoke SDR for change in management. However conversion of debt into equity did not take place. RBI vide its circular dated 12.02.2018 has withdrawn all restructuring schemes. In view of the same, a provision of 60% is made as against required provisioning of 10% as per RBI norms.

x. L & T Halol Shamlaji Tollways Private Limited

Post COD, toll collection was lower than the initial estimates. SDR was invoked and part debt converted to equity. Restructuring under 5/25 also has been done. As of now, the account continues to be under stress. In view of the same, a provision of 75% is made as against required provisioning of 20% as per RBI norms.

xi. Patna Bakhtiyarpur Tollways Limited

Project achieved PCOD and toll collection started in April, 2015. The company has completed construction of 46.847 Km (92.58%) as per the LIE report for the month ending November 2017 and the balance work is yet to be completed. The project faced significant traffic underperformance resulting in actual toll revenue being lower than initial estimates. The Company is under financial stress and promoter has expressed inability for further infusion of funds for completion of the project. The account turned into NPA on 31.12.2017. In view of the same, a provision of 60% is made as against required provisioning of 10% as per RBI norms.

xii. Haridwar Highways Project Limited

The project suffered due to delay in RoW, Utility shifting etc. The account turned NPA in June 2017 due to non-servicing of dues/delay in project implementation. As the project has been delayed considerably and PCOD is still not achieved, In view of the same, a provision of 65% is made as against required provisioning of 10% as per RBI norms.

xiii. Bareilly Highways Project Limited

The project suffered mainly due to delay in handing over of RoW. The account turned NPA in June 2017 due to non-servicing of dues/delay in project implementation. As the project has been delayed considerably and PCOD still not achieved, In view of the same, a provision of 61.25% is made as against required provisioning of 10% as per RBI norms.

xiv. Supreme Ahmednagar Karmala Tembhurni Tollways Pvt. Ltd.

The project suffered due to non-availability of RoW and promoters' inability to infuse equity contribution. SDR was invoked in the account in Oct 2016. The account turned NPA since in Sep 2016. As the project has been delayed considerably and PCOD is still not achieved. In view of the same, a provision of 75% is made as against required provisioning of 20% as per RBI norms.

xv. Essar Power Gujarat Limited

A 2X600 MW imported coal based thermal power project under Sub-critical technology at Salaya near Khambaliya, District Dev Bhumi Dwarka Gujarat. As per the RBI circular dated February 12, 2018 on “Resolution of Stressed Assets - Revised Framework” the present plan of Change in Management outside SDR is not implemented and hence accounts of the company have turned into Sub Standard as on 29th July, 2017. Lenders in the JLM decided to include option of initiating proceedings under NCLT. In view of the same, a provision of 60% is made as against required provisioning of 10% as per RBI norms.

19. Auditors' Remuneration includes:

(₹ in lac)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
(i) Audit Fee	9.00	7.20
(ii) Taxation Matters	1.80	1.80
(iii) Certification Work	3.60	2.60
(iv) Audit Fee for Half Year Ended 30th September 2017	2.70	5.50
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 7th March 2014. The Commissioner of Income Tax [Appeals] - 4 passed the order dated 8th September 2015 and dismissed the appeal of IIFCL. IIFCL filed an appeal against the order before ITAT dated 16th November 2015. ITAT has restored the case to CIT(A) in letter dated 29th August 2017.
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.

21.

a. During the year ended 31st March 2018 the Company had assigned financial assets having a net book value of ₹ 38,680.31 lac (₹ Nil lac as on 31st March 2017) 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 2017) over a period of eight quarters. Consequently, an amount of Nil has been charged off during the year ended 31st March 2018 (₹5,633.18 lac during the year ended 31st March 2017).

b. During the year ended 31st March 2018 the Company had written off 16 accounts amounting ₹ 95,685.22 lac (₹ 65,880.48 lac in 14 loan accounts as on 31st March 2017) refer note 23(A)(3.3)(ix).

c. Subsequent to operationalization of Insolvency and Bankruptcy Code (IBC) 2016 from 2017-18 and Reserve Bank of India (RBI) Notification no. RBI/2017-18/131 dated 12th February 2018 on "Resolution of Stressed Assets- Revised Framework" repealing the extant instruction on resolution of stressed assets such as Framework for Revitalizing Distressed Assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long Term Project Loans, Strategic Debt Restructuring Scheme (SDR), Change in Ownership outside SDR and Scheme for sustainable Structuring of Stressed Assets (S4A) with immediate effect, loans referred under these forbearance schemes of RBI, were categorized as Non- Performing Accounts (NPAs) as on 31st March 2018.

It may be submitted that IIFCL had made provisions ranging 10% to 25% in these cases as per erstwhile under above-said forbearance schemes of RBI. It is however observed that based on resolution plans of initial loan cases already referred to National Company Law Tribunal (NCLT) as per IBC process, lenders may expect to realize less than 50% of outstanding loan amount by other banks/institution.

Accordingly, as a matter of abundant precaution, IIFCL considered it prudent to make accelerated provision up to 50% of outstanding loan amount in cases already categorized as NPA subsequent to RBI notification and referred to NCLT or expected to be referred to NCLT as per IBC process.

It is also submitted that as per para 12 of Accounting Standard 5 "When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items should be disclosed separately”.

The features of exceptional items may be indicated as under:

1. Exceptional item arise from ordinary activity,
2. They are not expected to be recurring,
3. The nature and amount of such item is relevant to user of financial statement, and
4. They are generally disclosed in balance sheet.

In view of above, IIFCL has considered accelerated provision of ₹ 106,854.4 lacs # in twenty two loan cases consequent upon operationalization of IBC Code and withdrawal of various forbearances by Reserve Bank of India (RBI) vide notification no. RBI/2017-18/131 dated 12th February 2018 during 2017-18 as “Exceptional item” as the quantified amount of such one-time accelerated provision thereof has arisen from ordinary activity, non- recurring amount is considered relevant to user of financial statement and separately disclosed in balance sheet.

d. IIFCL has made Provision for diminution in investments of ₹ 9,638.96 lacs as under:

- During 2017-18 outstanding loan principal of ₹ 52,000.00 lac and interest and other overdues thereon of ₹ 2,545.99 lac from M/s Adhunik Power and Natural Resources Limited (APNRL) sold to Edelweiss Asset Reconstruction Company Ltd. (EARC), an Asset Reconstruction Company, at consideration of ₹ 38,884.95 lac, including upfront realization of ₹ 108.18 lac, equity share capital of APNRL of ₹ 9,710.71 lac (i.e. fully paid equity shares of ₹ 10 each) and Security Receipts of ₹ 38,884.95 lac. EARC simultaneously, bought equity shares of APNRL of ₹ 10 each aggregating 4945.70 lac @ ₹ 1.2045 per share aggregating ₹ 595.72 lac. Accordingly, IIFCL considered the price for sale of equity shares of APNRL paid to IIFCL by EARC as fair value. Accordingly, the remaining equity shares held by IIFCL in APNRL as on 31st March 2018 are valued at ₹ 1.2045 per share, net of Provision for Diminution in Investments of ₹ 4,191.05 lac.
- Consequent to substitution of Concessionaire in case of M/s Topworth Tollways Pvt. Ltd., out of outstanding loan amount of ₹ 8,000.00, an amount of ₹ 6,078.00 lacs have been or discharged by issue of 0.01% coupon Optionally Convertible Redeemable Debentures carrying coupon rate @ 0.01% annually of incoming concessionaire i.e. Bansal Pathways Pvt. Ltd. The balance outstanding loan of ₹ 1,922.00 lac would be carried over to Bansal Pathways (Mangawan- Chakghat) Pvt Ltd., the new concessionaire. Accordingly, provision for Diminution of ₹ 5,447.91 lacs in Investments is booked by discounting the face value of debentures at interest rate of loan at 9.5% less coupon rate of 0.01% on debentures issued by Bansal Pathways (Mangawan- Chakghat) Pvt Ltd. are repayable at par after 25 years.

e. Disclosures of Investment and Security Receipt as on 31st March 2018:

(₹ In Lac)

	Particulars	**SRs issued within past 5 years**	**SRs issued more than 5 years ago but within past 8 years**	**SRs issued more than 8 years ago**
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	58,513.23	-	-
	Provision held against (i)	-	-	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	-
	Provision held against (ii)	-	-	-
	Total (i) + (ii)	**58,513.23**	**-**	**-**

 # The amount of exceptional item is updated 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 2017-18.

f. Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ In Lac)

FY 2016-17						
No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
9	1080,27.52	Nil	1080,27.52	Nil	Nil	Nil

FY 2017-18						
No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
Nil	Nil	Nil	Nil	Nil	Nil	Nil

g. No resolution Plan in respect of stressed assets held by IIFCL as on 31st March 2018 has been implemented pursuant to per RBI Circular dated 12th February 2018.

h. There are no loan accounts of change in ownership outside SDR Scheme.

i. #The account of Madurai Tuticorin Expressway was not recognized as Non Performing AssetNPA) as on 31st March 2018 considering realization of critical dues as 16th April 2018.

22. During the year, the Company has sent letters requesting submission of confirmation of balances to Statutory Auditors by Borrowers as on 28th February 2018 and banks, parties etc. as on 31st March 2018. Some of the balances appearing under Infrastructure Loans, Borrowings and Other Debit and Credit Balances as on 28th February 2018 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 2018, borrowers with outstanding balance aggregating ₹ 25,22,998.49 lac (Previous year ₹ 30,77,015.95 lac) (Excluding NPA Accounts) on 28th February 2018 representing 96.79% (Previous year 97.11%) 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 2018 as mentioned hereunder:

	FY 2017-18		**FY 2016-17**	
Particulars	**Balance Confirmation Amount(₹ in lacs)**	**% of Balance Confirmed**	**Balance Confirmation Amount(₹ in lacs)**	**% of Balance Confirmed**
Borrowings from Foreign Institutions	12,48,318.70	100%	12,53,595.55	100%
Overdraft Facility from Banks	1,74,390.86	100%	89,666.24	100%
Investment in Venture Capital Units	1,674.87	100%	5,212.02	100%
Investment in Security Receipts	58,513.23	100%	21,359.11	100%
Investment in Fixed deposits	603,064.38	100%	420,509.38	100%
Investment in Bonds/Government Securities (in dematerialization form)	1,28,124.18	100%	1,28,174.83	100%
Investment in Mutual Funds	23,000.00	100%	13,000	100%

 # The Account status of Madurai Tuticorin Expressway is disclosed 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 2017-18.

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 31st March 2018	Year Ended 31st March 2017
1	National Safai Karamcharis Finance & Development Corporation (NSKFDC)	Skill development of 500 women cab drivers	-	10.00
2	Central Electronics Limited (CEL)	Installation of solar home lighting system in Rohtas (Bihar)	47.25*	110.25*
3	Himachal Consultancy Organization Limited	Integrated development of Borsimaluguri (Assam)	3.36*	10.81*
4	Solar Energy Corporation of India	Distribution of 35,000 solar lanterns in backward districts of India	-	185.15*
5	Rajasthan Electronics and Instruments Limited (REIL)	Installation of 1500 solar street lights	213.49*	104.73*
6	Sulabh International Social Service organization	Construction of toilet for girls in Government aided school	48.75*	43.66*
7	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
8	Vivekanand Kendra	Construction of Toilets in Schools	12.15*	14.30*
9	Pyari Foundation India Trust	Integrated development of Baghmundi (Purulia), WB	-	18.30*
10	Lions Club of Palakkad	Installation at Bore well at Government aided school & Construction of toilet at Government aided school	10.18*	18.77*
11	Gurgaon District Administration	Construction of low cost diagnosis unit in Gurgaon (Haryana)	-	100.00*
12	Dhyan Foundation	Distribution of medical van for injured animals	-	13.42*
13	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*
14	Public Works Department, Ramdevra	Construction of toilets at Ramdevra (Rajasthan)	-	27.00*
15	All India Institute of Medical Science	Setting up center of excellence for child neurology	250.00	-
16	National Culture Fund	Contribution to National Cultural Fund	141.63*	-
17	National Sports Development Fund	Contribution to TOP Scheme of NSDF	1,000.00*	-
18	CSR Overhead Expenditure		5.10	13.05
GRAND TOTAL			**1,731.91**	**2,078.81**

b) Additional disclosure in respect of CSR expenditure:

i) Gross amount required to be spent by the company during the year ended was ₹ 1731.91 lac (₹ 2,078.81 lac as on 31st March 2017).

ii) Amount spent during the year:

(₹ In Lac)

Particulars	Year Ended 31.03.2018			Year Ended 31.03.2017		
	In Cash	Yet to be paid in cash#	Total	In Cash	Yet to be paid in cash#	Total
(i) Construction/ Acquisition of any Asset*	1,476.81	Nil	1,476.81	1,646.39	Nil	1,646.39
(ii) On purpose other than (i) above	255.10	Nil	255.10	432.42	Nil	432.42
Total	**1731.91**	**Nil**	**1731.91**	**2,078.81**	**Nil**	**2,078.81**

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

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 31st March 2018		As on 31st March 2017	
	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	1,494,388.27	-	1,494,898.32	-
: Unsecured	360,000	-	360,000.00	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	1,248,318.70		1,253,595.95	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans (short term bank loan)	174,390.86	-	89,666.24	-

Assets side:	**Amount outstanding**	
	As on 31st March 2018	**As on 31st March 2017**
(2) Break-up of Loans and Advances including bills receivables [Other than those included in (4) below]:		
(a) Secured	32,58,465.50	34,07,091.69
(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	1,10,834.58	1,10,861.04
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted:		
(i) Shares: (a) Equity (b) Preference	30,295.83 -	25,530.83 -
(ii) Debentures and Bonds	6,078.00	-
(iii) Units of mutual funds	23,000.00	13,000.00
(iii) Government Securities	17,289.60	17,313.79
(iv) Others (advance against equity share capital)(Investment in venture capital units)	1,948.47	5,212.02
(v)Investment in security receipts	59,257.02	21,359.11
Total	**35,07,169.00**	**36,00,323.96**

(5) Borrower group-wise classification of assets financed as in (2) and (3) above:			
Category	Amount net of provisions (As on 31st March 2018)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	30,08,365.99	-	30,08,365.99
Total	**30,08,365.99**	**-**	**30,08,365.99**
Category	**Amount net of provisions (As on 31st 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**

(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 2018)**		
	Secured	**Unsecured**	**Total**
1. Related Parties			
(a) Subsidiaries	-	25,119.80	**25,119.80**
(b) Companies in the same group	-	23,000.00	**23,000.00**
(c) Other related parties	-	-	**-**
2. Other than related parties	-	5,176.03	**5,176.03**
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**

(7) Other information		
Particulars	**As on 31st March 2018**	**As on 31st March 2017**
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	5,39,244.45	2,63,812.12
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	3,15,145.10	1,85,172.91
(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 2018	As at 31st March 2017
Tier I Capital	6,39,993.99	7,45,622.31
Tier II Capital	11,073.47	10,855.44
Total Capital	**6,51,067.46**	**7,56,477.75**
Total Risk Weighted Assets	39,31,870.34	39,40,360.25
Capital Ratios		
Tier I Capital as Percentage of Total Risk Assets (%)	16.28	18.92
Tier II Capital as Percentage of Total Risk Assets (%)	0.28	0.28
Total Capital (%)	**16.56**	**19.20**
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

25.2 **Investments**

(₹ in lac)

S.No.	Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
1	Value of investments		
(i)	Gross value of investments	2,48,703.50	1,93,276.79
(a)	In India	2,25,308.70	1,69,881.99
(b)	Outside India	23,394.80	23,394.80
(ii)	Provisions for depreciation	-	-
(a)	In India	-	-
(b)	Outside India	-	-
(iii)	Net value of investments	2,48,703.50	1,93,276.79
(a)	In India	2,25,308.70	1,69,881.99
(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 31st March 2018	For the year ended 31st March 2017
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	(2,141.62)	(2,381.61)

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:

a) 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.

b) IIFCL undertakes derivative transaction for purpose of hedging and mitigating interest rate and currency risks (Market risk) arising on Foreign currency borrowings.

c) 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.

d) IIFCL reports the status of derivative transaction and their MTM to Senior Management on monthly basis and to the Board of Directors on Quarterly basis. Further the MTM is being independently monitored by R&T Advisors of IIFCL on quarterly basis.

e) Exchange traded Interest Rate Derivatives on IIFCL Books are Nil.

f) IIFCL undertakes Cross Currency Interest Rate Swap to hedge its Foreign Currency exposures. The figures shown in Quantitative disclosure cannot be segregated since the deals are booked on a consolidated basis for principal and Interest cash flows.

g) 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 23(A)2.

h) # As per Resource & Treasury Policy, approved for each financial year by the Management & Investment committee of the Board of Directors IIFCL shall keep its position hedged between 65.78% of the total exposure. Further the exchange fluctuation difference of the open position all of with the saving of forward premium should not breach 10% of the net worth of the company of any point of time. Further if rupee depreciates 5% or more within the financial year on portfolio basis, IIFCL would keep its position hedged at approx 75%.

Quantitative Disclosures (₹ in Lac)

S.No.	Particulars	For the year ended 31st March 2018		For the year ended 31st March 2017	
		Currency derivatives	Interest Rate derivative	Currency derivatives	Interest Rate derivative
(i)	Derivatives (Notional Principal Amount)	7,66,452.61	7,66,452.61	7,57,831.72	7,57,831.72
	For hedging	7,58,452.61	7,58,452.61	7,49,831.72	7,49,831.72
(ii)	Marked to Market positions(1)	90,604.03	90,604.03	95,363.13	95,363.13
	a. Asset (+)	1,03,933.61	1,03,933.61	1,11,524.91	1,11,524.91
	b. Liability(-)	(13,329.57)	(13,329.57)	(16,161.77)	(16,161.77)
(iii)	Credit Exposures	-	-	-	-
(iv)	Unhedged Exposures	3,90,656.58	3,90,656.58	3,96,337.66	3,96,337.66

 # The addition of IIFCL's hedge policy is disclosed 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 2017-18.

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 31st March 2018	For the year ended 31st March 2017
(i)	No. of Accounts	1	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC/ RC	38,680.31	-
(iii)	Aggregate consideration	54,678.70	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate (gain)/loss over net book value	(132.71)	-

25.5 Details of Non- performing Financial Assets sold:

(₹ in Lac)

S.No.	Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
(i)	No. of accounts sold	1	-
(ii)	Aggregate outstanding	46,364.09	-
(iii)	Aggregate consideration received	54,678.70	-

25.6 **Asset Liability Management**

Maturity pattern of certain items of assets and liabilities as at 31st March 2018:

(₹ in lac)

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3months	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	1,74,390.86								1,74,390.86
Market Borrowings	-	-	-	-	-	5,388.11	1,64,306.29	16,84,693.87	18,54,388.27
Assets									
Receivables under financing activity	63,361.86	3,315.48	53,441.56	1,03,117.52	2,12,794.03	8,39,394.83	9,36,662.25	36,73,489.78	58,85,577.22
Investment	-	45,678.00	13,000.00	1,60,400.00	5,02,485.00	1,05,00.00	-	43,743.00	7,75,806.00
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	3,094.80	.	15,384.05	5,797.37	24,662.22	1,11,561.64	1,23,584.60	9,64,232.38	12,48,317.06

 # The Maturity Pattern of Receivables under Financing Activity is updated 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 2017-18.

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

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 2018 (previous year Nil).

25.7.2 Exposure to Capital Market:

(₹ in lac)

S.No.	Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
(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)	1,948.47	5,212.02

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 31st March 2018	For the year ended 31st March 2017
(i)	Provision towards NPA	2,24,099.35	78,778.06
(ii)	Provision for income tax (including deferred tax)	12,687.62	34,615.86
(iii)	Provision for Standard Assets (including restructured accounts & SDR accounts)	26,000.16	43,654.68

25.9 **Concentration of Advances, Exposure and NPAs:**

(i) **Concentration of Advances**

(₹ in lac)

Particular	For the year ended 31st March 2018	For the year ended 31st March 2017
Total Advances to twenty largest borrowers	13,47,555.56	13,47,410.90
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	41.02%	39.19%

(ii) **Concentration of Exposure**

(₹ in lac)

Particular	For the year ended 31st March 2018	For the year ended 31st March 2017
Total Exposure to twenty largest borrowers	13,47,555.56	13,47,410.90
Percentage of Exposure to twenty largest borrowers/customers to Total Exposure of the NBFC on borrowers/customers	41.02%	39.19%

(iii) **Concentration of NPAs**

(₹ in Lac)

Particular	For the year ended 31st March 2018	For the year ended 31st March 2017
Total Exposure to top four NPA accounts	2,20,256.40	1,69,514.85

(iv) **Sector- wise NPAs**

S.No.	Sector	% of NPAs to Total Advances in that sector	
		For the year ended 31st March 2018	For the year ended 31st March 2017
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	16.55%	7.78%
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 31st March 2018	For the year ended 31st March 2017
(i)	Net NPAs to Net Advances (%)		9.67%	5.47%
(ii)	Movement of NPAs (Gross)			
	(a)	Opening balance	2,65,200.68	98,420.02
	(b)	Additions during the year	4,70,373.41	2,04,903.74
	(c)	Reductions/write off during the year	1,96,329.64	38,123.08
	(d)	Closing balance	5,39,244.45	2,65,200.68
(iii)	Movement of Net NPAs			
	(a)	Opening balance	1,86,422.62	70,699.91
	(b)	Additions during the year	2,77,022.61	1,47,795.82
	(c)	Reductions during the year	1,48,300.13	32,073.11
	(d)	Closing balance	3,15,145.10	1,86,422.62
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	78,778.06	27,720.11
	(b)	Provisions made during the year	1,93,350.79	57,107.92
	(c)	Write off/ write- back of excess provisions	48,029.50	6,049.97
	(d)	Closing balance	2,24,099.35	78,778.06

25.10 **Customer Complaints**

S.No.	Particular	For the year ended 31st March 2018	For the year ended 31st March 2017
(a)	No. of complaints pending at the beginning of the year	0	0
(b)	No. of complaints received during the year	550	988
(c)	No. of complaints redressed during the year	550	988
(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 2017-18 is S&P BBB – There is no migration of rating during current year 2017-18
(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,

25.2 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 01.04.2017	No. of borrowers	-	-	23	7	8	-	38	23	7	8	-	38
		Amount outstanding	-	-	3,22,774.43	37,019.11	59,990.11	-	4,19,783.65	3,22,774.43	37,019.11	59,990.11	-	4,19,783.65
		Provision thereon	-	-	16,138.72	6,514.41	55,256.54	-	77,909.67	16,138.72	6,514.41	55,256.54	-	77,909.67
2	Fresh restructuring during the FY 2017-18	No. of borrowers	-	-	3	5	-	-	8	3	5	-	-	8
		Amount outstanding	-	-	63,740.43	102,616.06	-	-	166,356.49	63,740.43	102,616.06	-	-	166,356.49
		Provision thereon	-	-	3,187.02	10,261.61	-	-	13,448.63	3,187.02	10,261.61	-	-	13,448.63
3	Upgradations to restructured standard category during the FY 2017-18	No. of borrowers	-	-	15	1	-	-	16	15	1	-	-	16
		Amount outstanding	-	-	192,747.34	20,000.00	-	-	212,747.34	192,747.34	20,000.00	-	-	212,747.34
		Provision thereon	-	-	8,115.71	4,000.00	-	-	12,115.71	8,115.71	4,000.00	-	-	12,115.71
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 2017-18	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
5	Down gradations of restructured accounts during the FY 2017-18	No. of borrowers	-	-	6	-	-	-	6	6	-	-	-	6
		Amount outstanding	-	-	125,056.59	-	-	-	125,056.59	125,056.59	-	-	-	125,056.59
		Provision thereon	-	-	6,252.83	-	-	-	6,252.83	6,252.83	-	-	-	6,252.83
6	Write offs/Prepayment of restructured accounts during the FY 2017-18	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on 31.03.2018 (closing figures)	No. of borrowers	-	-	5	11	8	-	24	5	11	8	-	24
		Amount outstanding	-	-	75,675.47	119,635.17	59,990.11	-	255,300.75	75,675.47	119,635.17	59,990.11	-	255,300.75
		Provision thereon	-	-	3,783.78	12,776.02	55,256.54	-	71,816.34	3,783.78	12,776.02	55,256.54	-	71,816.34

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, ₹ 37,119.74 lacs in FY 2016-17 and ₹ 31,995.93 lacs in FY 2017-18. The reply of IIFCL’s Letter is awaited.

27. During the course of Statutory Audit for FY 2017-18, the auditors have indicated as under:

The Company has been creating provisions in respect of the Loan Assets based upon the IRAC prudential norms issued by RBI and have been calculating the tax expense after adding back same to the net profit. AS 22 “Taxes on Income” issued by ICAI stipulates that in case that there are any timing differences in respect of tax liability on account of any item, the effect thereof has to be considered. In view of the fact that a part of such provisions are allowed on the basis of write off in subsequent years, the same gives rise to a timing difference. A higher tax being paid today is recovered / compensated by a lower tax liability in a subsequent period. AS 22 requires the creation of deferred tax assets in such case to the extent of timing differences. In our opinion, based upon the experience in the past with regard to the percentage of write off, deferred tax assets needs to be created. Impact thereof needs to be ascertained. In view of above, we are unable to comment upon the impact of the same on Statement of Profit and Loss and the Reserves.

IIFCL is of the view that the provision on loan asset and writing of the loss asset are two separate items and creation and reversal of provision in loan asset is inadmissible as expense/income under section 36 of Income Tax Act, 1961. Therefore this is no timing difference for purpose of creation of Deferred tax Asset as per Accounting Standard 22. Accordingly IIFCL is not required to create an intangible asset i.e. Deferred Tax Asset (DTA).

In order to re-enforce its view in the matter, IIFCL, vide letter dated 24th November 2017 requested a clarification from Reserve Bank of India (RBI) regarding creation of Deferred Tax Asset on Provision for Loan Assets. RBI vide e-mail dated 5th February 2018 advised IIFCL to approach Institute of Chartered Accountants of India (ICAI) in this regard.

Pursuant to the reply from RBI, IIFCL vide letter dated 19th March 2018 has requested Institute of Chartered Accountants of India (ICAI) to clarify whether IIFCL is required to create Deferred Tax Asset (DTA) on Provision on Loan Assets.

The Expert Advisory Committee (EAC) of ICAI vide letter dated 11th May 2018 informed IIFCL that the query raised is a general issue for NBFCs and EAC of ICAI is constituted to answer specific queries. It is learnt that General accounting issues are clarified by the Accounting Standard Board(ASB) of the ICAI.

Subsequently, IIFCL vide letter dated 20th June 2018 has requested Accounting Standard Board(ASB) of Institute of Chartered Accountants of India (ICAI) to clarify whether IIFCL is required to create Deferred Tax Asset (DTA) on Provision on Loan Assets. The reply of IIFCL’s Letter is awaited #

 # The status of IIFCL’s letter to IIFCL is disclosed 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 2017-18.

28. IIFCL in consortium with PFC (lead lender) and REC has part funded Ind-Barath Power (Madras) Limited (IBPML) for setting up 1x 660 MW coal based thermal power project at Tuticorin, Tamil Nadu. IIFCL had sanctioned RTL of ₹ 250 crore and disbursed ₹ 89.24 crore in TRA Account maintained with Axis Bank. Funds from TRA had been diverted by the Borrower. Consortium had recalled the loan and filed a criminal complaint with EOW, Delhi Police on February 08, 2018, which is under investigation. The developments in the account have been reported to the Board of IIFCL at the meeting held on March 22, 2018 and instance of fraud was reported to RBI on March 28, 2018.

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

In terms of our Report of even date
For GSA & Associates
Chartered Accountants
(Firm Regn. No: 000257N)

For and on behalf of the Board of Directors of
India Infrastructure Finance Company Ltd.

Sd/-
Sunil Aggarwal
(Partner)
(Membership No- 083899)

Sd/-
Praveen Mahto
(Director)
(DIN No:-06956796)

Sd/-
Pankaj Jain
(Managing Director)
(DIN No:-00675922)

Place: New Delhi
Dated: 01.08.2018

Sd/-
Manjari Mishra
(AGM & Company Secretary)

Sd/-
Rajeev Mukhija
(CGM- 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 2018

The preparation of financial statements of India Infrastructure Finance Company Limited for the year ended 31st March 2018 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 1st August 2018.

I, on behalf of the' Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of India Infrastructure Finance Company Limited for the year ended 31st March 2018 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

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

Statement of Profit and Loss:
Revenue from Operations (Note No.18) - ₹ 356813.84 lakh.
Provision for Loan Assets (Note No.23(B)(9)) - ₹ 20812.31 lakh.

As per Reserve Bank of India (RBI) Master Direction dated 01.09.2016 and the Company's Significant Accounting Policy No. 3.1 (a), a loan asset is to be recognised as Non-Performing Asset (NPA), in case interest has remained overdue for a period of three months or more for the financial year ending 31st March 2018 and thereafter. Further, as per the said RBI Master Direction and Significant Accounting policy No. 3.2 (b) (i), an asset which was classified as NPA for a period not exceeding 12 months is to be classified as Sub-Standard. A general provision of 10 per cent of outstanding amount is to be made in the case of sub-standard assets and interest income recognised before the assets became non-performing and remaining unrealised is also to be reversed.

The following loan assets have become NPA and are required to be classified as Sub-standard as per the above mentioned Master Direction/Significant Accounting Policy, since the dues of the borrowers payable by 31.12.2017, have not been paid and remained overdue as on 31.3.2018.

1. Essen Ahmedabad Godhra Toll Roads Limited (Principal - ₹198.14 crore; unrealised recognised interest income - ₹28.34 crore)

2. Madurai Tuticorin Expressways Limited (Principal - ₹138.16 crore; unrealised recognised interest income - ₹4.24 crore)

The Company has treated the two loan assets as Standard, instead of classifying the same as Sub-standard and has not created the requisite provisions in the financial statements for the year ended 31.3.2018 on the ground that the borrowers have liquidated/ partly liquidated the dues in April 2018. There is however, no room for any further relaxation in the time limit of three months for payment of clues, in the above mentioned RBI Master Direction and Significant Accounting policy. Hence classification of the two assets as Standard is not order.

This has resulted in overstatement of Revenue from operations by ₹ 32.58 crore (due to recognition of unrealized interest income of ₹28.34 crore plus ₹4.24 crore), understatement of Provision for Loan Assets' by ₹ 32.28 crore (calculated at 10 per cent of loan amount after adjusting existing general provision of 0.4 per cent) as well as Loss for the year by ₹ 64.86 crore (₹ 32.58 crore plus ₹ 32.28 crore).

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

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

Place : New Delhi
Dated : 27th September 2018

INDEPENDENT AUDITOR'S REPORT

To The Members of India Infrastructure Finance Company Limited (#)

Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated financial statements of **India Infrastructure Finance Company Limited ("the Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the group")**, which comprise the Consolidated Balance Sheet as at 31stMarch 2018, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then 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

2. The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated financial statements in terms of the requirements of the Companies Act 2013 (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 of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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

3. 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 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 there under.

   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 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. 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 Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

4. **Deferred Tax Assets**
   - Taxable income is calculated in accordance with Income tax laws. In some circumstances, the requirements of these laws to compute taxable income differ from the accounting policies applied to determine accounting

income. The effect of this difference is that the taxable income and accounting income may not be the same.

- The Company creates provisions for non-performing loan assets in accordance with the IRAC norms issued by RBI. These ranges from 10% to 100% depending upon the various condition laid down for the advances.

- Owing to the above accounting treatment of Provision for Non-Performing loan assets, there exists a difference in the income as per records maintained for income-tax purposes and income as per the books of account. Section 36(1)(viia) of the Income-tax Act, 1961 lays down limits to the extent of which provision for doubtful debts will be allowed as a deduction. This is a timing difference that will match in future by way of either recovery or write-off.

- In one of the opinion given by the Expert Advisory Committee of the ICAI, it is stated that
- The difference in the provision for bad debts (Provision for Non-Performing Assets) as per the books and as per income-tax is a timing difference and, therefore, it requires recognition of deferred tax effect subject to the considerations of prudence in case of deferred tax asset, in accordance with AS 22, when the tax treatment is as explained by the qurerist.

- Difference originating in one period is bound to reverse in one or more subsequent period(s). Withdrawal of excess provision, if any, also amounts to, in substance, reversal of timing difference. This may happen, for example, due to partial write-off and partial recovery of a loan. Therefore, the Committee is of the view that the difference between taxable income and accounting income attributable to provision for bad and doubtful debts is a timing difference. As noted in paragraph 17 is said opinion, there is no time limit for the reversal of timing differences. Accordingly, the Committee is of the view that the said timing difference should be considered for recognition of deferred tax implications in accordance with the provisions of AS22.

5. **Exceptional Items**

The company has consistently been following accounting policy of making accelerated provisions in respect of non-performing assets. This has been continued in view of the prudence. As per accounting policy no 3 (viii) of provisions states that *"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."*

Based upon the aforesaid accounting policy, the company also created accelerated provision of ₹ 383.49 Crore and ₹ 138.17 Crore in the financial year ended on 31st March 2017 and 31st March 2016 respectively. In these financial years, these accelerated provisions were treated as a normal provision on the Loans Assets.

An exceptional item debit / credit may arise because of certain agreement with the employees / outsiders etc. or due to certain court verdicts against the company.

But in case the Management of the Company, based on its experience with regard to recovery of dues in stressed assets, it self takes a decision for creation of accelerated provisions in accordance with its accounting policy, in respect of certain category of loan assets, the same cannot be considered as an exceptional item.

Qualified Opinion

6. ***The Company has been creating provisions in respect of the Loan Assets based upon the IRAC prudential norms issued by RBI and have been calculating the tax expense after adding back same to the net profit. AS 22 "Taxes on Income" issued by ICAI stipulates that in case that there are any timing differences in respect of tax liability on account of any item, the effect thereof has to be considered. In view of the fact that a part of such provisions are allowed on the basis of write off in subsequent years, the same gives rise to a timing difference. A higher tax being paid today is recovered / compensated by a lower tax liability in a subsequent period. AS 22 requires the creation of deferred tax assets in such case to the extent of timing differences. In our opinion, based upon the experience in the past with regard to the percentage of write off, deferred tax assets need to be created. Impact thereof needs to be ascertained. In view of above, we are unable to comment upon the impact of the same on Statement of Profit and Loss and the Reserves. (Amount Unascertained).***

7. **During the current year, the company has created an accelerated provision of ₹ 1068.54 crores in non-performing category of loan assets, over and above the normal provision required as per IRAC guidelines issued by the**

regulator and the same has been treated as Exceptional item instead of treating as normal provision of Loan Assets. As per accounting policy no 3.3 (vii), the company is required to create accelerated provision based on case-to- case view of stressed advances as a prudent measure. However, in earlier years, accelerated provisions created by the Company were treated as "Provision for Loan Assets". The accounting treatment of accelerated provisions given by the Company in current year is not in conformity with the requirements of Accounting Standard 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".

During the current year, Provision for loan assets in "Statement of Profit and Loss Account" has been understated by ₹ 1068.54 Crore. Resulting, Profit Before Exceptional and Extraordinary Items Shown should have been a loss of ₹ 1027.73 Crore instead of profit of ₹ 40.81 Crore. However, Profit after tax and Balance Sheet reflect a true and fair view of the financial statements.

8. **Except for the effects of the matter described in paragraph 6 above,** 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 consolidated state of affairs (financial position) of the Company as at 31st March 2018, and its consolidated profit (financial performance), its consolidated cash flows for the year ended on that date.

Other Matters

9. 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 assets of ₹.1,52,95,99.22 lac as at 31st March 2018, Net Assets of ₹ 6,16,54.71 lac, total revenue of ₹ 5,47,99.35 lac and net cash flows amounting to ₹ 1228.94 lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub – section (3) and (11) of section 143 of the act, in so far it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

   One of these subsidiaries India Infrastructure Finance (UK) Limited is located outside India whose financial statements and other financial information have been prepared in accordance with the accounting principles generally accepted in the 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 and also these financial statements were audited by an independent firm of Chartered Accountant in India and fit for consolidation certificate have been obtained. We have reviewed and relied upon 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 reviewed by us.*

10. Effective this year, the company has introduced a new accounting policy and started writing off loan assets which have already been identified as Non-Performing Asset (NPA) for more than 5 years or the scheduled commercial operations of the project have been delayed for more than 4 years (refer Accounting Policy No. 24(A)3.3(ix) (d) and note no 3 of 24 (B)(#).

11. As per guidelines of the Department of Investment and Public Asset Management, the Company is supposed 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. However, IIFCL vide letter dated 14th January 2016 had requested Government for exemption from payment of dividend for at least 3 years. The reply of IIFCL's Letter is awaited. (refer note no 26 of 24 (b))(#).

12. The Company has been waiting for the appointments of requisite numbers of independent directors under Section 149 (1) of the Companies Act 2013. Accordingly, the Board remained constituted without complying with the requirements of aforesaid section**.**

Report on Other Legal and Regulatory Requirements

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

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statement.

(b) **except for the possible effects of the matter described in the Qualified Opinion paragraph 6 above**,in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) the Consolidated balance sheet, the Consolidated statement of profit and loss, and the Consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

(d) **except for the possible effects of the matter described in the Qualified Opinion paragraph 6 above,** 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 the 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 term of notification no G.S.R. 463 (E) dated 5thJune, 2015 issued by the 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 controls, refer to our separate Report in "**Annexure-I**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(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 matter paragraph:

i. There were no pending litigations which would impact the consolidated financial position of the Group.

ii. Provisions 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 derivative contracts. (Refer Note24(B)10)

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 31stMarch2018.

For GSA & Associates
Chartered Accountants
FRN 000257N

(Sunil Aggarwal)
Partner
M.No. 083899

Place: - Delhi
Dated: - 01st Aug 2018 (#)

 # Audit report addressed to the members of the Company, modification in the serial number from 23 to 24 of the notes to accounts in para 10 and 11 above and report signing date from 14thAug 2018 to 1stAug 2018 is updated at print stage in accordance with the assurance / 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 2017-18.

ANNEXURE I 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 ("the Company")** as of March 31, 2018, we have audited the internal financial controls over financial reporting of India Infrastructure Finance Company Limited (herein after referred to as "Holding Company") and its subsidiary companies, which are 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act,2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the company and its subsidiary companies, which are incorporated in India 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 ethical requirements and plan and perform the audit to obtain reasonable assurance that whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the company and its subsidiary companies, which are companies incorporates in India.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are 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 31, 2018, 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 Matter

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 incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For GSA & Associates
Chartered Accountants
FRN 000257 N

(Sunil Aggarwal)
Partner
M.No. 083899 (#)

Place New Delhi
Dated 01st Aug 2018

 # Membership no of the Partner in Annexure I of the audit report inserted at print stage in accordance with the assurance / 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 2017-18.

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2018
CIN No. U67190DL2006GOI144520

₹ in Lac

		PARTICULARS	Note No.	Year ended 31st March 2018	Year ended 31st March 2017
I		**EQUITY AND LIABILITIES**			
	(1)	**Shareholders' Funds**			
	(a)	Share capital	1	410,231.62	400,231.62
	(b)	Reserves and Surplus	2	266,458.10	408,163.47
		SUB-TOTAL (1)		**676,689.72**	**808,395.09**
	(2)	**Non-current liabilities**			
	(a)	Long-term borrowings	3	4,419,694.62	4,428,974.66
	(b)	Deferred tax liabilities (Net)	4	31,862.59	29,365.07
	(c)	Other long term liabilities	5	48,311.68	51,473.13
	(d)	Long-term provisions	6	316,548.77	158,867.11
		SUB-TOTAL (2)		**4,816,417.66**	**4,668,679.97**
	(3)	**Current liabilities**			
	(a)	Short-term borrowings	7	174,390.86	89,717.62
	(b)	Trade payables	8	-	6,788.49
	(c)	Other current liabilities	9	135,094.36	120,310.27
	(d)	Short-term provisions	10	12,383.34	10,019.63
		SUB-TOTAL (3)		**321,868.56**	**226,836.01**
		TOTAL (1)+(2)+(3)		**5,814,975.94**	**5,703,911.07**
II		**ASSETS**			
	(1)	Non-current assets			
	(a)	Fixed Assets	11		
		(i) Tangible assets		199.01	265.22
		(ii) Intangible assets		163.22	31.68
		(iii) Capital Work in Progress		20,114.68	14,895.70
	(b)	Non-current investments	12	212,927.37	168,156.99
	(c)	Long term loans and advances	13	4,225,941.62	4,327,463.41
	(d)	Other non-current assets	14	67,650.68	97,744.74
		SUB-TOTAL (1)		**4,526,996.58**	**4,608,557.74**
	(2)	**Current assets**			
	(a)	Trade Receivables	15	156.56	45.81
	(b)	Cash and Bank Balances	16	1,006,468.66	796,139.88
	(c)	Short term loans and advances	17	28,222.25	21,088.76
	(d)	Other current assets	18	253,131.89	278,078.88
		SUB-TOTAL (2)		**1,287,979.36**	**1,095,353.33**
		Significant accounting policies and other notes to the financial statements	24		
		TOTAL (1)+(2)		**5,814,975.94**	**5,703,911.07**

Notes from 1 to 24 form integral part of Accounts.

In terms of our report of even date
For GSA & Associates
Chartered Accountants
(Firm Regn. No: 000257N)

-sd-
Sunil Aggarwal
Partner
Membership No: 083899
Place: New Delhi
Dated: 01.08.2018

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

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

-sd-
Pankaj Jain
(Managing Director)
DIN No.: 00675922

-sd-
Manjari Mishra
(AGM & Company Secretary)

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

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)
STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018
CIN No. U67190DL2006GOI144520

₹ in Lac

S.NO.	PARTICULARS	Note No.	Year ended 31st March 2018	Year ended 31st March 2017
I.	**Revenue from operations**	19	410,846.25	432,203.10
II.	**Other Income**	20	27,018.08	15,344.70
III.	**Total Revenue (I+II)**		**437,864.33**	**447,547.80**
IV.	**Expenses**			
	Finance Costs	21	250,951.53	248,962.33
	Employee Benefits Expense	22	3,502.48	3,479.25
	Provision for Loan Assets	24(B)(10)	68,510.24	68,260.33
	Marked to Market Losses on Derivatives	24(B)(15)(a)	(239.99)	(768.12)
	Depreciation and amortisation expense	11	184.25	139.99
	CSR Expenditure	24(B)(22)(a)	1,731.91	2078.81
	Other Expenses	23	137,296.78	69,114.31
	Total Expenses		**461,937.20**	**391,266.90**
V.	**PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)**		**(24,072.87)**	**56,280.90**
VI.	**Exceptional Items**		**106,854.47**	
VII.	**PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V+VI)**		**(130,927.34)**	**56,280.90**
VIII.	**Extraordinary Items**		**-**	**-**
IX.	**PROFIT BEFORE TAX (VII-VIII)**		**(130,927.34)**	**56,280.90**
X.	**Tax Expense:**			
(1)	Current Tax			
	- Current Year		(11,994.59)	(35,214.00)
	- Earlier Year		(21.95)	(4,135.79)
(2)	Deferred Tax			
	- Current Year	4	(2,497.48)	(2,580.02)
	- Earlier Year		-	-
XI	**Profit for the year from continuing operations (IX-X)**		**(145,441.36)**	**14,351.09**
XII	**Earnings per equity share (face value of ₹ 10/- each)**	24(B)(7)		
(1)	Basic		(3.66)	0.36
(2)	Diluted		(3.66)	0.36
	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 GSA & Associates
Chartered Accountants
(Firm Regn. No: 000257N)

-sd-
Sunil Aggarwal
Partner
Membership No: 083899
Place: New Delhi
Dated: 01.08.2018

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

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

-sd-
Pankaj Jain
(Managing Director)
DIN No.: 00675922

-sd-
Manjari Mishra
(AGM & Company Secretary)

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

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018
CIN No. U67190DL2006GOI144520

₹ in Lac

S.NO.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
(i)	Net Profit before Tax	(130,927.34)	56,280.90
	Adjustments for:		
(ii)	Depreciation and amortisation expense	184.39	155.57
(iii)	Provision/write offs	270,860.61	133,423.36
(iv)	Provisions/ Amounts written back	0.01	(216.87)
(v)	Foreign Exchange Fluctuation Loss / (Profit) on borrowings	8.11	(8,311.76)
(vi)	(Profit)/ Loss on sale of fixed assets	0.51	0.13
(vii)	Interest accrued and due on loans and advances	4,336.22	4,894.30
(viii)	Interest accrued but not due on borrowings	(875.94)	(1,239.81)
(ix)	Interest on income tax		940.33
(x)	Stamp Duty on issue of Share Capital	10.00	10.23
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**143,596.57**	**185,936.38**
(i)	Cash Flow From Lending Operations	51,105.81	(276,906.77)
(ii)	Sale of/ (Addition) to Investments	(44,821.05)	(103,072.10)
(iii)	(Increase)/decrease in Trade Receivables	(110.75)	118.54
(iv)	(Increase)/decrease in Current Assets, Loans and Advances	20,564.99	24,922.48
(v)	(Increase)/decrease in other bank balances	(208,883.20)	311,567.36
(vi)	Increase/(decrease) in other current liabilities	1,350.48	(2,159.12)
	CASH FLOW FROM OPERATIONS BEFORE TAX	**(37,197.15)**	**140,406.77**
(i)	Taxes paid (Net)	(36,826.56)	(34,929.49)
(ii)	Increase/(decrease) in non-current liablities	(2,968.59)	11,123.28
	NET CASH FROM OPERATIONS	**(76,992.30)**	**116,600.56**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
(i)	(Purchase of)/ Sale for Fixed Assets	(243.75)	(35.40)
(ii)	(Increase)/decrease in Capital Work in progress	(5,218.98)	(5,774.86)
	NET CASH FROM INVESTING ACTVITIES	**(5,462.73)**	**(5,810.26)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
(i)	Proceeds from Issue/ Allotment of Share Capital	10,000.00	-
(ii)	Proceeds from Long term Borrowings	(9,288.15)	(1,813.84)
(iii)	Proceeds/ (Repayment) from Short term Borrowings	84,673.24	(80,310.49)
(iv)	Proceeds from Current Maturities of Long term debt	7,808.24	(37,023.67)
(v)	Stamp Duty on issue of Share Capital	**(10.00)**	**(10.23)**
	NET CASH FROM FINANCING ACTIVITIES	**93,183.33**	**(119,158.23)**
D	**EFFECT OF FOREIGN EXCHANGE TRANSLATION DIFFERENCE**	**(9,282.71)**	**3,784.95**
	NET CHANGE IN CASH & CASH EQUIVALENT (A+B+C+D)	**1,445.59**	**(4,582.99)**
	Add: Opening Cash and Cash Equivalents	1,622.31	6,149.97
	Additions on Amalgamation	-	55.32
	Closing Cash and Cash Equivalents	3,067.89	1,622.31
	Closing Cash and Cash Equivalent Comprises of :-		
(i)	Cash in hand	0.13	0.40
(ii)	Current Accounts	1,980.76	721.91
(iii)	Fixed Deposit Accounts	1,087.00	900.00
	TOTAL	**3,067.89**	**1,622.31**

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 ₹ (2,08,883.20 lac) as on 31st March 2018 (`3,13,948.95 lac as on 31st March 2017) includes ₹ 8,300 lac (₹ 8,000 lac as on 31st March 2017) on which lien has been marked for interest payment of bonds.

In terms of our report of even date
For GSA & Associates
Chartered Accountants
(Firm Regn. No: 000257N)

-sd-
Sunil Aggarwal
Partner
Membership No: 083899
Place: New Delhi
Dated: 01.08.2018

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

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

-sd-
Pankaj Jain
(Managing Director)
DIN No.: 00675922

-sd-
Manjari Mishra
(AGM & Company Secretary)

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

NOTES TO THE FINANCIAL STATEMENTS
Note 1 : SHARE CAPITAL

₹ in Lac

PARTICULARS	As at 31st March 2018	As at 31st March 2017
Authorized Share Capital	**6,00,000.00**	**5,00,000.00**
6,000,000,000 equity shares of ₹ 10/- each(5,000,000,000 as at 31st March 2016)		
Issued, Subscribed & Fully Paid up		
4,002,316,230 (3,900,000,000 as at 31st March 2016) equity shares of ₹ 10/- each	4,10,231.62	4,00,231.62

Footnotes:

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

PARTICULARS	Year ended 31st March 2018		Year ended 31st March 2017	
	No. of Shares	₹ in Lac	No. of Shares	₹ in Lac
Shares outstanding at the beginning of the reporting period	3,90,00,00,000	3,90,000	3,90,00,00,000	3,90,000.00
Shares Issued during the reporting period	10,23,16,230	10,232	-	-
Shares outstanding at the end of the reporting period	4,00,23,16,230	4,00,232	3,90,00,00,000	3,90,000.00

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 Governemnt 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) (26))

d) During the year, the company has issued 1,000 lac equity shares of ₹ 10/- each aggregating ₹ 10,000 lac by way of Right Issue to Government of India.

e) #Financial institutions utilize share capital for strengthening owned funds to meet requirement of capital for maintaining capital adequacy, exposure norms and leverage ratio as per regulatory requirements. The amount of share capital in turn supports financing new and existing infrastructure projects. IIFCL has accordingly, utilized the entire amount of capital provided by the Government of India during 2017-18

 # The utilization of addition in Share Capital received during FY 2017-18 is disclosed 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 2017-18.

Note 2 : RESERVES & SURPLUS

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(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	235.50	235.50
	Add: For the year	-	-
	Closing Balance	**235.50**	**235.50**
(c)	**DEBENTURE/ BOND REDEMPTION RESERVE**		
	Opening Balance	63,691.16	45,507.68
	Add: Transfer from Surplus in Statement of Profit and Loss	18,126.40	18,183.48
	Closing Balance	**81,817.56**	**63,691.16**
(d)	**CASH FLOW HEDGE RESERVE**		
	Opening Balance	(5,860.36)	-
	Add: Transfer from Surplus in Statement of Profit and Loss	57,426.47	91,940.25
	Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss	54,205.63	97,800.61
	Closing Balance	**(2,639.52)**	**(5,860.36)**
(e)	**OTHER RESERVES**		
(i)	**SPECIAL RESERVE U/S 36(1)(viii) OF INCOME TAX ACT, 1961 (Footnote 1)**		
	Opening Balance	1,20,763.15	1,03,338.75
	Add: Transfer from Surplus in Statement of Profit and Loss (Net)	6,588.78	17,203.94
	Add:Transfer from IWRFC on merger	-	220.46
	Closing Balance	**1,27,351.93**	**1,20,763.15**
(ii)	**STAFF WELFARE RESERVE (Footnote 2)**		
	Opening Balance	41.13	74.83
	Add: Transfer from Surplus of Profit & Loss Account	4.20	3.50
	Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss	34.22	37.20
	Closing Balance	**11.11**	**41.13**
(iii)	**CORPORATE SOCIAL RESPONSIBILITY RESERVE (Footnote 3)**		
	Opening Balance	2,633.78	2,497.42
	Add: Transfer from IWRFC on merger	-	136.36
	Closing Balance	**2,633.78**	**2,633.78**

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(iv)	**FOREIGN CURRENCY TRANSLATION DIFFERENCE RESERVE**		
	Opening Balance	16,696.54	19,847.36
	Add/ Less: Adjustments during the year	508.65	(3,150.84)
	Closing Balance	**17,205.19**	**16,696.52**
(e)	**SURPLUS IN STATEMENT OF PROFIT AND LOSS**		
	Opening Balance	2,09,377.45	2,25,975.11
	Add: Profit for the current year	(1,45,441.36)	14,351.09
	Add: Transfer from IWRFC on merger	-	4,408.10
	Add: Transfer from Staff Welfare Reserve	31.57	32.71
	Add: Transfer from Corporate Social Responsibilty Reserve	-	-
	Add: Adjustment of carrying amount of fixed assets (applying trasitional provisions)	9.12	1.36
	Less: Transfer to Capital Reserve	-	-
	Less: Transfer to Staff Welfare Reserve	4.20	3.50
	Less: Transfer to Debenture Redemption Reserve	18,126.40	18,183.48
	Less: Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	6,588.78	17,203.94
	Closing Balance	**39,257.41**	**2,09,377.45**
	TOTAL	**2,66,458.10**	**4,08,163.47**

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.

\# The utilization of addition in Share Capital received during FY 2017-18 is disclosed 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 2017-18.

Note 3 : LONG TERM BORROWINGS

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**SECURED BONDS^**		
(i)	500 (500 as at 31st March 2017) 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 31st March 2017) 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 31st March 2017) 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)	12,87,311 (13,15,838 as at 31st March 2017) 8.80% Tax Free Bonds Tranche III Series 3B of face value ₹ 1000 each, redeemable on 27/03/2034	12,873.11	13,158.38
(v)	1,25,470 (96,943 as at 31st March 2017) 8.55% Tax Free Bonds Tranche III of face value ₹ 1,000 each, redeemable on 27/03/2034	1,254.70	969.43
(vi)	5,15,765 (4,01,389 as at 31st March 2017) 8.66% Tax Free Bonds Series IV of face value ₹ 1,000 each, redeemable on 22/01/2034	5,157.65	4,013.89
(vii)	75,43,989 (75,43,989 as at 31st March 2017) 8.66% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2034	75,439.89	75,439.89
(viii)	54,43,232 (55,57,608 as at 31st March 2017) 8.91% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2034	54,432.32	55,576.08
(ix)	1,59,113 (12,80,46 as at 31st March 2017) 8.50% Tax Free Bonds Series III of face value ₹ 1,000 each, redeemable on 12/11/2033	1,591.13	1,280.46
(x)	18,68,982 (18,68,982 as at 31st March 2017) 8.50% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2033	18,689.82	18,689.82
(xi)	24,20,508 (24,51,575 as at 31st March 2017) 8.75% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2033	24,205.08	24,515.75
(xii)	265 (265 as at 31st March 2017) 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 31st March 2017)8.19% Tax Free Bonds Series V of face value ₹ 10 lac each, redeemable on 23/08/2033	200.00	200.00
(xiv)	42,472 (35,812 as at 31st March 2017) 7.08% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2033	424.72	358.12
(xv)	1,90,693 (1,97,353 as at 31st March 2017) 7.58% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2033	1,906.93	1,973.53
(xvi)	1,01,62,809 (1,01,12,152 as at 31st March 2017) 7.40% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2033	101,628.09	101,121.52
(xvii)	14,01,415 (14,52,072 as at 31st March 2017) 7.90% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2033	14,014.15	14,520.72
(xviii)	210 (210 as at 31st March 2017) 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 31st March 2017) 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)	1,22,807 (93,915 as at 31st March 2017) 8.55% Tax Free Bonds Tranche III of face value ₹ 1,000 each, redeemable on 27/03/2029	1,228.07	939.15
(xxi)	1,59,58,486 (1,59,58,486 as at 31st March 2017) 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)	27,11,062 (27,39,954 as at 31st March 2017) 8.80% Tax Free Bonds Tranche III Series 2B of face value ₹ 1000 each, redeemable on 27/03/2029	27,110.62	27,399.54
(xxiii)	67,908 (52,550 as at 31st March 2017) 8.48% Tax Free Bonds Series IV of face value ₹ 1,000 each, redeemable on 22/01/2029	679.08	525.50
(xxiv)	27,98,922 (27,98,922 as at 31st March 2017) 8.48% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2029	27,989.22	27,989.22
(xxv)	14,10,950 (14,26,308 as at 31st March 2017) 8.73% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2029	14,109.50	14,263.08
(xxvi)	89,009 (58,112 as at 31st March 2017) 8.38% Tax Free Bonds Series III of face value ₹ 1,000 each, redeemable on 12/11/2028	890.09	581.12
(xxvii)	30,35,330 (30,35,330 as at 31st March 2017) 8.38% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2028	30,353.30	30,353.30
(xxviii)	15,71,311 (16,02,208 as at 31st March 2017) 8.63% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2028	15,713.11	16,022.08
(xxix)	11,297 (11,297 as at 31st March 2017) 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 31st March 2017) 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 31st March 2017) 8.26% Tax Free Bonds Series V of face value ₹ 10 lac each, redeemable on 23/08/2028	63,030.00	63,030.00
(xxx-ii)	3,61,554 (3,56,419 as at 31st March 2017) 7.02% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2028	3,615.54	3,564.19
(xxx-iii)	1,04,064 (1,09,199 as at 31st March 2017) 7.52% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2028	1,040.64	1,091.99
(xxx-iv)	67,41,162 (67,22,052 as at 31st March 2017) 7.36% Tax Feee Bonds of face value ₹ 1,000 each, redeemable on 22/01/2028	67,411.62	67,220.52
(xxxv)	8,68,391 (8,87,501 as at 31st March 2017) 7.86% Tax Free Bonds of face value ₹ 1,000 each, redeemable at 22/01/2028	8,683.91	8,875.01
(xxx-vi)	500 (500 as at 31st March 2017) 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
(xxx-vii)	1,000 (1,000 as at 31st March 2017) 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
(xxx-viii)	38,58,714 (38,58,714 as at 31st March 2017) 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
	12,80,511 (12,95,786 as at 31st March 2017) 8.41% Tax Free Bonds Tranche III Series 1B of face value ₹ 1000 each, redeemable on 27/03/2024	12,805.11	12,957.86
(xL)	41,188 (25,913 as at 31st March 2017) 8.16% Tax Free Bonds Tranche III of face value ₹ 1,000 each, redeemable on 27/03/2024	411.88	259.13
(xLi)	1,91,778 (1,44,938 as at 31st March 2017) 8.41% Tax Free Bonds Series IV of face value ₹ 1,000 each, redeemable on 22/01/2024	1,917.78	1,449.38
(xLii)	79,57,885 (79,57,885 as at 31st March 2017) 8.41% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2024	79,578.85	79,578.85
(xLiii)	40,69,571 (41,16,411 as at 31st March 2017) 8.66% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2024	40,695.71	41,164.11
(xLiv)	17,26,340 (17,26,340 as at 31st March 2017) 8.01% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2023	17,263.40	17,263.40
(xLv)	12,31,739 (12,39,118 as at 31st March 2017) 8.26% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2023	12,317.39	12,391.18
(xLvi)	27,719 (20,340 as at 31st March 2017) 8.01% Tax Free Bonds Series III of face value ₹ 1,000 each, redeemable on 12/11/2023	277.19	203.40
	50 (50 as at 31st March 2017) 8.11% Tax Free Bonds Series VII of face value ₹ 10 lac each, redeemable on 05/09/2023	500.00	500.00
(xLvi-ii)	100 (100 as at 31st March 2017) 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)	19,27,319 (19,23,359 as at 31st March 2017) 6.86% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2023	19,273.19	19,233.59
(L)	98,318 (1,02,278 as at 31st March 2017) 7.36% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2023	983.18	1,022.78
(Li)	85,46,348 (85,13,922 as at 31st March 2017) 7.19% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2023	85,463.48	85,139.22
(Lii)	11,18,644 (11,51,070 as at 31st March 2017) 7.69% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2023	11,186.44	11,510.70
(Liii)	2,140 (2,140 as at 31st March 2017) 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 31st March 2017) 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)	79,402 (1,30,407 as at 31st March 2017) 8.30% Bonds of face value ₹ 1000 each, redeemable on 28/3/2026 with earliest buyback on 29/3/2018	794.02	1,304.07
(Lvi)	5,38,811 (5,40,816 as at 31st March 2017) 8.15% Bonds of face value ₹ 1000 each, redeemable on 28/3/2021 with earliest buyback on 29/3/2016	5,388.11	5,388.11
	SUB-TOTAL (A)	**1,494,388.27**	**1,494,898.32**
(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 #	597,755.28	595,866.73
(x)	231 Interest linked to US$ 6 months LIBOR Bonds of face value $ 1 million each, subscribed by RBI, redeemable on 06/03/2024 #	150,251.87	149,777.17
(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 #	104,070.56	103,741.76
(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 #	76,101.60	75,861.16
(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 #	80,004.24	79,751.48
(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 #	110,574.97	110,225.62
(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 #	84,557.33	84,290.18
(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 #	162,610.25	162,096.50
	SUB-TOTAL (B)	**1,725,926.10**	**1,721,610.60**
(C)	**UNSECURED TERM LOANS FROM OTHER PARTIES**		
(i)	Asian Development Bank (ADB)*	896,804.59	931,701.47
(iii)	IBRD (World Bank)*	114,456.60	120,265.23
(iii)	European Investment Bank (EIB)*	161,244.15	138,494.95
(iv)	Kreditanstalt für Wiederaufbau (KFW)*	20,720.91	22,004.09
(v)	Japan International Cooperation Agency*	6,154.00	22,004.09
	SUB-TOTAL (C)	**1,199,380.25**	**1,212,465.74**
	TOTAL (A)+(B)+(C)	**4,419,694.62**	**4,428,974.66**

# Unsecured Bonds are Guaranteed by Government of India	1,725,926.10	1,721,610.60
* All Unsecured Term loans from other parties are Guaranteed by Government of India out of which [₹ 37,851.05 Lac, ₹ 4,897.80 Lac and ₹ 6,189.60 Lac amount as on 31st March 2018 (₹ 30,754.07 Lac, ₹ 4,206.10 Lac and ₹ 6,170.04 Lac as on 31st March 2017) 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 Liabilties" in Note 8].	1,242,164.70	1,253,595.95

^ 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.

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.

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
I	165.89	0.75%	30.06.2020	30.06.2050	Semi-Annual	- Euro 271,000 from 30.06.2020 to 30.12.2021 - Euro272,000 from 30.06.2022 to 30.12.2049 and Euro 272581.03 on 30.06.2050
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
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
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
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
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**					

v) Japan International Cooperation Agency

Tranche	Loan Amount as per Agreement (Japanese Yen in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
Portion-I	10,000.00	6M JPY LIBOR with a floor of 0.10% and cap of 6.208%	20.03.2022	20.03.2036	Semi-Annual	First instalment of 3.448328% of loan amount and subsequent instalments of 3.448274% of loan amount.

Note 4 : DEFERRED TAX LIABILITIES (NET)

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(I)	Deferred tax Liability on account of:		
(i)	Special Infrastructure Reserve created under section 36(1) (viii) of Income Tax Act, 1961	44,072.66	41,792.42
(ii)	Depreciation	0.23	1.06
(iii)	Provision for Leave Fare Concession	22.28	22.03
(iv)	Deduction claimed for standard loan assets	1,511.95	1,511.95
	Deferred Tax Liability	**45,607.12**	**43,327.46**
(II)	**Deferred tax Assets on account of:**		
(i)	Interest credited to Sundry Liabilities Account (Interest Capitalisation) offered for tax	12,658.74	12,890.91
(ii)	Depreciation	(6.41)	12.52
(iii)	Provision for Leave Encashment	9.43	3.81
(iv)	Provision for Gratuity	1.37	2.89
(v)	Provision for Leave Fare Concession	3.86	3.69
(vi)	Provision for Sick Leave	29.46	25.42
(vii)	Expenses on which TDS not deducted	4.95	4.98
(viii)	Provision for Performance Linked Incentive to Wholetime Directors	-	(15.39)
(ix)	Provision for Medical Assistance Scheme	251.86	171.42
(x)	Deferred Tax Assets of IAMCL	13.30	37.91
(xi)	Provision for contingencies*	777.97	824.23
	Deferred Tax Assets	**13,744.53**	**13,962.39**
	Deferred Tax Liability (Net)	**31,862.59**	**29,365.07**

* Created in respect of marked to market losses on derivatives

Note 5 : OTHER LONG TERM LIABILITIES

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(a)	**Trade payables**	7,335.56	9,826.14
(b)	**Others:**		
(i)	Security deposit received	8.75	8.75
(ii)	Sundry Liabilities Account (Interest Capitalisation)	40,967.37	41,638.24
	TOTAL	**48,311.68**	**51,473.13**

Note 6 : LONG TERM PROVISIONS

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**Provision for Employee Benefits [See note 24 (B) (9)]**		
(i)	Leave Encashment	17.90	45.41
(ii)	Sick Leave	124.65	115.47
(iii)	Post-retirement medical benefit	717.92	493.82
(iv)	Leave Fare Concession	54.07	54.25
(v)	Gratuity	19.10	13.71
(vi)	Performance Linked Incentive to Wholetime Directors	-	18.12
	SUB-TOTAL (A)	**933.64**	**740.78**
(B)	**Others [See note 24 (B) (9)]**		
(i)	Marked to market losses on derivatives	2,141.62	2,381.61
(ii)	Contingent Provisions against Standard Assets	18,353.14	13,525.00
(iii)	Provisions against Sub-standard Assets	157,951.20	23,236.26
(iv)	Provisions against Doubtful Assets	131,736.31	76,879.71
(v)	Provisions against Restructured Assets	5,432.86	27,533.49
(vi)	Provisions against Strategic Debt Restructured Assets	-	14,570.26
	SUB-TOTAL (B)	**315,615.13**	**158,126.33**
	TOTAL (A)+(B)	**316,548.77**	**158,867.11**

Note 7 : SHORT TERM BORROWINGS

₹ in Lac

PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
Loans repayable on demand from banks* (Secured by pledge of fixed deposit receipts of ₹ 3,49,512 Lac (₹ 3,94,574 Lac as at 31st March 2017))	174,390.86	89,717.62
TOTAL	**174,390.86**	**89,717.62**
* Net of debit balance	0.15	0.14

Note 8 : TRADE PAYABLES

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(i)	Witholding Tax payable to borrowers	-	6,788.49
(ii)	Miscellaneous Liabilities	-	-
	TOTAL	**0.00**	**6788.49**

Note 9 : OTHER CURRENT LIABILITIES

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**Current maturities of long term debt (See footnotesof Note 3):**		
(i)	IBRD (World Bank)	6,189.60	6,170.04
(ii)	Asian Development Bank (ADB)	37,851.05	30,754.07
(iii)	Kreditanstalt für Wiederaufbau (KFW)	4,897.80	4,206.10
	SUB-TOTAL (A)	**48,938.45**	**41,130.21**
(B)	**Interest accrued but not due on borrowings**		
	On bonds and term loans	74,780.77	75,656.71
	SUB-TOTAL (B)	**74,780.77**	**75,656.71**
(C)	**Income received in advance**		
(i)	Amount pending appropriation*	10,631.41	2,732.70
(ii)	Grants received from World Bank	(0.02)	(0.02)
	SUB-TOTAL (C)	**10,631.39**	**2,732.68**
(D)	**Other payables**		
(i)	Duties & Taxes payable	234.96	90.05
(ii)	PF deducted on behalf of employees/ whole time directors	6.49	6.70
(iii)	Unclaimed Interest on Bonds	1.38	1.38
(iv)	Commitment Charges payable	-	(0.33)
(v)	Payable to Employees/ Wholetime Directors	5.54	5.16
(vi)	Contribution towards gratuity fund payable to LIC	-	23.68
(vii)	Others	495.38	664.03
	SUB-TOTAL (D)	**743.75**	**790.67**
	TOTAL (A)+(B)+(C)+(D)	**135,094.36**	**120,310.27**

* Amount pending appropriation is adjustible 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 31st March 2018	Year ended 31st March 2017
(A)	**Provision for Employee Benefits [See note 24 (B) (9)]**		
(i)	Leave Encashment	1.09	0.87
(ii)	Sick Leave	4.18	3.76
(iii)	Leave Fare Concession	19.78	26.68
(iv)	Post-retirement medical benefit	21.84	10.89
(v)	Wage Revision [See note 24(B)(17)]	1,104.21	821.71
	SUB-TOTAL (A)	1,151.10	863.91
(B)	**Others [See note 24 (B) (9)]**		
(i)	Income Tax (Net)	1,933.95	7,701.93
(ii)	Contingent Provisions against Standard Assets	451.84	370.39
(iii)	Provisions against Sub-standard Assets	3,851.15	285.26
(iv)	Provisions against Doubtful Assets	2,859.32	19.00
(v)	Provisions against Restructured Assets	2,135.98	644.33
(vi)	Provisions against Strategic Debt Restructured Assets	-	134.81
	SUB-TOTAL (B)	**11,232.24**	**9,155.72**
	TOTAL (A)+(B)	**12,383.34**	**10,019.63**

Note 11 : FIXED ASSETS

₹ in Lac

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2017	Addition	Disposals/ Adjustments	As at 31.03.2018	As at 01.04.2017	For the Period	Deductions/ Reversals	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
TANGIBLE ASSETS										
FURNITURE & FITTINGS	179.32	1.82	1.42	179.72	**88.52**	38.19	0.71	126.00	53.72	90.80
VEHICLES	106.19	33.33	31.92	107.60	**61.38**	16.06	23.02	54.42	53.18	44.81
OFFICE EQUIPMENTS	34.97	1.52	1.60	34.89	**25.48**	5.08	1.04	29.52	5.37	9.49
PLANT & MACHINERY	33.44	0.96	0.37	34.03	**27.08**	1.67	0.19	28.56	5.47	6.36
COMPUTER HARDWARE	270.31	1.99	1.21	271.09	**214.59**	28.76	1.13	242.22	28.87	55.72
LEASEHOLD DEVELOPMENTS	79.63	-	(0.25)	79.88	**21.59**	5.77	(0.12)	27.48	52.40	58.04
TOTAL	**703.86**	**39.62**	**36.27**	**707.21**	**438.64**	**95.53**	**25.97**	**508.20**	**199.01**	**265.22**
Previous Year	804.87	52.03	153.04	703.86	428.56	129.34	119.26	438.64	265.22	376.31
INTANGIBLE ASSETS*										
COMPUTER SOFTWARE*	117.10	220.40	-	337.50	85.42	88.86	-	174.28	163.22	31.68
TOTAL	117.10	220.40	-	337.50	85.42	88.86	-	174.28	163.22	31.68
Previous Year	102.76	14.34	-	117.10	59.19	26.23	-	85.42	31.68	43.47
CAPITAL WORK IN PROGRESS	14,895.70	5,460.39	241.41	20,114.68	-	-	-	-	20,114.68	14,895.70
TOTAL	**14,895.70**	**5,460.39**	**241.41**	**20,114.68**	**-**	**-**	**-**	**-**	**20,114.68**	**14,895.70**
Previous Year	9,120.84	5,774.86	-	14,895.70	-	-	-	-	14,895.70	9,120.84

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

Note 12 : NON-CURRENT INVESTMENTS

₹ in Lac

S.NO.	PARTICULARS	Year ended 31st March 2018			Year ended 31st March 2017		
(A)	**TRADE INVESTMENTS**	Number of Shares	Face Value		Number of Shares	Face Value	
(a)	**Investment in Equity Instruments - Unquoted (Fully Paid) (See footnotes b and c)**						
(i)	Delhi Mumbai Industrial Corridor Development Corporation Ltd.	4,100,000	₹ 10	411.03	4,100,000	₹ 10	411.03
(ii)	Adhunik Power & Natural Resources Limited (Held by Security Trustee on behalf of IIFCL)	47,649,969	₹ 10	4,765.00			
	Less: Provision for Diminution in Investments			(4,191.05)			
				984.98			**411.03**
(b)	**Investment in Venture Capital Units (Unquoted) (Fully Paid) (See footnotes b and c)**	Number of Units	Face Value		Number of Units	Face Value	
	IDFC Project Equity Domestic Investors Trust II (Fully Paid)	1,948,467	₹ 100	1,674.87	5,212,020	₹ 100	5,212.02
				1,674.87			**5,212.02**
(c)	Investment in Bonds (Quoted) (Fully Paid)(See footnote a and c)	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	500.04	50	₹ 10 lac	500.13
(iii)	11.00% PFC 2018	50	₹ 10 lac	461.89	50	₹ 10 lac	470.00
(iv)	11.25% PFC 2018	100	₹ 10 lac	922.70	100	₹ 10 lac	940.96
(v)	6.90% PFC 2018	10,600	₹ 10 lac	106,000.00	10,600	₹ 10 lac	106,000.00
				109,868.66			**109,895.12**
	SUB-TOTAL (A)			**112,528.51**			**115,518.17**
		Number of	Face		Number of	Face	
(B)	**OTHER INVESTMENTS**	Units	Value		Units	Value	
(a)	**Investment in Government Securities (Unquoted) (See footnote b and c)**						
(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	501.83	500,000	₹ 100	503.82
(v)	7.85% SL (Andhra Pradesh) 2019	1,000,000	₹ 100	1,000.42	1,000,000	₹ 100	1,000.74
(vi)	8.27% SL (Kerala) 2019	1,000,000	₹ 100	1,001.22	1,000,000	₹ 100	1,002.45
(vii)	8.43% SL (West Bengal) 2019	1,500,000	₹ 100	1,511.55	1,500,000	₹ 100	1,523.77
(viii)	8.48% SL (Tamil Nadu) 2019	2,500,000	₹ 100	2,507.98	2,500,000	₹ 100	2,516.41
				17,289.60			**17,313.79**
(b)	**Investment in Bonds (Quoted) (Fully Paid) (See footnote a and c)**	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)	**Investment in Mutual Funds (Unquoted) (Fully Paid) (See footnote b and c)**	Number of Units	Face Value		Number of Units	Face Value	
(i)	IIFCL Mutual Fund IDF Series I	1300	₹ 10 lac	13,000.00	1300	₹ 10 lac	13,000.00
(ii)	IIFCL Mutual Fund IDF Series II	1000	₹ 10 lac	10,000.00			
	(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)*						
				23,000.00			**13,000.00**

(d)	**Investment in Security Receipts (Unquoted) (Fully Paid) (See footnote d)***	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	₹ 943.46	400.97	42500	₹ 1000	425.00
(ii)	Edelweiss Asset Reconstruction Company Ltd. (EARC Trust-SC 207-Series I)	923780	₹ 847.51	7,829.15	923780	₹ 1000	8,564.91
(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
(v)	Edelweiss Asset Reconstruction Company Ltd. (EARC Trust-SC 276-Series I)	3888495	₹ 975.03	37,913.93	246500	₹ 1000	2,465.00
				58,513.25			21,359.11
(d)	**Investment in Debentures (Unquoted) (Fully Paid) (See footnote b and c)***	Number of Debentures	Face Value		Number of Debentures	Face Value	
	Debentures in Bansal Pathways (Mangawan-Chakghat) Pvt Ltd	6078000	₹ 100	6,078.00	-	-	-
	Less: Provision for Diminution in Investments			(5,447.91)	-	-	-
				630.09			**-**
	SUB-TOTAL (B)			**100,398.86**			**52,638.82**
	TOTAL (A)+(B)			**212,927.37**			**168,156.99**

Footnotes:

(a)	**Aggregate amount of quoted investments:**		
(i)	Cost/ Book Value	110,834.58	4,887.51
(ii)	Market Value	110,844.85	5,211.39
(b)	**Aggregate amount of unquoted investments - Cost/ Book Value**	127,463.58	60,248.05
(c)	Refer Note 24(A)(5) for valuation of individual investments.		
(d)	*NAV per unit of the following investmets is under:		
(i)	IIFCL Mutual Fund IDF Series I	1,458,323.45	1,248,010.25
(ii)	IIFCL Mutual Fund IDF Series II	1,063,891.62	-
(ii)	EARC Trust-SC 135-Series I	943.46	1,000.00
(iii)	EARC Trust-SC 207-Series I	1,271.27	NA.
(v)	EARC Trust-SC 276-Series I	1,000.00	NA.
(vi)	Arcil-AST-VIII-Trust	1,000.00	1,000.00
(vii)	Phoenix Trust FY 16-20	1,000.00	NA.
	The fluctuation in NAV is considered as temporary.		
(e)	**Aggregate Provision for Diminution in Investments**	9,638.96	-

Note 13: LONG TERM LOANS AND ADVANCES

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**SECURITY DEPOSIT**		
	(Unsecured, Considered good)	701.04	701.24
	SUB-TOTAL (A)	**701.04**	**701.24**
(B)	**LOANS AND ADVANCES TO RELATED PARTIES**		
	Secured, Considered good		
	Loan to employees*	6.13	8.23
	SUB-TOTAL (B)	**6.13**	**8.23**
(C)	**OTHER LOANS AND ADVANCES**		
(I)	**Secured, Considered good**		
	Infrastructure Loans: Standard Assets		
(i)	Direct Lending	2,744,790.24	3,291,610.69
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	1,452.00	4,634.47
(iii)	Takeout financing Scheme	7,46,748.72	773,621.48
(II)	**Secured, Others**		
	Infrastructure Loans:Sub-standard Assets		
(i)	Direct Lending	340,842.20	43,024.63
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	3,082.07	2,020.11
(iii)	Takeout financing Scheme	3,840.08	90,000.00
	Loan to employees	364.57	267.34
(III)	**Unsecured, Considered good**		
(i)	Infrastructure Loans: Standard Assets		
	Refinancing Scheme	97,500.00	
	Advance recoverable from employees	17.75	18.14
(IV)	**Doubtful**		
	Infrastructure Loans (Doubtful Assets)		
(i)	Direct Lending	193,992.38	121,038.44
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	2,604.44	518.64
(iii)	Takeout financing Scheme	90,000.00	-
	SUB-TOTAL (C)	**4,225,234.65**	**4,326,753.94**
	TOTAL (A) + (B) + (C)	**4,225,941.62**	**4,327,463.41**

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	2,210,475.55	3,303,335.82
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.	2,069,524.45	1,220,955.21
Financial Institutions under Refinancing Scheme	Unsecured	97,500.00	-
	TOTAL#	**4,377,500.00**	**4,524,291.03**

\# The Infrastructure loan amount in Footnote giving particulars of security above includes ₹ 1,72,043.09 lac as on 31st March 2018 (₹ 1,97,822.57 lac as on on 31st March 2017) being amount of loans due within a year and principal overdue amount which are shown in Note 18. Further, aggregate provisions of ₹ 3,22,771.98 Lac has been made against these advances till 31st March 2018 (₹ 1,57,198.51 Lac till 31st March 2017) 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 ₹ 8.23 lac as on 31st March 2018 (₹ 10.33 lac as on 31st March 2017).

Note 14: OTHER NON CURRENT ASSETS

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(i)	Derivative Asset	67,650.68	97,744.74
	TOTAL	**67,650.68**	**97,744.74**

Note 15: TRADE RECEIVABLES

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
	Unsecured, considered good:		
	Dues not exceeding six months		
(i)	Management Fees and recoverable expenses (IIFCL Mutual Fund)	15.30	0.29
(ii)	Guarantee Fees Receivable	-	17.25
(iii)	Consultancy and Service Fees recoverable	141.26	23.58
	Dues exceeding six months		
(iv)	Consultancy and Service Fees recoverable	-	4.69
	TOTAL	**156.56**	**45.81**

Note 16: CASH AND BANK BALANCES

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**CASH AND CASH EQUIVALENTS**		
(i)	Balances with banks*	1,980.76	721.91
(ii)	Cash on hand	0.13	0.40
(iii)	Fixed Deposits with banks (Unencumbered)	1,087.00	900.00
	SUB-TOTAL (A)	**3,067.89**	**1,622.31**
(B)	**OTHER BANK BALANCES**		
(i)	Earmarked balances with banks for unclaimed interest on bonds	1.38	1.38
(ii)	Fixed Deposits with banks (Unencumbered)	245,251.00	105,816.08
	(original maturity more than three and upto twelve months)		
	Fixed Deposits with banks (Unencumbered, held by Subsidiary Company in UK)	398,430.20	372,292.01
	(original maturity more than three and upto twelve months)		
	Fixed Deposits with banks (Unencumbered)	1,881.19	1,606.18
	(original maturity more than twelve months)		
(iii)	Fixed Deposits with banks (Encumbered):	25.00	110.00
	(original maturity more than three and upto twelve months)		
(a)	Held as security against Interest Payment of Bonds	8,300.00	69,658.92
(b)	Pledged to avail overdraft facility from banks	349,512.00	245,033.00
	SUB-TOTAL (B)	**1,003,400.77**	**794,517.57**
	TOTAL (A)+(B)	**1,006,468.66**	**796,139.88**

* Net of credit balance		0.07	2.05

Note 17: SHORT TERM LOANS & ADVANCES

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**Loans and advances to related parties (Unsecured, considered good)**		
(i)	Expenses Incurred on behalf of subsidiary companies	18.86	0.35
(ii)	Loan to employees*	2.10	2.10
	SUB-TOTAL (B)	**20.96**	**2.45**
(B)	**Others**		
(I)	**Secured, considered good**		
	Loan to employees	73.22	57.23
(II)	**Unsecured, considered good**		
(i)	Security deposit	35.42	44.17
(ii)	Advances recoverable from employees	30.09	33.29
(iii)	Advance Tax paid (Net)	19,138.33	96.29
(iv)	Income Tax Recoverable	7,420.24	6,630.00
(v)	Service Tax Recoverable (CENVAT)	0.02	6.12
(vi)	Goods and Service Tax Recoverable	19.10	-
(vii)	Prepaid Expenses	40.80	5,853.36
(viii)	Other advances	1,444.07	8,365.85
	SUB-TOTAL (C)	**28,201.29**	**21,086.31**
	TOTAL (A)+(B)+(C)	**28,222.25**	**21,088.76**

* 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 ₹ 8.23 lac as on 31st March 2018 (₹ 10.33 lac as on 31st March 2017).

Note 18: OTHER CURRENT ASSETS

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**Infrastructure Loans (See Footnote in Note 13)**		
(I)	**Secured, Considered good**		
	Standard Assets:		
(i)	Direct lending	91,264.26	116,988.95
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	1,620.41	2,180.43
(iii)	Takeout financing Scheme	59,763.21	40,725.09
(II)	**Secured, Others**		
	Sub-standard Assets:		
(i)	Direct lending	-	30,362.42
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	-	12.57
(iii)	Takeout financing Scheme	-	-
(III)	**Doubtful**		
	Doubtful Assets:		
(i)	Direct lending	-	7,499.99
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	-	53.12
	SUB-TOTAL (A)	**152,647.88**	**197,822.57**
(B)	**Interest accrued and due on loans and advances**	26,469.87	30,806.09
	SUB-TOTAL (B)	**26,469.87**	**30,806.09**
(C)	**Interest accrued but not due on:**		
(i)	Fixed Deposits with Banks	16,568.03	7,968.39
(ii)	Bonds	5,313.91	644.97
(iii)	Government Securities	204.88	204.88
(iv)	Loans & Advances	9,201.30	40,522.81
	SUB-TOTAL (C)	**31,288.12**	**49,341.05**
(D)	**Others**	42,726.02	109.17
	SUB-TOTAL (D)	**42,726.02**	**109.17**
	TOTAL (A)+(B)+(C)+(D)	**253,131.89**	**278,078.88**

* The Short Term Infrastructure loans under financing activity is updated 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 2017-18.

Note 19: REVENUE FROM OPERATIONS

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**Interest**		
(i)	Interest on Loans and Advances under Direct Lending	256,998.47	268,168.43
(ii)	Interest on Loans under PMDO Scheme	886.29	907.65
(iii)	Interest on Loans and Advances under Refinancing Scheme	23.21	-
(iv)	Interest on Loans and Advances under Takeout Financing Scheme	87,952.76	95,936.04
(v)	Penal Interest	2,522.65	431.36
(vi)	Interest on Government Securities	1,273.70	1,273.70
(vii)	Interest on Bonds	7,780.76	985.81
(viiI)	Interest on Deposits with Banks	44,512.55	55,137.61
	SUB-TOTAL (A)	**401,950.39**	**422,840.60**
(B)	**Other Financial Services**		
(i)	Upfront Fee	1,750.78	2,279.96
(ii)	Processing fee	61.00	220.00
(iii)	Pre-Payment Charges	4,388.78	3,032.13
(iv)	Commission Received	298.36	639.91
(v)	Commitment Charges	96.05	255.63
(vi)	Fees from Credit Enhancement	601.80	172.30
(vii)	Consultancy and Service Fees	189.23	162.69
(viii)	Investment Management Fees	731.10	441.98
(ix)	Other Charges	778.76	2,157.90
	SUB-TOTAL (B)	**8,895.86**	**9,362.50**
	TOTAL (A) + (B)	**410,846.25**	**432,203.10**

Note 20: OTHER INCOME

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**Interest Income**		
(i)	Interest on Deposits with Banks	192.14	171.15
(ii)	Recovery of loan written off	13,235.93	-
	SUB-TOTAL (A)	**13,428.07**	**171.15**
(B)	**Other Non-Operating Income**		
(i)	Gain on Swap Deals	12,757.49	6,621.23
(ii)	Net foreign exchange gain	(8.11)	8,311.76
(iii)	Amounts/ Provisions other than provision on loan assets written back	(0.01)	216.87
(iv)	Interest on Income Tax Refund	799.99	-
(v)	Miscellaneous Income	40.65	23.69
	SUB-TOTAL (B)	**13,590.01**	**15,173.55**
	TOTAL (A) + (B)	**27,018.08**	**15,344.70**

Note 21: FINANCE COSTS

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(A)	**Interest Expense:**		
(i)	Interest on Bonds & Debentures	152,796.95	155,450.40
(ii)	Interest on Bank Borrowings	29,593.92	26,475.45
(iii)	Interest on loan from ADB	4,107.70	19,916.63
(iv)	Interest due to net settlement of swap transactions on ADB Loan	43,371.07	25,301.27
(v)	Interest on loan from IBRD (World Bank)	428.83	3,409.78
(vi)	Interest due to net settlement of swap transactions on IBRD (World Bank) Loan	8,383.60	5,720.60
(vii)	Interest on loan from KFW	380.09	1,062.10
(viii)	Interest due to net settlement of swap transactions on KFW Loan	758.00	330.64
(ix)	Interest on loan from EIB	174.82	152.81
(xii)	Interest on Income Tax	3.84	940.33
	SUB-TOTAL (A)	**239,998.82**	**238,760.01**
(B)	**Other Borrowing Costs:**		
(i)	Guarantee Fees to Govt. of India	10,170.55	9,927.55
(ii)	Commitment charges	-	91.97
(iii)	Bond Servicing Expenses	169.52	182.80
(iv)	Upfront Fees on Borrowings	612.64	-
	SUB-TOTAL (B)	**10,952.71**	**10,202.32**
	TOTAL (A) + (B) + (C)	**250,951.53**	**248,962.33**

Note 22: EMPLOYEE BENEFITS EXPENSE

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(i)	Salaries and Wages	2,391.56	2,421.72
(ii)	Contribution to provident and other funds	155.66	181.15
(iii)	Staff Welfare Expenses	955.26	876.38
	TOTAL	**3,502.48**	**3,479.25**

Note 23: OTHER EXPENSES

₹ in Lac

S.No.	PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
(i)	Power and Fuel	26.33	31.94
(ii)	Lease Rent	1,615.75	1,613.15
(iii)	Insurance	9.62	4.84
(iv)	Professional Fees	218.56	176.72
(v)	Rates and Taxes	11.27	13.12
(vi)	Amortization of Premium Paid on non-current securities	50.67	50.67
(vii)	Net loss on foreign currency transactions and translations	38,277.42	-
(viii)	Loan Amount Written Off [See note 23(B)(21)]	95,685.22	65,880.48
(ix)	Establishment and Other Expenses (including auditors' remuneration) [See note 24(B)(19)]	1,401.94	1,343.39
	TOTAL	**137,296.78**	**69,114.31**

Note 24: SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018

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 2018 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 2017 except as mentioned in 23A(3.3)(ix)(d).

1.5 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) and Outside Strategic Debt Restructuring cases is reversed from reference date of Strategic Debt Restructuring and and Outside Strategic Debt Restructuring cases 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 Directions 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 IV 'Norms on Restructuring of Advances by NBFC' prescribed by RBI's Master Directions 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 12 months.

(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 exceeding 12 months.

(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 0.40.

(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) Project loans restructured 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 Loan Assets and Outside Strategic Debt Restructuring Loan Assets

The provisions of Structured Debt Restructuring (SDR) and Outside Strategic Debt Restructuring cases are made 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 any four quarters from the end of the quarter of reference date. 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.

The extant instruction on Structured Debt Restructuring Loan Assets and Outside Strategic Debt Restructuring Loan Assets stand withdrawn vide Reserve Bank of India's circular dated 12th February 2018 and no loan account has been classified as Structured Debt Restructuring (SDR) and Outside Strategic Debt Restructuring as on 31st March 2018.

(vii) Scheme for Sustainable Structuring of Stressed Assets

a) In case of change in promoter:

In case a change of promoter takes place, i.e. a new promoter comes in, the asset classification and provisioning requirement will be as per the 'SDR' scheme or 'outside SDR' scheme as applicable.

b) In case of no change in promoter:

In cases where there is no change in promoter, in respect of an account that is 'Standard' as on the reference date, the entire outstanding (both Part A i.e. the level of debt that can be serviced within the respective residual maturities of existing debt from all sources, based on the cash flows available from the current as well as immediately prospective level of operations and part B i.e. difference of aggregate outstanding debt and Part A) is remained as Standard. The provisions are made upfront atleast the higher of 40 percent of amount held in Part B or 20 percent of the aggregate outstanding (sum of Part A and part B). The provisions already held in the account are reckoned.

The above provision is made upfront on aggregate amount of loan outstanding on determination of Part A and Part B. Pending determination of Part A and Part B, upfront provision of 10 percent of the aggregate outstanding Loan amount is made. Any additional provision would be made after determination of Part A and Part B.

The extant instruction on Scheme for Sustainable Structuring of Stressed Assets stand withdrawn vide Reserve Bank of India's circular dated 12th February 2018 and no loan account has been classified as Sustainable Structuring of Stressed Assets(S4A) as on 31st March 2018.

(viii) 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

(ix) 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 concession agreement is terminated and certain value of financial asset can be attached based on valuation report/ offer from Asset Reconstruction Companies etc., loan amount is written off on the cases covered under (a) above or on cases covered under (b), provision to the extent of shortfall is made.

(d) A loan asset other than cases under Strategic Debt Restructuring Scheme (SDR), Scheme for Sustainable Structuring of Stressed Assets (S4A), Outside Strategic Debt Restructuring(SDR) scheme applicable as per RBI Regulations and considered withdrawn pursuant to RBI Notification No. RBI/131 DBR No. BP.BC.101/21.04.048/2017-18 dated February 12, 2018 or any other mutually agreed restructuring/settlement process shall be written off in case the loan asset has been categorized as Non-Performing Asset (NPA) for more than 5 years or the scheduled commercial operations of the project have been delayed for more than 4 years unless any substantive offer for sale/realization of loan asset is available.

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

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 base 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 base lending rate as applicable to the borrower as on the date of restructuring.

iv. <u>Income Recognition norms for FITL accounts</u>

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. **<u>Taxes On Income</u>**

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. **<u>Investments</u>**

5.1 <u>Non-Current Investments</u>

(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.

(e) Provision is made for diminution, other than temporary in the value of such investments. However, diminution in value is reversed, when there is rise in the value or if the reason for the reduction no longer exists.

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.

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 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 2018. The financial statements of the subsidiary companies are also made for the year ended 31st March 2018.

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 31st March 2018	Year Ended 31st March 2017
(A) **Income**		
(i) Income on Loans & Advances	29.15	(1,057.12)
(ii) Penal Interest	(1.92)	(17.55)
(iii) Other Charges	-	0.16
Total (A)	**27.23**	**(1,074.51)**
(B) Expenditure		
(i) Establishment and other expenses	10.91	0.54
(ii) Salaries and Wages	-	1.35
Total (B)	**10.91**	**1.89**
Net impact via Gain/(Loss) on current year profit [(A)-(B)]	**16.32**	**(1,076.40)**

3. **<u>Changes in Accounting Policies</u>:**

Subsequent to change in Accounting Policy No. 23(A)3.3(ix)(d), IIFCL has written off six loan assets amounting ₹ 39,782.48 lacs on which provision of ₹ 24,267.39 lacs was created as on 31st March 2017. Hence, the Net impact in Statement of Profit & Loss is ₹.15,515.09 lacs.

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.

Principal assumptions used for actuarial valuation are:

Method used	Projected Unit Credit Method
i) Discounting Rate	7.71
ii) Future cost escalation rate	5.50
iii) Expected Rate of return on plan assets	7.65

I. Assumptions for Gratuity Plan:

	2017-18	2016-17
Mortality rate	LIC (2006-08)	LIC (2006-08)
Withdrawal rate	1 % to 3 % depending on age	1 % to 3 % depending on age
Discount rate (p.a.)	7.5%	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:

	2017-18	2016-17
A) **MEMBERSHIP DATA**		
i) Number of members	42	44
ii) Average Age (years)	40.76	40.68
iii) Average Monthly Salary	1.04	1.06
iv) Average Past Service (years)	7.79	6.82
B) **RESULTS OF VALUATION**		
i) Present Value of Past Service Benefit	243.12	157.74
ii) Current Service Cost	15.94	3.32
iii) Total Service Gratuity	800.34	436.72
iv) Accrued Gratuity	322.10	300.85
v) Life Cover Sum Assured (LCSA)	468.24	135.88
vi) LC Premium	1.25	0.30
vii) Service Tax @14.5%	0.22	0.04
C) **RECOMMENDED CONTRIBUTION RATE**		
i) Fund Value as on renewal date	54.65	177.29
ii) Additional Contribution for existing fund	188.46	-
iii) Current Service Cost	15.94	-
TOTAL AMOUNT PAYABLE [(C(ii)+ C(iii)+B(vi)+B(vii)]	205.87	0.34
D) **FUND BALANCE**		

i) Opening Balance	177.29	153.10
ii) Amount credited towards the Fund	0.65	11.62
iii) Amount paid as Claim	(28.14)	(0.80)
iv) Interest Credited for the year	12.70	13.37
Closing Balance	162.50	177.29

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

	2017-18	2016-17
A) **MEMBERSHIP DATA**		
i) Number of members	44	47
ii) Average Age (years)	35.27	34.62
iii) Average Monthly Salary	0.78	0.78
iv) Average Past Service (years)	3.59	2.62
B) **RESULTS OF VALUATION**		
i) Present Value of Past Service Benefit	53.77	38.54
ii) Current Service Cost	14.76	13.35
iii) Total Service Gratuity	517.76	461.93
iv) Accrued Gratuity	71.00	56.38
v) LCSA	446.76	405.55
vi) LC Premium	0.81	0.72
vii) Service Tax @14.5%	0.15	0.11
C) **RECOMMENDED CONTRIBUTION RATE**		
i) Fund Value as on renewal date	54.65	29.39
ii) Additional Contribution for existing fund	-	9.15
iii) Current Service Cost	13.88	13.35
TOTAL AMOUNT PAYABLE [(C(ii)+ C(iii)+B(vi)+B(vii)]	**14.84**	**23.33**
D) **FUND BALANCE**		
i) Opening Balance	29.39	3.84
ii) Amount credited towards the Fund	22.78	24.64
iii) Amount paid as Claim	-	-
iv) Total Mortality /Pol Admin /Fund Management Charges for the period along with Service Tax thereon	(1.20)	(1.01)
v) Interest Credited for the year	3.68	1.93
Closing Balance	**54.65**	**29.39**

B) EARNED LEAVE LIABILITY (FUNDED): 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.

Principal assumptions used for actuarial valuation are:

Method used	Projected Unit Credit Method
i) Discounting Rate	7.71
ii) Future cost escalation rate	5.50
iii) Expected Rate of return on plan assets	7.00

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
1. Change in present value of obligation		
a) Present value of obligation as the beginning	271.75	173.93
b) Acquisition adjustment	-	-
c) Interest Cost	20.49	13.91
d) Past service cost	-	-
e) Current service cost	54.79	58.45
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	(104.90)	(20.69)
i) Actuarial (gain) / loss	45.43	46.15
j) Present value of the defined benefit obligation as at end of the period	287.56	271.75
2. Change in the fair value of plan assets		
a) Fair value of plan assets at the beginning	208.75	-
b) Acquisition adjustment	-	-
c) Expected return on plan assets	16.09	-
d) Contributions	101.74	198.85
e) Benefits paid	(37.55)	-
f) Actuarial (gain) / loss	(1.75)	9.91
g) Fair value of plan assets at the end of the period	287.28	208.75
3. Fair value of plan assets		
a) Fair value of plan assets at the beginning	208.75	-
b) Acquisition adjustment	-	-
c) actual return on plan assets	17.46	9.91
d) Fund Management Charges	(3.12)	-
e) Contributions	101.74	198.85
f) Benefits paid	(37.55)	-
g) Fair value of plan assets at the year end	287.28	208.75
h) Funded status	(0.26)	(63.00)
i) Excess of actual over estimated return of plan assets	(1.75)	9.91
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	(45.43)	(46.15)
b) Actuarial gain/ (loss) for the period – plan assets	1.75	(9.91)
c) Total (gain) / loss for the period	47.18	36.24
d) Actuarial (gain) / loss recognized in the period	47.18	36.24
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	287.56	271.75
b) Fair value of plan assets as at the end of period	287.28	208.75
c) Funded status	(0.26)	(63.00)
d) Excess of actual over estimated	(1.75)	9.91
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(0.26)	(63.00)
6. Expense recognized in the statement of profit and loss		
a) Current service cost	54.79	58.45

b)	Past service cost	-	-
c)	Interest cost	20.49	13.91
d)	Expected return on plan assets	(16.09)	-
e)	Curtailment cost / (credit)	-	-
f)	Settlement cost / (credit)	-	-
g)	Net actuarial (gain) / loss recognized in the period	47.18	36.24
h)	Expenses recognized in the statement of profit and loss	106.37	108.61

II. OTHER EMPLOYEE BENEFITS (UNFUNDED)

Actuarial assumptions for other employee benefits (unfunded)

a) Economic Assumptions

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
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 31st March 2018	Year Ended 31st March 2017
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

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.

Principal assumptions used for actuarial valuation are:

Method used	Projected Unit Credit Method
i) Discounting Rate	7.71
ii) Future cost escalation rate	5.50
iii) Expected Rate of return on plan assets	0.00

1. Change in present value of obligation		**Year Ended 31st March 2018**	**Year Ended 31st March 2017**
a)	Present value of obligation as the beginning	59.21	12.44
b)	Acquisition adjustment	-	-
c)	Interest Cost	4.46	1.00
d)	Past service cost	-	-
e)	Current service cost	12.91	19.18
f)	Curtailment cost / (credit)	-	-
g)	Settlement cost / (credit)	-	-

h) Benefits paid	(150.43)	(183.80)
i) Actuarial (gain) / loss	131.42	210.40
j) Present value of the defined benefit obligation as at end of the period	57.57	59.21
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	(57.57)	(59.21)
h) Excess of actual over estimated return of plan assets	-	-
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	(131.42)	(210.40)
b) Actuarial gain/ (loss) for the period – plan assets	-	-
c) Total (gain) / loss for the period	131.42	210.40
d) Actuarial (gain) / loss recognized in the period	131.42	210.40
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	57.57	59.21
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(57.57)	(59.21)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(57.57)	(59.21)
6. Expense recognized in the statement of profit and loss		
a) Current service cost	12.91	19.18
b) Past service cost	-	-
c) Interest cost	4.46	1.00
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	131.42	210.40
h) Expenses recognized in the statement of profit and loss	148.79	230.57

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.

Principal assumptions used for actuarial valuation are:

Method used	Projected Unit Credit Method
i) Discounting Rate	7.71
ii) Future cost escalation rate	5.50
iii) Expected Rate of return on plan assets	0.00

1. Change in present value of obligation	**Year Ended 31st March 2018**	**Year Ended 31st March 2017**
a) Present value of obligation as the beginning	119.23	106.94
b) Acquisition adjustment	-	-
c) Interest Cost	8.99	8.56
d) Past service cost	-	-
e) Current service cost	24.94	28.12
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	-	-
i) Actuarial (gain) / loss	(24.33)	(24.39)
j) Present value of the defined benefit obligation as at the end of period	128.83	119.23
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	(128.83)	(119.23)
h) Excess of actual over estimated return of plan assets	-	-
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	24.33	24.39
b) Actuarial gain/ (loss) for the period – plan assets		-
c) Total (gain) / loss for the period	(24.33)	(24.39)
d) Actuarial (gain) / loss recognized in the period	(24.33)	(24.39)
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	128.83	119.23
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(128.83)	(119.23)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(128.83)	(119.23)
6. Expense recognized in the statement of profit and loss		
a) Current service cost	24.94	28.12
b) Past service cost	-	-
c) Interest cost 3	8.99	8.56
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	(24.33)	(24.39)
h) Expenses recognized in the statement of profit and loss	9.60	12.29

E) **Post-retirement medical benefit (PRMB) (Introduced from Sep 2015):** Actuarial valuation of the Post-retirement medical benefit (PRMB) liability as on 31st March 2018, as per AS-15(R).

Principal assumptions used for actuarial valuation are:

Method used	Projected Unit Credit Method
i) Discounting Rate	7.71
ii) Future Medical Cost Increase a) Outdoor Treatment b) Indoor Treatment	5.50

1. Change in present value of obligation	Year Ended 31st March 2018	Year Ended 31st March 2017
a) Present value of obligation as the beginning	487.07	313.06
b) Acquisition adjustment	-	-
c) Interest Cost	36.73	25.04
d) Past service cost	-	-
e) Current service cost	70.06	69.68
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	(0.10)	-
i) Actuarial (gain) / loss	124.23	79.29
j) Present value of the defined benefit obligation as at the end of period	717.99	487.07
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	(717.99)	(487.07)
h) Excess of actual over estimated return of plan assets	-	-
4. Actuarial gain /loss recognized		
a) Actuarial gain/ (loss) for the period - obligation	(124.23)	(79.29)
b) Actuarial gain/ (loss) for the period – plan assets	-	-
c) Total (gain) / loss for the period	124.23	79.29
d) Actuarial (gain) / loss recognized in the period	124.23	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	717.99	487.07
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(717.99)	(487.07)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(717.99)	(487.07)
6. Expense recognized in the statement of profit and loss		
a) Current service cost	70.06	69.68
b) Past service cost	-	-
c) Interest cost	36.73	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	124.23	79.29
h) Expenses recognized in the statement of profit and loss	231.02	174.01

1.2) In respect of Ex-Whole Time Director: - (₹ in lac)

Particular	Gratuity	Leave Encashment	Sick Leave
Expenses recognized in Statement of Profit & Loss	-	-	0.03
Amount recognized in Balance Sheet	-	-	-

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:

Particular	Financing	Advisory Services	Investment Management Fee	Total
Segment Reporting Revenue				
Revenue from Operation	436,748.37	267.51	848.45	437,864.33
Less: Inter segment Revenue	-	-	-	
Total Operating Income	436,748.37	267.51	848.45	437,864.33
Profit Before Tax	-131,601.94	249.92	424.68	-130,927.34
Tax	-	-	-	-14,514.02
Profit After Tax	-	-	-	-145,441.36
Segment Assets	5,811,073.59	1,718.40	2,183.93	5,814,975.92
Segment Liabilities	5,137,585.55	432.56	268.09	5,138,286.20
Capital Employed	673,488.04	1,285.84	1,915.84	676,689.72
Depreciation and Amortization	179.05	3.85	1.35	184.25
Capital Expenditure	257.42	1.61	0.99	260.02
Non Cash Expenditure	68,270.25	-	-	68,270.25

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

A) <u>Managerial Remuneration and related party disclosures</u>

(i) <u>Key Managerial Personnel</u>

<u>Whole Time Directors</u>

- Shri S.B.Nayar - Ex-CMD (with effect from 12.12.2013 till 11.06.2017)
- Shri Sanjeev Kaushik - Ex-Whole Time Director and Deputy Managing Director (with effect from 02.02.2015 to 23.01.2018)
- Shri Pankaj Jain - Additional Charge as Managing Director (with effect from 28.12.2017)

Other than Directors

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

(ii) Wholly owned Subsidiary Company: (a) India Infrastructure Finance Company (UK) Limited

(b) IIFCL Projects Ltd. (c) IIFCL Asset Management Company Ltd.

B) Transactions during the year ended 31st March 2018 (Previous year ended on 31st March 2017) with related parties:

(₹ in lac)

S.No.	Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
(a)	**Managerial Remuneration (Whole time directors)**		
	(i) Shri S.B. Nayar (Ex-CMD) (Tenure Upto 11th June 2017)		
	Remuneration	15.79	37.42
	Perquisite	0.48	1.83
	Provision for Performance linked incentive	-	10.00
	Leave encashment, LFC, Sick Leave, PF & Gratuity	-	7.07
	(ii) Shri Sanjeev Kaushik (DMD)		
	Remuneration	29.39	33.15
	Perquisite	5.61	2.70
	Provision for Performance linked incentive	-	8.12
	(iii) Dr. E.S. Rao (Ex Director and Chief Executive Officer, IAMCL)		
	Remuneration	14.83	34.56
	(iv) Sh Anil Taneja (Director and Chief Executive Officer, IAMCL)		
	Remuneration	23.69	-
	(iv) Shri Deepak Chatterjee (Director and Chief Executive Officer, IPL)		
	Remuneration	22.72	28.87
	Perquisite	2.22	10.68
(b)	**Managerial Remuneration (Other than directors)**		
	(i) Shri Rajeev Mukhija (Chief General Manager- CFO)		
	Remuneration	31.37	34.80
	(ii) Smt. Manjari Mishra (Assistant General Manager-CS)		
	Remuneration	19.59	23.37
	(iii) Sh. Ajay PS Saini (Company Secretary, IAMCL)		
	Remuneration	38.82	39.13
	(iv) Sh. Sumiran Bansal (Head Finance and CFO, IAMCL)		
	Remuneration	29.46	33.86
(d)	**(i) Sitting fee paid to Part Time Non- Official Directors:**		
	Shri V. K. Bhasin	1.60	2.00
	Shri J. Venkateshwarlu	1.00	2.70
	Mr. Sudhir Arya(IAMCL)	1.60	0.60
	Dr. Pawan Singh(IAMCL)	2.00	1.30
	Shri. M.N. Sarma(IAMCL)	0.70	1.00
	(ii) Conveyance reimbursement to Part Time Non- Official Directors :		
	Shri J. Venkateshwarlu	0.18	0.33

C) Balances Outstanding

(₹ in lac)

S.No.	Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
i)	**Remuneration & other benefits**		
	Key Managerial Person		
	Provision for Performance Linked Incentive to Whole time Directors	-	18.12
	Leave Encashment(Provision)	-	4.76
	Sick Leave(Provision)	-	2.07
	Gratuity(Provision)	-	1.39
	Provident Fund	-	0.22

(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 31.03.2018	As on 31.03.2018	As on 31.03.2018	As on 31.03.2018
Parent				
India Infrastructure Finance Company Limited	94.60	6,40,151.07	(79.39)	(1,15,460.94)
Subsidiaries				
Indian				
IIFCL Projects Ltd.	0.04	1,285.84	(0.23)	(338.02)
IIFCL Asset Management Company Ltd.	0.10	1,915.84	0.19	279.83
Foreign				
IIFC(UK) Ltd.	5.27	35,629.55	(20.57)	(29,922.24)
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 ₹ 25,119.80 lac i.e. investment by parent company in subsidiary companies.

(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	810.84	1,718.40	432.56	838.84	321.40	88.09	233.31	100%
IIFCL Asset Management Company Ltd.	₹ in Lac	1250.00	665.84	2183.93	268.09	848.45	424.68	144.85	279.83	100%
IIFC(UK) Ltd.	₹ in Lac	23,394.80	35,085.23	15,25,696.89	14,67,243.86	53,112.06	(28,900.10)	1,593.47	(30,493.58)	100%
	USD (in million)	50.00	39.87	2,345.63	2,255.77	82.39	(44.08)	2.44	(46.53)	

7. 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 31st March 2018	Year Ended 31st March 2017
Total of future minimum lease payments (Gross Investment)	2,518.08	4,374.85
Present value of lease payments	2,244.06	3,890.42
10 Year G-Sec Yield	7.56%	7.12%
Maturity profile of total of future minimum lease payments		
Not later than one year	1,454.27	1,856.77
Later than one year but not later than five year	998.01	2,189.06
Later than five year	65.80	329.01
Total	**2,518.08**	**4,374.85**

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 31st March 2018		Year Ended 31st March 2017	
	Shares	Amount ₹ in lac	Shares	Amount ₹ in lac
Nominal Value of share (₹)	10/-		10/-	
Number of Equity Share (No. in lac)	41,023.16		40,023.16	
Weighted Average Number of Equity Shares (No. in lac) (Denominator)	40,902.61		40,023.16	
Net Profit (after tax) (Numerator)		(1,45,441.36)		14,418.29
Earnings Per Share (Basic) (₹)		(3.66)		0.36
Earnings Per Share (Diluted) (₹)		(3.66)		0.36

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 2018, 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 31st March 2018	Year Ended 31st March 2017
Proposed Wage Revision		
Opening Balance	821.71	530.90
Addition during the period	282.50	290.81
Amount Paid/ Transferred to current liabilities	-	-
Closing Balance	**1,104.21**	**821.71**
Contingent Provision against Standard Assets		
Opening Balance	13,900.17	12,344.64
Addition during the period	4,904.81	1,546.07
Carry forward from IWRFC	-	4.68
Closing Balance	**18,804.98**	**13,895.39**
Provision against Sub-standard Assets		
Opening Balance	23,382.67	20,980.67
Addition during the period	1,39,607.93	2,110.65
Carry forward from IWRFC	-	430.20
Provision write back on account of NPA write off	(1,188.15)	-
Closing Balance	**1,61,802.35**	**23,521.52**
Provision against Restructured Assets		
Opening Balance	28,245.02	21,727.29
Addition/Adjustment during the period	(20,676.18)	6,464.53
Provision write back on account of NPA write off	-	(14.00)
Closing Balance	**7,568.84**	**28,177.82**
Provision against Doubtful Assets		
Opening Balance	76,898.71	17,371.67
Addition during the period	1,19,180.40	60,116.02
Provision write back on account of NPA write off	(61,483.48)	(588.98)
Closing Balance	**1,34,595.63**	**76,898.71**
Provision against Strategic Debt Restructured Assets		
Opening Balance	14,705.06	9,143.23
Addition during the period	(6,296.73)	10,459.95
Provision adjusted on account being transferred to NPA	(8,408.33)	4,898.11
Closing Balance	**-**	**14,705.06**
Provision for diminution in investments		
Opening Balance	-	-
Addition during the period	9,638.96	-
Provision adjusted on account being sale of investments	-	-
Closing Balance	**9,638.96**	**-**

(B) Other Disclosures:

(₹ in lac)

Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
Income Tax (Net)		
Opening Balance	7,708.12	2,387.98
Addition during the period	12,016.54	39,349.79
Amount paid/ adjusted during the period	36,929.04	34,035.84
Closing Balance	**(17,204.38)**	**7,701.93**
Leave Fare Concession		
Opening Balance	80.93	29.76
Addition during the period	144.26	200.36
Amount paid/adjusted during the period	151.34	149.19
Closing Balance	**73.85**	**80.93**
Post-retirement Medical Benefit		
Opening Balance	504.71	317.49
Addition during the period	235.15	187.22
Amount paid/adjusted during the period	0.10	-
Closing Balance	**739.76**	**504.71**
Leave Encashment		
Opening Balance	46.48	183.99
Addition during the period	1.84	74.93
Amount paid/adjusted during the period	(29.33)	212.64
Closing Balance	**18.99**	**46.28**
Sick Leave		
Opening Balance	119.23	106.94
Addition during the period	9.60	12.29
Amount paid/adjusted during the period	-	-
Closing Balance	**128.83**	**119.23**
Performance Linked Incentive to Whole Time Directors		
Opening Balance	18.12	91.80
Addition during the period	8.76	18.12
Amount paid/adjusted during the period	26.88	91.80
Closing Balance	**-**	**18.12**
Marked to Market Losses on Derivative		
Opening Balance	2,381.61	3,149.73
Addition during the period	(239.99)	-
Amount paid/adjusted during the period	-	768.12
Closing Balance	**2,141.62**	**2,381.61**

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

(₹ In lac)

S.No.	Particulars	Year Ended 31st March 2018	Year Ended 31st March 2017
(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 7th 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 21st November 2016.	934.55	-
	(iii)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
	(iv)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
	(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)	1,22,104.94	1,15,216.93
	(ii) Guarantee given under credit enhancement scheme	29,800.50	15,404.08
(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)	8,697.86	13,826.72
	(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
	(c) Other commitments : Estimated amount of contracts under Corporate Social Responsibility (CSR) as per provision of The Companies Act 2013 remaining to be executed (net of advances)	671.33	1,759.24

12. <u>Investment in Venture Capital Units</u>

During the year ended 31st March 2018, the company has invested NIL (₹ 13.45 as at 31st March 2017) 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 ₹ 3,263.55 lac (₹ 2,268.45 lac during year ended 31st March 2017) including tax paid NIL (₹ 4.16 lac during year ended 31st March 2017) in respect of redemption of venture capital units.

13. The company has created net deferred tax liability of ₹ 2,497.50 lac during year ended 31st March 2018 (increase in deferred tax liability of ₹ 2,279.66 lac & decrease in deferred tax asset by ₹ 217.84 lac), Previous year ended 31st March 2017 the company has created net deferred tax liability of ₹ 2,580.04 lac (increase in deferred tax liability of ₹ 6,026.70 lac & net of increase in deferred tax asset by ₹ 3,446.68 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 2018. 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 I 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 ₹ 2,141.62 lac as at 31st March 2018 (₹ 2,381.61 lac as at 31st March 2017) which includes loss of ₹ 239.99 lac for the year ended 31st March 2017 (gain of ₹ 768.12 lac for the year ended 31st March 2017).

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 31st March 2018	Year Ended 31st March 2017
Asian Development Bank (ADB):-		
USD	11,130.42	11,065.57
INR	6,27,639.90	6,10,922.88
KreditanstaltfürWiederaufbau(KFW):-		
EURO	161.90	192.84
INR	9,891.42	11,781.93
IBRD World Bank:-		
USD	1,854.72	1,949.87
INR	1,20,923.11	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 2018 amounts to ₹ 92,745.65 lac (Gross gain of ₹ 1,03,933.61 lac less Gross loss ₹ 11,187.96 lac) and 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).

During the financial year ended 31st March 2012, the company sought the opinion of Expert Advisory Committee of the Institute of Chartered accountant 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 Contracts 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 31st March 2018	Year Ended 31st March 2017
Asian Development Bank (ADB):-		
USD	11,130.42	11,065.57
INR	7,23,968.15	7,17,476.07
KreditanstaltfürWiederaufbau(KFW):-		
EURO	161.90	192.84
INR	13,052.73	13,353.71
IBRD World Bank:-		
USD	1854.72	1,949.87
INR	1,20,638.59	1,26,426.84

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 JPY	65.0441 80.6222 0.6154	16,224.33 2,317.77 10,000.00	10,55,301.84 1,86,862.86 6,154.00	64.8386 69.2476 -	16,793.81 2,378.51 -	10,88,887.13 1,64,706.11 -

Total Payables (D)	USD EURO JPY	65.0441 80.6222 0.6154	16,224.33 2,317.77 10,000.00	10,55,301.84 1,86,862.86 6,154.00	64.8386 69.2476 -	16,793.81 2,378.51 -	10,88,887.13 1,64,706.11 -
Hedges by derivative contracts (E)	USD EURO JPY	65.0441 80.6222 0.6154	12,985.14 161.90 -	8,44,606.74 13,052.73 -	64.8386 69.2476 -	13,015.44 192.84 -	8,43,902.91 13,353.71 -
Unhedged Payables (F= D – E)	USD EURO JPY	65.0441 80.6222 0.6154	3,239.19 2,155.87 10,000.00	2,10,695.10 1,73,810.13 6,154.00	64.8386 69.2476 -	3,778.37 2,185.67 -	2,44,984.22 1,51,352.40 -
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 31st March 2018	**Year Ended 31st March 2017**
Asian Development Bank (ADB):-		
USD	3,239.08	3,778.25
INR	2,10,687.95	2,44,977.01
KreditanstaltfürWiederaufbau(KFW):-		
Euro	155.87	185.67
INR	12,565.73	12,857.34
IBRD World Bank:-		
USD	0.11	0.12
INR	7.15	8.10
European Investment Bank (EIB)		
EURO	2,000.00	2,000.00
INR	1,61,244.40	1,38,495.20
Japan International Cooperation Agency(JICA)		
JPY	10,000.00	-
INR	6,154.00	-

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	Year Ended 31st March 2018	Year Ended 31st March 2017
1	USD/INR	65.0441	64.8386
2	EURO/INR	80.6222	69.2476
3	JPY/INR	0.6154	0.5796

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 31st March 2018	As on 31st March 2017
1	Assets & Liabilities (Closing Exchange Rate)	65.0441	64.8386
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 ₹ 81,817.56 lac up to 31st March 2018 (₹ 63,691.16 lac up to 31st March 2017).

Further, the company has bought back of Long Term Infrastructure Bonds amounting to ₹ 510.05 lac (₹ 20.05 lac as on 31st March 2017) during the year ended 31st March 2018. Accordingly, DRR as on 31st March 2018 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, an estimated provision of ₹ 1,104.21 lac has been made for the period from 1st November 2012 to 31st March 2018 (₹ 821.71 up-to 31st March 2017).

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 Nil loan accounts as on 31st March 2018 having outstanding balance of Nil lac as on 31st March 2018 (₹ 3,24,140.80 lac in 24 loan accounts as on 31st March 2017) and there is no shortfall in value of security in these accounts as on 31st March 2018 refer note 23(A)(3.3)(v)

(d) Pursuant to Accounting policy no. 23(A)(3.3)(viii), reasons for adopting accelerated provisioning in 15 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. In view of the same, a provision of 70% is 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 Concessioning 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. 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 Concessioning 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 30% as per RBI norms.

iv. 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 uncertainity involved, In view of the same, a provision of 50% is made as against required provisioning of 30% as per RBI norms.

v. Jaypee Infratech Limited

IIFCL had funded the project of Yamuna Expressway (promoter is Jaypee Infratech Ltd) for ₹ 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.

IIFCL had made provision of 40% i.e. ₹ 360 Crores till 31.03.2018 as per extant directions and RBI letter dated 23rd June 2017 for provisioning in Loan Accounts where NCLT proceedings have started. Consequent upon withdrawal of various forbearance schemes pursuant to RBI Notification dated 12th February 2018, IIFCL has prudently increased the provisioning upto 50% in those NCLT Cases where 50% provisioning was not already done. Consequently, it made a further provision of 10% in loan account of Jaypee Infratech of ₹ 90 crores and reflected it as exceptional provision alongwith provisions on other loan cases made pursuant to reference of cases to NCLT under Insolvency and Bankruptcy Code (IBC) and on cases involving withdrawal of forbearances by

RBI vide notification dated 12th February 2018.

vi. IVRCL Indore Gujarat Toll way Limited

Project implementation got delayed on account of delay in handing over of land and other required approvals. Project cost overrun and time overrun was supported by lenders by way of additional term loan. However project is further delayed and currently under implementation with the help of One Time Fund Infusion from NHAI. In view of the same, a provision of 65% is made as against required provisioning of 10% as per RBI norms.

vii. Soma Isolux Surat Hazira Tollways Limited

Project is operational with low toll collection, which is not sufficient for debt servicing. Scheme for Sustainable Structuring of Stressed Assets in the account was proposed but could not be completed due to RBI circular dated 12/2/2018. Borrower has submitted a resolution plan, which is under consideration with lenders. In view of the same, a provision of 60% is made as against required provisioning of 10% as per RBI norms.

viii. Atlanta Infra Assets Limited

After PCOD, the toll collection was less than the projection. The account slipped to NPA with IIFCL as on 30.09.2015 due to non-servicing of dues. Subsequently, Arbitration Tribunal awarded a sum of ₹ 145.214 crore in Sep 2016 in favour of Atlanta Infra Assets Limited and NHAI challenged the award. Based on NITI AAYOG/ NHAI guidelines, Lead Bank (Union Bank) had issued BG to NHAI for receipt of 75% amount. IIFCL received its pro-rata share and thereby upgraded the account with effect from 31.03.2017. While the appeal by NHAI against arbitration award is pending with High Court of Delhi, the BG was invoked by NHAI in March 2018 due to non-renewal. Accordingly the account again slipped to NPA with IIFCL from 31.03.2018. In view of the same, a provision of 100% is made as against required provisioning of 10% as per RBI norms.

ix. Sai Maatarini Tollways Limited

The project has achieved PCOD in August 2017 and commenced tolling. The toll collection was lower than the projections due to ban on mining. Due to this, the lenders decided to Invoke SDR for change in management. However conversion of debt into equity did not take place. RBI vide its circular dated 12.02.2018 has withdrawn all restructuring schemes. In view of the same, a provision of 60% is made as against required provisioning of 10% as per RBI norms.

x. L & T Halol Shamlaji Tollways Private Limited

Post COD, toll collection was lower than the initial estimates. SDR was invoked and part debt converted to equity. Restructuring under 5/25 also has been done. As of now, the account continues to be under stress. In view of the same, a provision of 75% is made as against required provisioning of 20% as per RBI norms.

xi. Patna Bakhtiyarpur Tollways Limited

Project achieved PCOD and toll collection started in April, 2015. The company has completed construction of 46.847 Km (92.58%) as per the LIE report for the month ending November 2017 and the balance work is yet to be completed. The project faced significant traffic underperformance resulting in actual toll revenue being lower than initial estimates. The Company is under financial stress and promoter has expressed inability for further infusion of funds for completion of the project. The account turned into NPA on 31.12.2017. In view of the same, a provision of 60% is made as against required provisioning of 10% as per RBI norms.

xii. Haridwar Highways Project Limited

The project suffered due to delay in RoW, Utility shifting etc. The account turned NPA in June 2017 due to non-servicing of dues/delay in project implementation. As the project has been delayed considerably and PCOD is still not achieved, In view of the same, a provision of 65% is made as against required provisioning of 10% as per RBI norms.

xiii. Bareilly Highways Project Limited

The project suffered mainly due to delay in handing over of RoW. The account turned NPA in June 2017 due to non-servicing of dues/delay in project implementation. As the project has been delayed considerably and PCOD still not achieved, In view of the same, a provision of 61.25% is made as against required provisioning of 10% as per RBI norms.

xiv. Supreme Ahmednagar Karmala Tembhurni Tollways Pvt. Ltd.

The project suffered due to non-availability of RoW and promoters' inability to infuse equity contribution. SDR was invoked in the account in Oct 2016. The account turned NPA since in Sep 2016. As the project has been delayed considerably and PCOD is still not achieved. In view of the same, a provision of 75% is made as against required provisioning of 20% as per RBI norms.

xv. Essar Power Gujarat Limited

A 2X600 MW imported coal based thermal power project under Sub-critical technology at Salaya near Khambaliya, District Dev Bhumi Dwarka Gujarat. As per the RBI circular dated February 12, 2018 on "Resolution of Stressed Assets - Revised Framework" the present plan of Change in Management outside SDR is not implemented and hence accounts of the company have turned into Sub Standard as on 29th July, 2017. Lenders in the JLM decided to include option of initiating proceedings under NCLT. In view of the same, a provision of 60% is made as against required provisioning of 10% as per RBI norms.

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 7th March 2014. The Commissioner of Income Tax [Appeals] - 4 passed the order dated 8th September 2015 and dismissed the appeal of IIFCL. IIFCL filed an appeal against the order before ITAT dated 16th November 2015. ITAT has restored the case to CIT(A) in letter dated 29th August 2017.
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.

20.

a. During the year ended 31st March 2018 the Company had assigned financial assets having a net book value of ₹ 38,680.31 lac (₹ Nil lac as on 31st March 2017) 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 2017) over a period of eight quarters. Consequently, an amount of Nil has been charged off during the year ended 31st March 2018 (`5,633.18 lac during the year ended 31st March 2017).

b. During the year ended 31st March 2018 the Company had written off 16 accounts amounting ₹ 95,685.22 lac (₹ 65,880.48 lac in 14 loan accounts as on 31st March 2017) refer note 23(A)(3.3)(ix).

c. Subsequent to operationalization of Insolvency and Bankruptcy Code (IBC) 2016 from 2017-18 and Reserve Bank of India (RBI) Notification no. RBI/2017-18/131 dated 12th February 2018 on "Resolution of Stressed Assets- Revised Framework" repealing the extant instruction on resolution of stressed assets such as Framework for Revitalizing Distressed Assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long Term Project Loans, Strategic Debt Restructuring Scheme (SDR), Change in Ownership outside SDR and Scheme for sustainable Structuring of Stressed Assets (S4A) with immediate effect, loans referred under these forbearance schemes of RBI, were categorized as Non- Performing Accounts (NPAs) as on 31st March 2018.

It may be submitted that IIFCL had made provisions ranging 10% to 25% in these cases as per erstwhile under above-said forbearance schemes of RBI. It is however observed that based on resolution plans of initial loan cases already referred to National Company Law Tribunal (NCLT) as per IBC process, lenders may expect to realize less than 50% of outstanding loan amount by other banks/institution.

Accordingly, as a matter of abundant precaution, IIFCL considered it prudent to make accelerated provision up to 50% of outstanding loan amount in cases already categorized as NPA subsequent to RBI notification and referred to NCLT or expected to be referred to NCLT as per IBC process.

It is also submitted that as per para 12 of Accounting Standard 5 "When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items should be disclosed separately".

The features of exceptional items may be indicated as under:

1. Exceptional item arise from ordinary activity,
2. They are not expected to be recurring,
3. The nature and amount of such item is relevant to user of financial statement, and
4. They are generally disclosed in balance sheet.

In view of above, IIFCL has considered accelerated provision of ₹ 106,854.47 lacs # in twenty two loan cases consequent upon operationalization of IBC Code and withdrawal of various forbearances by Reserve Bank of India (RBI) vide notification no. RBI/2017-18/131 dated 12th February 2018 during 2017-18 as "Exceptional item" as the quantified amount of such one-time accelerated provision thereof has arisen from ordinary activity, non- recurring amount is considered relevant to user of financial statement and separately disclosed in balance sheet.

d. IIFCL has made Provision for diminution in investments of ₹ 9,638.96 lacs as under:

- During 2017-18 outstanding loan principal of ₹ 52,000.00 lac and interest and other overdues thereon of ₹ 2,545.99 lac from M/s Adhunik Power and Natural Resources Limited (APNRL) sold to Edelweiss Asset Reconstruction Company Ltd. (EARC), an Asset Reconstruction Company, at consideration of ₹ 38,884.95 lac, including upfront realization of ₹ 108.18 lac, equity share capital of APNRL of ₹ 9,710.71 lac (i.e. fully paid equity shares of ₹ 10 each) and Security Receipts of ₹ 38,884.95 lac. EARC simultaneously, bought equity shares of APNRL of ₹ 10 each aggregating 4945.70 lac @ ₹ 1.2045 per share aggregating ₹ 595.72 lac. Accordingly, IIFCL considered the price for sale of equity shares of APNRL paid to IIFCL by EARC as fair value. Accordingly, the remaining equity shares held by IIFCL in APNRL as on 31st March 2018 are valued at ₹ 1.2045 per share, net of Provision for Diminution in Investments of ₹ 4,191.05 lac.

- Consequent to substitution of Concessionaire in case of M/s Topworth Tollways Pvt. Ltd., out of outstanding loan amount of ₹ 8,000.00, an amount of ₹ 6,078.00 lacs have been or discharged by issue of 0.01% coupon Optionally Convertible Redeemable Debentures carrying coupon rate @ 0.01% annually of incoming concessionaire i.e. Bansal Pathways Pvt. Ltd. The balance outstanding loan of ₹ 1,922.00 lac would be carried over to Bansal Pathways (Mangawan - Chakghat) Pvt Ltd., the new concessionaire. Accordingly, provision for Diminution of ₹ 5,447.91 lacs in Investments is booked by discounting the face value of debentures at interest rate of loan at 9.5% less coupon rate of 0.01% on debentures issued by Bansal Pathways (Mangawan- Chakghat) Pvt Ltd. are repayable at par after 25 years.

e. Disclosures of Investment and Security Receipt as on 31st March 2018:

(₹ In Lac)

	Particulars	**SRs issued within past 5 years**	**SRs issued more than 5 years ago but within past 8 years**	**SRs issued more than 8 years ago**
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	58,513.23	-	-
	Provision held against (i)	-	-	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	-
	Provision held against (ii)	-	-	-
	Total (i) + (ii)	**58,513.23**	**-**	**-**

f. Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

 # The amount of exceptional item is updated 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 2017-18.

(₹ In Lac)

FY 2016-17						
No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
10	173,722.06	Nil	173,722.06	Nil	Nil	Nil
FY 2017-18						
No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
Nil	Nil	Nil	Nil	Nil	Nil	Nil

g. No resolution Plan in respect of stressed assets as on 31st March 2018 has been implemented pursuant to per RBI Circular dated 12th February 2018.

h. There are no loan accounts of change in ownership outside SDR Scheme.

i. # The account of Madurai Tuticorin Expressway was not recognized as Non-Performing Asset (NPA) as on 31st March, 2018 considering realization of critical dues as 16th April, 2018.

21. During the year, the Company has sent letters requesting submission of confirmation of balances to Statutory Auditors by Borrowers as on 28th February 2018 and banks, parties etc. as on 31st March 2018. Some of the balances appearing under Infrastructure Loans, Borrowings and Other Debit and Credit Balances as on 28th February 2018 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 2018, borrowers with outstanding balance aggregating ₹ 25,22,998.49 lac (Previous year ₹ 30,77,015.95 lac) (Excluding NPA Accounts) on 28th February 2018 representing 96.79% (Previous year 97.11%) 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 2018 as mentioned hereunder:

	FY 2017-18		FY 2016-17	
Particulars	**Balance Confirmation Amount (₹ in lacs)**	**% of Balance Confirmed**	**Balance Confirmation Amount(₹ in lacs)**	**% of Balance Confirmed**
Borrowings from Foreign Institutions	12,48,318.70	100%	12,53,595.55	100%
Overdraft Facility from Banks	1,74,390.86	100%	89,666.24	100%
Investment in Venture Capital Units	1,674.87	100%	5,212.02	100%
Investment in Security Receipts	58,513.23	100%	21,359.11	100%
Investment in Fixed deposits	603,064.38	100%	420,509.38	100%
Investment in Bonds/Government Securities (in dematerialization form)	1,28,124.18	100%	1,28,174.83	100%
Investment in Mutual Funds	23,000.00	100%	13,000	100%

 # The Account status of Madurai Tuticorin Expressway is disclosed 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 2017-18.

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 31st March 2018	Year Ended 31st March 2017
1	National Safai Karamcharis Finance & Development Corporation (NSKFDC)	Skill development of 500 women cab drivers	-	10.00
2	Central Electronics Limited (CEL)	Installation of solar home lighting system in Rohtas (Bihar)	47.25*	110.25*
3	Himachal Consultancy Organization Limited	Integrated development of Borsimaluguri (Assam)	3.36*	10.81*
4	Solar Energy Corporation of India	Distribution of 35,000 solar lanterns in backward districts of India	-	185.15*
5	Rajasthan Electronics and Instruments Limited (REIL)	Installation of 1500 solar street lights	213.49*	104.73*
6	Sulabh International Social Service organization	Construction of toilet for girls in Government aided school	48.75*	43.66*
7	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
8	Vivekanand Kendra	Construction of Toilets in Schools	12.15*	14.30*
9	Pyari Foundation India Trust	Integrated development of Baghmundi (Purulia), WB	-	18.30*
10	Lions Club of Palakkad	Installation at Bore well at Government aided school & Construction of toilet at Government aided school	10.18*	18.77*
11	Gurgaon District Administration	Construction of low cost diagnosis unit in Gurgaon (Haryana)	-	100.00*
12	Dhyan Foundation	Distribution of medical van for injured animals	-	13.42*
13	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*
14	Public Works Department, Ramdevra	Construction of toilets at Ramdevra (Rajasthan)	-	27.00*
15	All India Institute of Medical Science	Setting up center of excellence for child neurology	250.00	-
16	National Culture Fund	Contribution to National Cultural Fund	141.63*	-
17	National Sports Development Fund	Contribution to TOP Scheme of NSDF	1,000.00*	-
18	CSR Overhead Expenditure		5.10	13.05
GRAND TOTAL			**1,731.91**	**2,078.81**

b) Additional disclosure in respect of CSR expenditure:

i) Gross amount required to be spent by the company during the year ended was ₹ 1731.91 lac (₹ 2,078.81 lac as on 31st March 2017).

ii) Amount spent during the year:

(₹ In Lac)

Particulars	Year Ended 31.03.2018			Year Ended 31.03.2017		
	In Cash	Yet to be paid in cash#	Total	In Cash	Yet to be paid in cash#	Total
(i) Construction/ Acquisition of any Asset*	1,476.81	Nil	1,476.81	1,646.39	Nil	1,646.39
(ii) On purpose other than (i) above	255.10	Nil	255.10	432.42	Nil	432.42
Total	**1731.91**	**Nil**	**1731.91**	**2,078.81**	**Nil**	2,078.81

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

23. 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 2018**		**As on 31st March 2017**	
	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	1,494,388.27	-	1,494,898.32	-
: Unsecured	1,725,926.10	-	1,721,610.60	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	1,248,318.70		1,253,595.95	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans (short term bank loan)	174,390.86	-	89,717.62	-

Assets side:	**Amount outstanding**	
	As on 31st March 2018	**As on 31st March 2017**
(2) Break-up of Loans and Advances including bills receivables [Other than those included in (4) below]:		
(a) Secured	43,77,500.00	45,24,291.03
(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	1,10,834.58	1,10,861.04
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted:		
(i) Shares: (a) Equity (b) Preference	411.03 -	411.03 -
(ii) Debentures and Bonds	630.09	-
(iii) Units of mutual funds	23,000.00	13,000.00
(iii) Government Securities	17,289.60	17,313.79
(iv) Others (advance against equity share capital)(Investment in venture capital units)	1,948.47	5,212.02
(v)Investment in security receipts	58,490.64	21,359.11
Total	**47,38,686.11**	**46,92,448.02**

(5) Borrower group-wise classification of assets financed as in (2) and (3) above:			
Category	**Amount net of provisions (As on 31st March 2018)**		
	Secured	**Unsecured**	**Total**
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	43,77,500.00	-	43,77,500.00
Total	**43,77,500.00**	**-**	**43,77,500.00**

Category	Amount net of provisions (As on 31st 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**

(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 2018)		
	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 31st 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 31st March 2018	As on 31st March 2017
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	7,92,184.18	2,63,812.12
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	4,69,412.38	1,63,391.89
(iii) Assets acquired in satisfaction of debt	Nil	Nil

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

24.1 Capital

(₹ in lac)

Particulars	As at 31st March 2018	As at 31st March 2017
Tier I Capital	6,98,447.02	7,94,852.34
Tier II Capital	11,073.47	13,895.39
Total Capital	**7,09,520.49**	**8,08,747.73**
Total Risk Weighted Assets	49,91,054.14	48,91,400.30
Capital Ratios		
Tier I Capital as Percentage of Total Risk Assets (%)	13.99	16.25
Tier II Capital as Percentage of Total Risk Assets (%)	0.22	0.28

Total Capital (%)	**14.21**	**16.53**
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

24.2 Investments

(₹ in lac)

S.No.	Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
1	Value of investments		
(i)	Gross value of investments	2,38,020.17	1,93,276.79
(a)	In India	2,14,625.37	1,69,881.99
(b)	Outside India	23,394.80	23,394.80
(ii)	Provisions for depreciation	-	-
(a)	In India	-	-
(b)	Outside India	-	-
(iii)	Net value of investments	2,38,020.17	1,93,276.79
(a)	In India	2,14,625.37	1,69,881.99
(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	-	-

24.3 Derivatives

24.3.1 Forward Rate Agreement/ Interest Rate Swap

(₹ in lac)

S.No.	Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
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	(2,141.62)	(2,381.61)

24.3.2 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:

a) 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.

b) IIFCL undertakes derivative transaction for purpose of hedging and mitigating interest rate and currency risks (Market risk) arising on Foreign currency borrowings.

c) 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.

d) IIFCL reports the status of derivative transaction and their MTM to Senior Management on monthly basis and to the Board of Directors on Quarterly basis. Further the MTM is being independently monitored by R&T Advisors of IIFCL on quarterly basis.

e) Exchange traded Interest Rate Derivatives on IIFCL Books are Nil.

f) IIFCL undertakes Cross Currency Interest Rate Swap to hedge its Foreign Currency exposures. The figures shown in Quantitative disclosure cannot be segregated since the deals are booked on a consolidated basis for principal and Interest cash flows.

g) 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 23(A)2.

h) # As per resources & Treqsury Policy, approved for each financial year by the Management & Investment committee of the Board of Directors, IIFCL small keep its position hedged between 65-70% of the total exposure. Further fluctuation difference of the open position net of

Quantitative Disclosures (₹ in Lac)

S.No.	Particulars	For the year ended 31st March 2018		For the year ended 31st March 2017	
		Currency derivatives	Interest Rate derivative	Currency derivatives	Interest Rate derivative
(i)	Derivatives (Notional Principal Amount)	7,66,452.61	7,66,452.61	7,57,831.72	7,57,831.72
	For hedging	7,58,452.61	7,58,452.61	7,49,831.72	7,49,831.72
(ii)	Marked to Market positions(1)	90,604.03	90,604.03	95,363.13	95,363.13
	a. Asset (+)	1,03,933.61	1,03,933.61	1,11,524.91	1,11,524.91
	b. Liability(-)	(13,329.57)	(13,329.57)	(16,161.77)	(16,161.77)
(iii)	Credit Exposures	-	-	-	-
(iv)	Unhedged Exposures	3,90,656.58	3,90,656.58	3,96,337.66	3,96,337.66

24.4 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 31st March 2018	For the year ended 31st March 2017
(i)	No. of Accounts	1	-
(ii)	Aggregate value (net of provisions) of accounts sold to SC/ RC	38,680.31	-
(iii)	Aggregate consideration	54,678.70	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate (gain)/loss over net book value	(132.71)	-

 # The addition of IIFCL's hedge policy is disclosed 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 2017-18.

24.5 Details of Non- performing Financial Assets sold:

(₹ in Lac)

S.No.	Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
(i)	No. of accounts sold	1	-
(ii)	Aggregate outstanding	46,364.09	-
(iii)	Aggregate consideration received	54,678.70	-

24.6 Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at 31st March 2018:

(₹ in lac)

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3months	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	1,74,390.86				1,62,610		4,55,309	7,48,007	15,40,316.96
Market Borrowings	-	-	-	-	-	5,388.11	1,64,306.29	16,84,693.87	18,54,388.27
Assets									
Receivables under financing activity	68,584.20	6,318.89	60,670.62	115,513.11	232,504.33	8,524,159.02	3,222,963.46	4,421,893.21	14,558,611.76
Investment	58759	54,191.00	30,254.00	1,87,050.00	7,89,731.00	1,05,00.00	-	43,743.00	11,63,728.00
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	3,094.80	.	15,384.05	5,797.37	24,662.22	1,11,561.64	1,23,584.60	9,64,232.38	12,48,317.06

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									
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

 # The Maturity Pattern of Receivables under financing activity is updated 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 2017-18.

24.7 Exposures

24.7.1 Exposure to Real estate sector

The Company does not have any direct or indirect exposure to the real estate sector as at 31st March 2018 (previous year Nil).

24.7.2 Exposure to Capital Market:

(₹ in lac)

S.No.	Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
(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)	1,948.47	5,212.02

24.8 Additional Disclosures: Provisions and Contingencies

(₹ in Lac)

S.No.	Breakup of Provisions and Contingencies reflected in Statement of Profit & Loss	For the year ended 31st March 2018	For the year ended 31st March 2017
(i)	Provision towards NPA	2,66,775.28	82,166.74
(ii)	Provision for income tax (including deferred tax)	14,281.09	41,929.81
(iii)	Provision for Standard Assets (including restructured accounts & SDR accounts)	31,022.17	52,548.39

24.9 Concentration of Advances, Exposure and NPAs:

(i) Concentration of Advances

(₹ in lac)

Particular	For the year ended 31st March 2018	For the year ended 31st March 2017
Total Advances to twenty largest borrowers	24,51,626.46	18,24,647.21
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	54.17%	40.06%

(ii) Concentration of Exposure

(₹ **in** lac)

Particular	For the year ended 31st March 2018	For the year ended 31st March 2017
Total Exposure to twenty largest borrowers	24,51,626.46	18,24,647.21
Percentage of Exposure to twenty largest borrowers/ customers to Total Exposure of the NBFC on borrowers/ customers	54.17%	40.06%

(iii) Concentration of NPAs

(₹ **in** Lac)

Particular	For the year ended 31st March 2018	For the year ended 31st March 2017
Total Exposure to top four NPA accounts	3,60,751.66	1,69,514.85

(iv) Sector- wise NPAs

S.No.	Sector	% of NPAs to Total Advances in that sector	
		For the year ended 31st March 2018	For the year ended 31st March 2017
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	14.02%	5.83%
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 31st March 2018	For the year ended 31st March 2017
(i)	Net NPAs to Net Advances (%)		10.72%	3.61%
(ii)	Movement of NPAs (Gross)			
	(a)	Opening balance	2,94,529.90	1,27,749.24
	(b)	Additions during the year	6,93,893.92	2,04,903.74
	(c)	Reductions/write off during the year	1,96,329.64	38,123.08
	(d)	Closing balance	7,92,184.18	2,94,529.90
(iii)	Movement of Net NPAs			
	(a)	Opening balance	2,01,584.77	89,250.74
	(b)	Additions during the year	4,23,957.41	1,47,795.82

	(c)	Reductions during the year	156,129.81	35,461.79
	(d)	Closing balance	4,69,412.37	2,01,584.77
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	92,945.13	38,498.50
	(b)	Provisions made during the year	2,70,026.52	60,496.60
	(c)	Write off/ write- back of excess provisions	40,199.82	6,049.97
	(d)	Closing balance	3,22,771.83	92,945.13

24.10 Customer Complaints

S.No.	Particular	For the year ended 31st March 2018	For the year ended 31st March 2017
(a)	No. of complaints pending at the beginning of the year	0	0
(b)	No. of complaints received during the year	550	988
(c)	No. of complaints redressed during the year	550	988
(d)	No. of complaints pending at the end of the year	0	0

24.11 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 2017-18 is S&P BBB – There is no migration of rating during current year 2017-18
(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,

24.12 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 01.04.2017	No. of borrowers	-	-	23	7	8	-	38	23	7	8	-	38
		Amount outstanding	-	-	3,22,774.43	37,019.11	59,990.11	-	4,19,783.65	3,22,774.43	37,019.11	59,990.11	-	4,19,783.65
		Provision thereon	-	-	16,138.72	6,514.41	55,256.54	-	77,909.67	16,138.72	6,514.41	55,256.54	-	77,909.67
2	Fresh restructuring during the FY 2017-18	No. of borrowers	-	-	3	5	-	-	8	3	5	-	-	8
		Amount outstanding	-	-	63,740.43	102,616.06	-	-	166,356.49	63,740.43	102,616.06	-	-	166,356.49
		Provision thereon	-	-	3,187.02	10,261.61	-	-	13,448.63	3,187.02	10,261.61	-	-	13,448.63
3	Upgradations to restructured standard category during the FY 2017-18	No. of borrowers	-	-	15	1	-	-	16	15	1	-	-	16
		Amount outstanding	-	-	192,747.34	20,000.00	-	-	212,747.34	192,747.34	20,000.00	-	-	212,747.34
		Provision thereon	-	-	8,115.71	4,000.00	-	-	12,115.71	8,115.71	4,000.00	-	-	12,115.71
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 2017-18	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
5	Down gradations of restructured accounts during the FY 2017-18	No. of borrowers	-	-	6	-	-	-	6	6	-	-	-	6
		Amount outstanding	-	-	125,056.59	-	-	-	125,056.59	125,056.59	-	-	-	125,056.59
		Provision thereon	-	-	6,252.83	-	-	-	6,252.83	6,252.83	-	-	-	6,252.83
6	Write offs/Prepayment of restructured accounts during the FY 2017-18	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on 31.03.2018 (closing figures)	No. of borrowers	-	-	5	11	8	-	24	5	11	8	-	24
		Amount outstanding	-	-	75,675.47	119,635.17	59,990.11	-	255,300.75	75,675.47	119,635.17	59,990.11	-	255,300.75
		Provision thereon	-	-	3,783.78	12,776.02	55,256.54	-	71,816.34	3,783.78	12,776.02	55,256.54	-	71,816.34

24.13 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.

25. 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, ₹ 37,119.74 lacs in FY 2016-17 and ₹ 31,995.93 lacs in FY 2017-18. The reply of IIFCL's Letter is awaited.

26. During the course of Statutory Audit for FY 2017-18, the auditors have indicated as under:

The Company has been creating provisions in respect of the Loan Assets based upon the IRAC prudential norms issued by RBI and have been calculating the tax expense after adding back same to the net profit. AS 22 "Taxes on Income" issued by ICAI stipulates that in case that there are any timing differences in respect of tax liability on account of any item, the effect thereof has to be considered. In view of the fact that a part of such provisions are allowed on the basis of write off in subsequent years, the same gives rise to a timing difference. A higher tax being paid today is recovered / compensated by a lower tax liability in a subsequent period. AS 22 requires the creation of deferred tax assets in such case to the extent of timing differences. In our opinion, based upon the experience in the past with regard to the percentage of write off, deferred tax assets needs to be created. Impact thereof needs to be ascertained. In view of above, we are unable to comment upon the impact of the same on Statement of Profit and Loss and the Reserves.

IIFCL is of the view that the provision on loan asset and writing of the loss asset are two separate items and creation and reversal of provision in loan asset is inadmissible as expense/income under section 36 of Income Tax Act, 1961. Therefore this is no timing difference for purpose of creation of Deferred tax Asset as per Accounting Standard 22. Accordingly IIFCL is not required to create an intangible asset i.e. Deferred Tax Asset (DTA).

In order to re-enforce its view in the matter, IIFCL, vide letter dated 24th November 2017 requested a clarification from Reserve Bank of India (RBI) regarding creation of Deferred Tax Asset on Provision for Loan Assets. RBI vide e-mail dated 5th February 2018 advised IIFCL to approach Institute of Chartered Accountants of India (ICAI) in this regard.

Pursuant to the reply from RBI, IIFCL vide letter dated 19th March 2018 has requested Institute of Chartered Accountants of India (ICAI) to clarify whether IIFCL is required to create Deferred Tax Asset (DTA) on Provision on Loan Assets.

The Expert Advisory Committee (EAC) of ICAI vide letter dated 11th May 2018 informed IIFCL that the query raised is a general issue for NBFCs and EAC of ICAI is constituted to answer specific queries. It is learnt that General accounting issues are clarified by the Accounting Standard Board(ASB) of the ICAI.

Subsequently, IIFCL vide letter dated 20th June 2018 has requested Accounting Standard Board(ASB) of Institute of Chartered Accountants of India (ICAI) to clarify whether IIFCL is required to create Deferred Tax Asset (DTA) on Provision on Loan Assets. The reply of IIFCL's Letter is awaited.#

 # The status of IIFCL's Letter to IIFCL is disclosed 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 observation in Half Margins of Phase-III Audit on Annual accounts of IIFCL for the year 2017-18.

27. IIFCL in consortium with PFC (lead lender) and REC has part funded Ind-Barath Power (Madras) Limited (IBPML) for setting up 1x 660 MW coal based thermal power project at Tuticorin, Tamil Nadu. IIFCL had sanctioned RTL of ₹ 250 crore and disbursed ₹ 89.24 crore in TRA Account maintained with Axis Bank. Funds from TRA had been diverted by the Borrower. Consortium had recalled the loan and filed a criminal complaint with EOW, Delhi Police on February 08, 2018, which is under investigation. The developments in the account have been reported to the Board of IIFCL at the meeting held on March 22, 2018 and instance of fraud was reported to RBI on March 28, 2018.

28. Some of the Subsidiaries Companies followed different accounting policies from that of the Company and the impact of the same is not material.

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

In terms of our Report of even date **For GSA & Associates** **Chartered Accountants** (Firm Regn. No: 000257N)	**For and on behalf of the Board of Directors of India Infrastructure Finance Company Ltd.**

Sd/- **Sunil Aggarwal** (Partner) (Membership No- 083899)	Sd/- **Praveen Mahto** (Director) (DIN No:-06956796)	Sd/- **Pankaj Jain** (Managing Director) (DIN No:-00675922)
Place: New Delhi Dated: 01.08.2018	Sd/- **Manjari Mishra** (AGM & Company Secretary)	Sd/- **Rajeev Mukhija** (CGM- CFO)

Form AOC-I

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures for the year 2017-18

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.**	
				INR	**USD**
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	USD (Exchange rate as on 31st March 2018: USD 1= ₹65.0441)	
5	Share capital	475.00	1250.00	23,394.80	50.00
6	Reserves & surplus	810.84	665.84	35,085.23	39.87
7	Total assets	1718.40	2183.93	15,25,696.89	2,345.63
8	Total Liabilities	432.56	268.09	14,67,243.86	2,255.77
9	Investments	Nil	Nil	Nil	
10	Turnover	838.84	848.45	53,112.06	82.39
11	Profit before taxation	321.40	424.68	(28,900.10)	(44.08)
12	Provision for taxation	88.09	144.85	1,593.47	2.44
13	Profit after taxation	233.31	279.83	(30,493.58)	(46.53)
14	Proposed Dividend	Nil	Nil	Nil	
15	% of shareholding	100%	100%	100%	

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

In terms of our report of even date
For GSA & Associates
Chartered Accountants
(Firm Regn. No: 000257N)

-sd-
Sunil Aggarwal
Partner
Membership No: 083899

Place: New Delhi
Dated: 01.08.2018

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

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

-sd-
Pankaj Jain
(Managing Director)
DIN No.: 00675922

-sd-
Manjari Mishra
(AGM & Company Secretary)

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

 # The date when IAMCL was acquired is updated 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 2017-18.

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 2018.

The preparation of consolidated financial statements of India Infrastructure Finance Company Limited for the year ended 31st March 2018 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 Audit Report dated 14th August 2018.

I, on behalf of the Comptroller and Auditor General of India. have conducted a supplementary audit of the consolidated financial statements of India Infrastructure Finance Company Limited for the year ended 31st March 2018 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of India Infrastructure Finance Company Limited and IIFCL Asset Management Company Limited but did not conduct supplementary audit of the financial statements of IIFCL Projects Limited for the year ended on that date. Further, section 139(5) and 143 (6) (a) 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 and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditor nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

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

Statement of Consolidated Profit and Loss:

Revenue from Operations (Note No.19) — ₹ 410846.25 lakh.
Provision for Loan Assets (Note No.24(B)(10)} — ₹ 68510.24 lakh.

As per Reserve Bank of India (RBI) Master Direction dated 01.09.2016 and the Company's Significant Accounting Policy No. 3.1 (a), a loan asset is to be recognised as Non-Performing Asset (NPA), in case interest has remained overdue for a period of three months or more for the financial year ending 31st March 2018 and thereafter. Further, as per the said RBI Master Direction and Significant Accounting policy No. 3.2 (b) (i), an asset which was classified as NPA for a period not exceeding 12 months is to be classified as Sub-Standard. A general provision of 10 per cent of outstanding amount is to be made in the case of sub-standard assets and interest income recognised before the assets became non-performing and remaining unrealised is also to be reversed.

The flowing loan assets have become NPA and are required to be classified as Sub-standard as per the above mentioned Master Direction/Significant Accounting Policy, since the dues of the borrowers payable by 31.12.2017, have not been paid and remained overdue as on 31.3.2018.

1. Essel Ahmedabad Godhra Toll Roads Limited (Principal - ₹198.14 crore: unrealised recognised interest income - ₹28.34 crore)
2. Madurai Tuticorin Expressways Limited (Principal - ₹138.16 crore: unrealised recognised interest income - ₹4.24 crore)

The Company has treated the two loan assets as Standard, instead of classifying the same as Sub-standard and has not created the requisite provisions in the financial statements for the year ended 31.3.2018 on the ground that the borrowers have liquidated/ partly liquidated the dues in April 2018. There is however, no room for any further relaxation in the time limit of three months for payment of dues, in the above mentioned RBI Master Direction and Significant Accounting policy. Hence classification of the two assets as Standard is not order.

This has resulted in overstatement of Revenue from operations by ₹ 32.58 crore (due to recognition of unrealized interest income of ₹ 28.34 crore plus ₹ 4.24 crore), understatement of 'Provision for Loan Assets' by ₹ 32.28 crore (calculated at 10 per cent of loan amount after adjusting existing general provision of 0.4 percent) as well as Loss for the year by ₹ 64.86 crore (₹ 32.58 crore plus ₹ 32.28 crore).

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

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

Place : New Delhi
Dated : 27th September 2018

India Infrastructure Finance Company Limited
(A Government of India Enterprise)
CIN: U67190DL2006GOI55420
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 13th Annual General Meeting of the Company held on Friday 28th day of September, 2018 at 3.30 p.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 Head Company Secretariat & Compliance at the venue.
2. Members are please requested to carry photo-ID card for identification/verification.
3. Shareholders present in person or through registered proxy only shall be entertained.
4. No gifts will be distributed at the Annual General Meeting.

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: U67190DL2006GOI55420

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:_______
   Email ID:_______
   Signature:_______, or failing him
2. Name: _________
   Address:_______
   Email ID:_______
   Signature:_______, or failing him
3. Name: _________
   Address:_______
   Email ID:_______
   Signature:_______.

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 13th Annual General Meeting of the Company to be held on Friday 28th day of September, 2018 at 3.30 p.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 ______2018

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.