



# Annual Report

2014 - 2015



इंडिया इन्फ्रास्ट्रक्चर फाइनेन्स कम्पनी लिमिटेड  
(भारत सरकार का उद्यम)

**India Infrastructure Finance Company Limited**  
(A Government of India Enterprise)

Regd. Office : 8<sup>th</sup> Floor, Hindustan Times House, 18 & 20, Kasturba Gandhi Marg, New Delhi -110001  
CIN : U67190DL2006GOI144520 Website : [www.iifcl.org](http://www.iifcl.org) Email : [info@iifcl.org](mailto:info@iifcl.org)  
Phone No. : 0091-11-23708263-64

## *Vision*

" To provide innovative financing solutions to promote and develop world class infrastructure in India"

## *Mission*

" To adopt best practices in financing infrastructure and develop core competencies in facilitating infrastructure development. Develop a team of highly engaged employees to the satisfaction of all stakeholders"





## From the *Chairman's Desk*

Ladies and Gentlemen,

It gives me immense pleasure to welcome you all to the 10<sup>th</sup> Annual General Meeting of your company.

You would be pleased to know that your company's net profit during the financial year 2014-15 grew by 46% year on year, which is among the highest growth rate of net profits in the industry. Further, during the year, your company recorded highest incremental disbursements since inception.

Your company, in September 2015, successfully completed the first bond issuance under its Credit Enhancement initiative.

In March 2015, the Government of India has allowed your company to sanction loans based on its own appraisal and act as a lead lender, lend with a minimum average maturity of five years (earlier 10 years) in cases where flexible structuring is adopted by the consortium of lenders and lend more to private sector projects not selected through competitive bidding (up from 20 per cent to 40 per cent of its total lending in an accounting year). Government has also approved a Regular Credit Enhancement Scheme, under which your company can now enhance the rating of bond issue to even higher than AA. A New Refinance Scheme has also been approved by the Government.

Your company has initiated the process of capacity building to develop appraisal capabilities and upgrade the knowledge base and skill set of its officers to meet the requirements of an enhanced role. These changes are expected to play an instrumental role in furthering your company's growth by providing more flexibility in lending, thereby, enlarging your company's role in the infrastructure finance space.

### **Economy-An Overview**

The Indian economy has emerged as one of the strong economies in the world during the year, encouraged by a greater macro-economic stability and the reformist actions of the new government, along with improved business sentiments in the country.

To boost economic growth, Government has announced several reforms including deregulation of diesel prices, reforming the coal sector via auctions and greater private sector entry, expediting environmental clearances, implementing a programme of disinvestments, introducing the "Make in India" Initiative to spur domestic manufacturing.

CPI inflation eased from 8.31 per cent in March 2014 to 5.17 per cent in March 2015, mainly due to falling food prices and a slump in international crude oil prices. Accordingly, the Reserve Bank of India (RBI) embarked on an easing cycle in January 2015, and has lowered its key lending rate thrice since then to 7.25 per cent in June 2015, supporting the pro-growth stance of the government.

As per the provisional estimates of GDP Growth rate by Central Statistics Office, the Indian economy grew at 7.3 per cent in 2014-15, as compared to 6.9 per cent and 5.1 per cent in 2013-14 and 2012-13 respectively (Revised GDP estimates as per the new method of calculations).

The Union Budget 2014-15 envisages a GDP growth of 8 per cent in the financial year 2015-16 and double-digit growth by 2020. However, to support such high growth rates, development of infrastructure is crucial.

The Government has recognized this need and has rightly set the stage in the latest budget to kick-start infrastructure investments. Amongst other things, it has increased the allocation in infrastructure sector during the current financial year by ₹ 70,000 Crore over the last fiscal.

The government had also proposed and has established a National Investment and Infrastructure Fund (NIIF) to mobilize investments and assured an annual flow of ₹ 20,000 Crore to it.

Further, in a bid to attract investments from the private sector and support PPP infrastructure projects, Government has set up a Committee to Revisit and Revitalize the PPP model of Infrastructure Development under the chairmanship of Dr. Vijay Kelkar. Chairman & Managing Director of your company is also a member of the Committee. Further, in November 2014, Government also set up a Committee under Chairmanship of the Chairman & Managing Director of your company for resolution of large distressed infrastructure and core industry projects.

### **Initiatives to improve viability of Infrastructure Projects**

In July 2014, RBI came out with guidelines for banks on flexible structuring of loans (5-25 scheme), for new infrastructure projects. The same was extended to existing infrastructure projects as well in December 2014. In January 2015, similar guidelines were issued for Non Banking Financial Companies (NBFCs) as well. These guidelines are expected to reduce the quantum of restructured assets and NPAs as well as reduce the pressure on some of the existing restructured advances in infrastructure sector.

In another development, RBI has allowed NBFC-IDF to invest in non-PPP projects and PPP projects without a project authority, in sectors where there is no project authority, provided these are post COD infrastructure projects which have completed at least one year of satisfactory commercial operation.

RBI, in June 2015, has come out with guidelines on Strategic Debt Restructuring (SDR) Scheme in a bid to provide flexibility for lenders to recover bad loans. As per the scheme, lenders can now acquire 51 per cent or more stake in companies which fail to achieve the projected viability milestone even after restructuring of loans.

Further, in an attempt to attract investor interest in the municipal bond markets, stock market regulator SEBI has approved the norms on municipal bond issue. The norms provide for a number of strict safeguards in the interest of investors.

Such measures are expected to play a key role in supporting the financial markets and boost the much-needed investment in the infrastructure sector.

## **INFRASTRUCTURE SECTORS AT A GLANCE**

### **Power**

The year 2014-15 has been an eventful year for the power sector. Following the de-allocation of 204 coal blocks by the Supreme Court (SC) of India in September 2014, Government of India (GoI) has carried out reverse auctions of coal block. In first two phases of the auction, coal auction proceeds are expected to cross ₹ 2 lakh Crore.

In the Union Budget 2015-16, the Government announced setting up of five new Ultra Mega Power Projects, each of 4000 MWs in plug-and-play mode where all clearances and linkages will be in place before the project are awarded by a transparent auction system. This is expected to attract investments to the extent of ₹ 1 lakh Crore.

The Government has emphasized its focus on renewable energy with ambitious targets of installing 175GW of Renewable Energy (100 GW of solar and 60 GW of wind energy, 10 GW of biomass-fired power and 5 GW of small hydro power) by 2022. At the RE-Invest 2015, the first Global Renewable Energy Investors' Meet & Expo, organized in New Delhi, several lenders have committed investments for development of 70 GW of renewable energy. You would be pleased to know that your company too has made a commitments for the development of 4000 MW of renewable energy in the country by 2019.

In October 2014, Government had set up a working group under the chairmanship of Chairman & Managing Director of your company to examine the suggestions made by Association of Power Producers (APP). The working group has already submitted its report to the Government and many of the suggestions of the working group have been considered by the Government and others are under consideration.

### Roads and Highways

NHAI has come up with a 'Hybrid Annuity' model, taking cue from the Finance Minister's suggestion to revisit the existing PPP model. Under the new model, the total project cost will be shared between government and private sector developer in the ratio of 40:60. The shift to Hybrid Annuity model is expected to reduce the upfront financial burden on the government in comparison to EPC mode as only 40 per cent of funding will be upfront, while the remaining 60 per cent will be spread over the concession period (15 to 20 years) in the form of annuity payments which can be recovered to an extent by way of tolls. For developers, achieving financial closure (for 60 per cent of total project cost) will be easier now, possibly attracting greater private sector participation.

The Union Budget 2014-15 increased the allocation to the road sector by ₹14,031 Crore and proposed to convert existing excise duty on petrol and diesel to the extent of Rs. 4 per litre into Road Cess to fund roads and other infrastructure.

In February 2015, Government has set up a High Powered Committee on Road Sector and Chairman & Managing Director of IIFCL was nominated as member of the Committee.

In May 2015, the government approved a comprehensive exit policy for the developers in roads sector; allowing them to quit a project two years post completion. The move is expected to help monetisation of stuck assets and unlock capital for future projects.

### Ports

The existing non-major ports, especially private ports, continue to grow due to factors such as diversified cargo portfolio, superior operating efficiency and the presence of captive cargo streams. Cargo traffic handled by non-major ports during April-September 2014-15 was 226.69 million tonnes, registering a growth of 11.1 per cent over the corresponding period last year.

Cargo traffic handled by India's 13 major ports during the year 2014-15 was 581.34 million tonnes, showing a growth of 4.65 per cent over the last fiscal.

The share of centrally - owned major ports in the total shipping traffic has declined from about 72 per cent in 2007-08 to 57 per cent in 2013-14. Accordingly, the Government has undertaken various steps to revive growth volumes in the ports sector, of which, the most significant one is the new Policy for Determination of Tariff for Major Port Trusts 2015, released by the Tariff Authority for Major Ports (TAMP), allowing market - linked tariff for Major Ports.

The Finance Minister in the Union Budget 2015-16 announced corporatization of major ports in a bid to speed up their decision making process, improve governance structure, and help them raise funds from the capital markets. The Finance Minister also announced a plan to award 16 new projects and revive SEZ-linked development. Further, the government has also approved the Sagarmala Project, aimed at promoting port - led direct and indirect development and to provide infrastructure to transport goods to and from ports quickly and efficiently.

### Airports

During the year 2014-15, passenger traffic increased to 190.10 million (International 50.80 million, Domestic 139.30 million) from 168.92 million in the last fiscal, registering a growth of 12.5 per cent y-o-y. During the same period, the total freight traffic increased to 2.53 million MT in 2014-15 (around 1.5 million MT International and 1.0 million MT Domestic). Number of aircraft movements in 2014-15 increased to 1603.02 thousand movements, as compared to 1536.62 thousand movements during the last fiscal, showing a growth of 4.3 per cent y-o-y.

The Finance Minister in the Union Budget 2015-16 announced a scheme for development of new airports in Tier I and Tier II cities for implementation through Airport Authority of India or PPPs. He also proposed the introduction of e-Visa facility at 9 airports to facilitate visa on arrival. These initiatives are expected to boost traffic in the country and promise a better environment for the aviation industry.

## Urban Infrastructure

During the year 2014-15, the urban infrastructure sector saw several policy developments largely focused on developing a clean India. The Swachh Bharat Abhiyan launched by the Government is a nation-wide initiative to generate awareness about sanitation and its linkage with public health, to effect behavioural change regarding healthy sanitation practices, capacity augmentation for urban local bodies, and to create an enabling environment for private sector participation in the sector.

The initiative will open a window of opportunities for private sector investment, particularly in areas related to waste management.

The Government has unveiled an ambitious plan to create 100 smart cities across India by 2022. The project aims to accommodate India's growing urban population, increase employment and attract FDI. Germany and USA are amongst countries that have signed MoUs with India for the development of smart cities.

## IIFCL's Performance

- Against this backdrop, I would now like to direct your attention towards the performance of your company during the year. The highlights of performance during 2014-15 are as under

### Direct Lending:

- **Gross Sanctions during the year:** During 2014-15, your company made incremental gross sanctions of ₹ 7,737 Crore to 33 projects under Direct Lending, as against ₹ 2,261 Crore to 19 projects during 2013-14.
- The cumulative gross sanctions under direct lending stand at ₹ 61,885 crore to 351 infrastructure projects at the end of March 2015.
- **Financial Closure:** As on 31<sup>st</sup> March, 2015, out of 284 net sanctioned projects under direct lending, 262 projects i.e. 92.25 per cent have achieved financial closure.
- **Disbursements:** During 2014-15, your company made incremental disbursements of Rs. 3,111 Crore under direct lending, as against Rs. 2,588 Crore during 2013-14.

### Takeout Finance:

- **Sanctions:** Under the Takeout Finance Scheme, IIFCL sanctioned ₹ 4,990 Crore during the year 2014-15, taking cumulative net sanctions under the scheme to ₹ 11,345 Crore in 53 projects.
- **Disbursements:** During the year, your company disbursed ₹ 4,208 Crore under the Takeout Finance Scheme, as compared to ₹ 1,058 Crore in the previous fiscal, registering a near 300 per cent increase year on year. Cumulative disbursements under the Scheme stood at ₹ 8,027 Crore till the end of March 2015.

**Total Disbursements:** Disbursements during the year amounted to ₹ 7,319 Crore, taking Cumulative disbursements at the end of March 2015 at ₹ 39,383 Crore.

- **Net Profits:** Your company recorded a net profit of ₹ 753 Crore for the year ended 31<sup>st</sup> March 2015, as compared to a net profit of ₹ 521 Crore during the year ended 31<sup>st</sup> March 2014.
- **NPAs:** Unlike the general trend, the asset quality of your company has also improved over the past year, with gross NPAs declining to 2.45 per cent of outstanding advances as compared to 3.79 per cent in the previous fiscal.

### CSR initiatives

Being a socially responsible organisation, IIFCL has implemented its CSR policy in all earnest. As part of its CSR activities, during the year 2014-15, IIFCL has successfully constructed 28 toilet complexes in 15 schools of Sivagangai District, Tamil Nadu, and has completed a skill development training programme benefiting 150 poor and unemployed youths of Safai Karamcharis, Scavengers and their dependents.

As per the provisions of the Companies Act, 2013, an amount of ₹ 22.10 Crore was allocated with approval from the Board of Directors as budget for the CSR activities of IIFCL for the FY2014-15.

Further, during the same year, IIFCL has sanctioned projects that are expected to reach out to 17 states in the country and cover diverse areas requiring social intervention.

### Subsidiaries highlights

#### India Infrastructure Finance Company (UK) Limited

IIFC (UK) was incorporated in February 2008 with a mandate to provide foreign currency lending to infrastructure projects in India for import of capital equipment. Till 31<sup>st</sup> March 2015, IIFC (UK)'s cumulative loan sanctions net of cancellations aggregated to USD 3,730 million, while cumulative disbursements stood at USD 1,598 million. Nearly one third of IIFC (UK)'s disbursements since its establishment in 2008 took place in the fiscal year 2014-15 alone. Its net profit grew by 31% y-o-y to ₹ 163 crore during the year ended March 2015.

During the year 2014-15, IIFC (UK) has raised \$919 million from taking the cumulative funds raised from the Central Bank at \$2,100 million as on 31<sup>st</sup> March 2015.

#### IIFCL Asset Management Company Limited (IAMCL)

IIFCL formed a 100 per cent subsidiary under mutual fund route viz IIFCL Asset Management Company Ltd (IAMCL) to manage the IIFCL Mutual Fund. IIFCL Mutual Fund (IDF) launched its maiden IDF scheme through private placement route in the name of "IIFCL Mutual Fund Infrastructure Debt Fund Series I" on 31<sup>st</sup> December 2013.

The maiden scheme was fully subscribed and successfully raised ₹ 300 crore. On full subscription, the scheme achieved the distinction of being the first IDF Mutual Fund in the country to be listed on the Bombay Stock Exchange (BSE).

IAMCL plans to launch two new schemes "MF IDF Series II maximum of ₹ 1500 Cr" and "MF IDF Series III maximum of ₹ 1000 Cr". Series II shall focus on investing in infrastructure sectors and MFIDF Series III shall be dedicated to Green Initiatives (viz; renewable energy sectors like Solar, Wind, Hydro, Waste To Energy etc).

During the financial year 2014-15, IAMCL's total revenue grew by 20 per cent (from ₹ 1.59 Crore to ₹ 4.77 Crore) and net profit after tax grew by 536 per cent (to ₹ 1.67 Crore from ₹ 0.26 Crore). With a Balance Sheet Size of ₹ 15.64 Crore, IAMCL is managing an AUM of ₹ 333.80 Crore as on 31<sup>st</sup> March 2015

#### IIFCL Projects Limited (IPL)

IIFCL Projects Limited (IPL) was set up in February 2012 as a subsidiary of IIFCL with the objective of providing advisory, project appraisal and syndication services to Central/State Government, local bodies and other stakeholders for promotion and development of infrastructure in India.

IPL has significantly ramped up its activities during the financial year 2014-15 and has achieved significant visibility with the central government, various state governments as well as the private sector.

Currently, IPL is executing various government as well as private sector mandates, including:

- Providing consultancy services to Odisha state government for setting-up and running an urban infrastructure fund

- Facilitating the formation and setting-up of an SPV (for the purpose of improving port rail connectivity) for Ministry of Shipping, GoI
- Working with the Maharashtra State Road Development Corporation (MSRDC) for refinancing their ₹ 3,000 Crore debt with credit enhanced bonds
- IPL is also executing various mandates amounting to ₹ 3.82 Crore for structured finance as well as plain debt syndication.

### **Way forward**

The year 2014-15 has been extremely encouraging for IIFCL. The recently announced changes in IIFCL's policies are expected to further push IIFCL on a growth path. The company has already initiated the process of capacity building in order to be able to assume the role of a lead lender and undertake its own appraisal of projects.

IIFCL's aim is to become a leading player in the Indian infrastructure lending sector by continuing to focus on financing long term infrastructure sector projects and venturing into new avenues of innovative infrastructure financing. IIFCL will strive to keep innovating and developing new products and services to cater to the changing needs of the infrastructure sector. As a specialized financial institution in infrastructure lending IIFCL is committed to providing innovative financing solutions to the Indian infrastructure sector. With the greater flexibility in IIFCL's policies, we expect that IIFCL is poised to grow and enlarge its role in the infrastructure financing space.

### **Acknowledgement**

I would like to take this opportunity to express my sincere thanks to the Hon'ble Prime Minister, Hon'ble Finance Minister, Vice-Chairman Niti Aayog, Minister of State for Finance, Finance Secretary and Secretary, Department of Financial Services, Ministry of Finance, for their continued guidance and support throughout the year.

I am also thankful to the officials of the Department of Financial Services and Department of Economic Affairs in the Finance Ministry and Niti Aayog, for extending their valuable inputs and cooperation at various points of time. I would also like to acknowledge the guidance provided by the Comptroller and Auditor General of India, Reserve Bank of India and the statutory auditors.

I would like to extend a special vote of thanks to the members of the Board for their immense support and contribution to the company's growth. I would also like to express my sincere appreciation and gratitude to the officers and staff of IIFCL for their continued dedication and enthusiasm. The trust shown by all the stakeholders in the company is immense and it is this trust that has helped IIFCL become what it is today.

**S. B. Nayar**  
**Chairman & Managing Director**  
**(DIN No. - 02175871)**

**Place : New Delhi**  
**Date : 29<sup>th</sup> September 2015**

## Board of Directors



**Shri S.B. Nayar**  
Chairman & Managing Director



**Shri Sanjeev Kaushik**  
Deputy Managing Director



**Ms. Anna Roy**  
Joint Secretary (FS) Govt. of India  
Ministry of Finance  
Department of Financial Services



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



**Shri U. K. Sharma**  
Advisor (Infrastructure)  
NITI Aayog



**Shri Rajeev Rishi**  
CMD, Central Bank of India



**Shri Animesh Chauhan**  
MD & CEO, Oriental Bank of Commerce



**Shri V. K. Bhasin**  
Ex-Secretary  
Legislative Department  
Ministry of Law and Justice



**Shri J. Venkateswarlu**  
Member, Central Council, ICAI

## Chief General Manager



**Shri Sanjeev Ghai**



**Dr. Emandi Sankara Rao**



**Shri Rajeev Mukhija**



**Shri P.R. Jaishankar**



**Shri C. M. Khurana**

# Contents

Notice of Annual General Meeting of Company	9
Directors' Report	18
Auditors' Report on the Financial Statement	58
Standalone Financial Statement	63
Notes to Account	66
Comment of the Comptroller and Auditor General of India on the Standalone financial statement of IIFCL for the year ended 31 <sup>st</sup> March 2015	129
Annual Interim Financial Report-World Bank	130
Auditors' Report on the Consolidated Financial Statement	132
Consolidated Financial Statement	138
Comment of the Comptroller and Auditor General of India on the Conslidated financial statement of IIFCL for the year ended 31 <sup>st</sup> March 2015	194

## REGISTERED OFFICE

8<sup>th</sup> Floor, Hindustan Times House, 18 & 20, Kasturba Gandhi Marg, New Delhi-110001  
Phone: 91-11-23730270 Fax: 91-11-23766256, 23730251

## BANKERS

- Punjab National Bank • State Bank of India • State Bank of Travancore
- Oriental Bank of Commerce • IDBI Bank • IndusInd 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: + 91-11-22-40807000

## STAUTORY AUDITORS

M/S K.M.Agarwal & Co. Chartered Accountants  
36 Netaji Subhash Marg, Daryaganj, New Delhi-110002  
Phone: +-11-23277049, 23273738

29<sup>th</sup> September. 2015

**Sub: Notice of 10<sup>th</sup> Annual General Meeting**

Dear Sir (s),

This is to inform you that the 10<sup>th</sup> Annual General Meeting of the members of India Infrastructure Finance Company Limited will be held on Wednesday, the 30<sup>th</sup> day of September 2015 at 11.00 a.m. at Conference Hall, Department of Financial Services, Ministry of Finance, Govt. of India, Jeevan Deep Building, Sansad Marg, New Delhi-110001.

The detailed notice of the meeting, Directors' Report, Secretarial Audit Report, Auditors' Report and Audited Accounts of the Company for the period ended on 31<sup>st</sup> March, 2015, are attached herewith.

Kindly make it convenient to attend the meeting.

Thanking you.

Yours sincerely,

**For India Infrastructure Finance Company Limited**

**(S.B.Nayar)**  
**Chairman & Managing Director**  
**(DIN No. - 02175871)**

**TO:**

1. Shri M.M. Dawla, Under Secretary, Ministry of Finance , Government of India , Sansad marg New Delhi-110001 (Nominated as the representative of the Hon'ble President of India vide DFS letter no. F.No. 18/6/2013-IF-1 dated 22<sup>nd</sup> September 2015)
2. Shri Ashok Kumar Dogra, Deputy Secretary , Department of Financial Services, Ministry of Finance, Govt. of India, Sansad Marg, New Delhi 110001
3. Shri Gulab Singh, Deputy Secretary, Department of Financial Services, Ministry of Finance, Govt. of India, Sansad Marg, New Delhi-110001
4. Shri S.R.Mehar, Deputy Secretary, Department of Financial Services, Ministry of Finance, Govt. of India, Sansad Marg, New Delhi-110001
5. Shri Sanjay Kumar, Deputy Secretary, Department of Financial Services, Ministry of Finance, Govt. of India, Sansad Marg, New Delhi-110001
6. Shri Manoj Kumar Mishra, Under Secretary, Department of Financial Services, Ministry of Finance, Govt. of India, Sansad marg, New Delhi-110001
7. Shri V.V.S Kharayat, Under Secretary, Department of Financial Services, Ministry of Finance, Govt. of India, Sansad Marg, New Delhi-110001
8. Shri Govind Ram, Under Secretary, Department of Financial Services, Ministry of Finance, Govt. of India, Sansad Marg, New Delhi-110001

## **India Infrastructure Finance Company Limited**

Regd. Office : 8<sup>th</sup> Floor, Hindustan Times House, 18 & 20, Kasturba Gandhi Marg, New Delhi -110001

CIN : U67190DL2006GOI144520 Website : www.iifcl.org Email : info@iifcl.org

Phone No. : 0091-11-23708263-64

### **NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED WILL BE HELD ON WEDNESDAY, THE 30<sup>TH</sup> DAY OF SEPTEMBER 2015 AT 11 A.M. AT CONFERENCE HALL, DEPARTMENT OF FINANCIAL SERVICES, MINISTRY OF FINANCE, GOVERNMENT OF INDIA, JEEVAN DEEP BUILDING, SANSAD MARG, NEW DELHI-110001**

#### **ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the tenth Audited Balance Sheet as on 31<sup>st</sup> March 2015 and the Profit and Loss Account for the year ended 31<sup>st</sup> March 2015 and the Director's Report thereon.
- 2) To declare Interim Dividend @ 8% (eight percent) (i.e. ₹0.80 per equity share of face value of ₹10/- each) on the paid-up equity share capital of ₹ 3900 crore amounting to ₹ 282,54,24,658 (Rupees Two Hundred Eighty Two Crores Fifty Four Lacs Twenty Four Thousand Six Hundred and Fifty Eight Only) as Final Dividend during Financial Year 2014-15.
- 3) Pursuant to Section 139(5) of Companies Act, 2013, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and in terms of Section 142(1) of the Companies Act, 2013, their remuneration has to be fixed by the Company in Annual General Meeting.

The Members of the Company in the 9<sup>th</sup> Annual General Meeting held on 17<sup>th</sup> September 2014 had authorized the Board of Directors to fix the remuneration of Statutory Auditors for the financial year 2014-15. Accordingly, the Board of Directors had fixed audit fee of ₹ 6 lacs (Rupees Six lacs only) plus service tax for audit of the Financial Year 2014-15 and ₹ 1.50 lacs (Rupees One lac fifty thousand only) (plus service tax) @ 25% of the proposed audit fees of ₹6 lacs (Rupees Six lacs only) towards audit of consolidated annual accounts of company for the year 2014-15 for the Statutory Auditors aggregated as the Statutory audit fee of ₹ 7.5 lakh plus service tax. The Office of the Comptroller and Auditor General of India General of India, 10, Bahadur Shah Zafar Marg, New Delhi, vide letter no. CA. V/COY/CENTRAL GOVERNMENT, IIFCL (1)/98 Dated 9<sup>th</sup> July 2015, has appointed M/s K.M. Aggrawal & Co. (DE0320), Chartered Accountants, 36, Netaji Subhash Marg, Darya Ganj, New Delhi-110002, as statutory auditors of IIFCL for the Financial Year 2015-16, pursuant to the provisions of Section 139 of the Companies Act 2013, regarding the appointment of Statutory Auditors in a Government Company. The members may authorize the Board of Directors to fix an appropriate remuneration of Auditors as may be deemed fit by the Board.

#### **SPECIAL BUSINESS:**

- 4) **To Convene the Annual General meeting at shorter notice.**

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

**“RESOLVED THAT** the requisite consent of the shareholders of the Company as per proviso to Section 101(1) of the Companies Act 2013 is accorded to the Notice dated 29<sup>th</sup> September, 2015 calling for this Annual General Meeting under Section 101(1) of the Companies Act, 2013, at Conference Hall, Department of Financial Services, Ministry of Finance, Government of India, Jeevan Deep Building, Sansad Marg, New Delhi-110001 on 30<sup>th</sup> September, 2015 at 11 a.m.

- 5) **Merger of Irrigation And Water Resources Finance Corporation Limited(IWRFC) with India Infrastructure Finance Company Limited (IIFCL)**

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

**RESOLUTION** by the requisite majority as provided under Section 396 of the Companies Act, 1956 read with Circular no. 16 dated 20<sup>th</sup> April 2011 issued by the Ministry of Corporate Affairs:

**“RESOLVED THAT** the proposal for merger of Irrigation And Water Resources Finance Corporation Limited (IWRFC) with India Infrastructure Finance Company Limited (IIFCL) as approved by the Board of Directors of IIFCL in its 76<sup>th</sup> meeting held on 12<sup>th</sup> May 2015 and subsequently approved by the Board of Directors of IWRFC in its meeting held on 29<sup>th</sup> June 2015 and approval by the Department of Financial Services (DFS), Ministry of Finance, Government of India vide letter dated 1<sup>st</sup> June 2014 noting change in appointed date of merger of IWRFC with IIFCL as 1<sup>st</sup> April 2015 in place of 1<sup>st</sup> April 2014 & increase in the paid-up equity share capital of transferee company before merger and amalgamated company after merger by ₹ 600 crore (applicable in the scheme of merger due to changes taken place since submission of the draft scheme of amalgamation of IWRFC with IIFCL to DFS on 22<sup>nd</sup> October 2014) and approving IIFCL's request to cancel 10,23,16,230 equity shares of IWRFC of ₹ 10/- each aggregating to ₹ 102,31,62,300 provided by DFS to IIFCL vide letter dated 21<sup>st</sup> July 2015, be and is hereby, approved.

**RESOLVED THAT** pursuant to the provisions of Section 396 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification thereto read with Circular no.16 dated 20<sup>th</sup> April 2011 issued by the Ministry of Corporate Affairs, the Memorandum and Articles of Association of the Company (hereinafter referred to as the "Transferee Company" or "Company"), any other applicable provisions of any other law for the time being in force, and any directions, guidelines or regulations, if any, of the Ministry of Corporate Affairs (hereinafter referred to as "MCA"), Central Government and of all other relevant authorities from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions of all appropriate authorities, institutions or bodies, if required and to the extent applicable, and subject to such terms and conditions and modifications as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Transferee Company (hereinafter referred to as "the Board", which expression shall be deemed to include any Committee(s) constituted/to be constituted or any other person authorised/ to be authorised by the Board/Committee to exercise its powers including the powers conferred by this Resolution) is hereby authorised to accept, the consent and approval of the Members of the Transferee Company be and is hereby accorded to the amalgamation of Transferee Company with "Irrigation and Water Resources Finance Corporation Limited" (hereinafter referred to as the "Transferor Company") in accordance with a Scheme of Amalgamation (hereinafter referred to as "the Scheme").

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 396 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification thereto read with Circular no. 16 dated 20<sup>th</sup> April 2011 issued by the Ministry of Corporate Affairs and in accordance with the matters stated in the aforesaid Resolution:

The Board be and is hereby empowered and authorised to act jointly with the Board of Directors of the Transferor Company (including any Committee or any person authorized by it), make modifications and alterations to the Scheme including those as may be required or suggested by the relevant authority/authorities and to do all acts, matters, deeds and things and to take all steps and give such directions as may be necessary, expedient, incidental, ancillary or desirable as the Board in its absolute discretion may deem fit for giving effect to the Scheme or for its implementation including any required regulatory applications and negotiation, finalization and execution of any agreements or documents incidental or ancillary to the Scheme and modifications/alterations thereto and also to settle any questions or difficulties that may arise in such manner as the Board in its absolute discretion may deem fit and to take all steps which are incidental and ancillary thereto in this connection".

#### 6) To Increase the Authorised Share capital

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

**“RESOLVED THAT** pursuant to Sections 61(1)(a) and 64(1)(a) of the Companies Act, 2013, and the relevant rules formed thereunder and in accordance with the provisions of the Articles of Association of the Company, the authorized share capital of the Company, be and is hereby increased from ₹ 5000,00,00,000/- (Rupees Five Thousand Crores only) divided into 500,00,00,000 Equity Shares of ₹ 10/- each, to ₹ 8000,00,00,000/- (Rupees

Eight Thousand Crores only) divided into ₹ 800,00,00,000 Equity shares of ₹ 10/- each, by creating 300,00,00,000 equity shares of ₹ 10/- each.

**RESOLVED FURTHER THAT** the new equity shares shall rank *pari passu* with the existing shares.”

**(7) TO AMEND THE MEMORANDUM OF ASSOCIATION**

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

“**RESOLVED THAT** in order to reflect the increase in Authorized Share Capital of the Company, and in order to conform to the requirements of the Companies Act, 2013, consent is hereby accorded to amend the existing clause V of Memorandum of Association of the Company with the following:

“...V The Authorized Share Capital of the Company is ₹ 8000,00,00,000 (Rupees Eight Thousand Crores only) divided into 800,00,00,000 equity shares of ₹ 10/- (Rupees ten only) each subject to the approval of the Hon’ble Finance Minister in terms of DFS letter no. F. No. 18/18/2008-IF-I (Vol III) dated 24<sup>th</sup> October 2011.”

**8) 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 re-enactment 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, the Board of Directors of IIFCL, be and is hereby, authorized to raise funds through Private Placement of Unsecured/Secured Non-Convertible Bonds/Debentures, taxable/tax free /infrastructure bonds/any other bonds upto ₹10,500 crore (Rupees Ten thousand Five hundred 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.

**RESOLVED FURTHER THAT** for the purpose of giving effect to Private Placement of unsecured/secured non-convertible bonds/debentures, 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 on the then prevailing market price, amount of issue, discount on 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**

**S. B. NAYAR  
CHAIRMAN & MANAGING DIRECTOR  
(DIN No. - 02175871)**

**Place: New Delhi**

**Date: 29<sup>th</sup> September 2015**

**REGISTERED OFFICE**

8<sup>th</sup> Floor, HT House, 18 & 20 Kasturba Gandhi Marg, New Delhi-110001

### ANNEXURE TO NOTICE

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

##### ITEM NO. 4 : Convening the Annual General Meeting at shorter notice

In terms of Section 101(1) of the Companies Act 2013, a general meeting of a Company may be called by giving not less than clear twenty-one days' notice either in writing or through electronic mode in such manner as may be prescribed. Provided that a general meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by not less than ninety-five per cent of the members entitled to vote at such meeting.

IIFCL letter / communication vide no. IIFCL/BS/AGM/07/11081 dated 31<sup>st</sup> August 2015 requested Department of Financial Services (DFS), MoF, GoI to consider conveying approval for holding IIFCL's Annual General Meeting at shorter notice on Monday, 28<sup>th</sup> September 2015 at 11 a.m. at DFS in view of following observations :

- (a) The Phase III Audit of financial statements of IIFCL for the year ended 31<sup>st</sup> March 2015 was underway and the office of C&AG was expected to issue certificate on the same after 6<sup>th</sup> September 2015 i.e. last date for issuing notice of AGM scheduled to be held on 28<sup>th</sup> September 2015.
- (b) IIFCL had requested Department of Financial Services (DFS), Ministry of Finance (MoF) Govt. of India vide letter no. IIFCL/BRD/07/2015-16/10814 dated 20<sup>th</sup> August 2015 to seek the approval of the Hon'ble Finance Minister for increasing the Authorized Share Capital of IIFCL from ₹ 5000 crore to ₹ 8000 crore so that IIFCL could proceed to increase the Authorised Share Capital subject to approval of the shareholders in the ensuing Annual General Meeting scheduled to be held in September 2015. It was expected that DFS may be in a position to convey a decision on IIFCL's request after 6<sup>th</sup> September 2015 i.e. last date for issuing notice of AGM scheduled to be held on 28<sup>th</sup> September 2015.

Subsequently, DFS vide letter no. F.No. 18/6/2013-IF-I dated 22<sup>nd</sup> September 2015 conveyed approval for holding IIFCL's Annual General Meeting at shorter notice on Monday, 28<sup>th</sup> September 2015 at 11 a.m. at DFS.

Pending receipt of the comments of the Comptroller and Auditor General of India (C&AG) on the Financial Statements of IIFCL for the year ended 31<sup>st</sup> March 2015, IIFCL vide letter no. IIFCL/BS/AGM/07/11383 dated 28<sup>th</sup> September 2015 requested the Department of Financial Services (DFS), MoF, GoI to consider conveying approval for holding IIFCL's Annual General Meeting at shorter notice on Wednesday, 30<sup>th</sup> September 2015 at 3.30 p.m. at DFS earlier scheduled on Monday, the 28<sup>th</sup> September 2015 at the same venue.

The comments of the Comptroller and Auditor General of India (C&AG) on the Financial Statements of IIFCL for the year ended 31<sup>st</sup> March 2015 were received vide letter dated 29<sup>th</sup> September 2015.

Subsequently, DFS vide letter no. F.No. 18/6/2013-IF-I dated 29<sup>th</sup> September 2015 conveyed approval for holding IIFCL's Annual General Meeting at shorter notice on Wednesday, 30<sup>th</sup> September 2015 at 11 a.m. at DFS.

None of the Director, Key Managerial Personnel (KMP) of the company and the relative of Director and KMP is in any way concerned or interested in the proposed resolution.

Your Directors recommend the resolution of Item no. 4 for your approval.

##### ITEM NO. 5 : Merger of Irrigation & Water Resources Finance Corporation of India (IWRFC) with India Infrastructure Finance Company Limited (IIFCL)

###### 1. Introduction

The Board of Directors of IIFCL in its 76<sup>th</sup> meeting held on 12<sup>th</sup> May 2015 authorized IIFCL to undertake the process of merger of Irrigation and Water Resources Finance Corporation Limited (IWRFC) with India Infrastructure Finance Company Limited (IIFCL) after the Board of Directors of IWRFC also approves the scheme of merger and

- (a) Department of Financial Services (DFS), Ministry of Finance, Government of India notes changes that would be applicable in the scheme of merger due to changes taken place since submission of the draft scheme of amalgamation of IWRFC with IIFCL to DFS as under:
  - I. Change in appointed date of merger of IWRFC with IIFCL as 1<sup>st</sup> April 2015 in place of 1<sup>st</sup> April 2014
  - ii. Increase in the paid-up equity share capital of transferee company before merger and amalgamated company after merger by ₹ 600 crore.

- (b) DFS provides letter regarding cancellation of 10, 23, 16,230 equity shares of IWRFC of ₹10/- each aggregating to ₹102, 31,62,300 from DFS.

Subsequently, Department of Financial Services (DFS), Ministry of Finance, Government of India vide letter dated 1<sup>st</sup> June 2014 noted change in appointed date of merger of IWRFC with IIFCL as 1<sup>st</sup> April 2015 in place of 1<sup>st</sup> April 2014 & increase in the paid-up equity share capital of transferee company before merger and amalgamated company after merger by ₹ 600 crore (applicable in the scheme of merger due to changes taken place since submission of the draft scheme of amalgamation of IWRFC with IIFCL to DFS on 22<sup>nd</sup> October 2014) and approved IIFCL's request to cancel 10,23,16,230 equity shares of IWRFC of ₹10/- each aggregating to ₹ 102,31,62,300 provided by DFS to IIFCL vide letter dated 21<sup>st</sup> July 2015.

Further, the Board of Directors of IWRFC in meeting held on 29<sup>th</sup> June 2015 approved the scheme of merger of IWRFC with IIFCL.

Earlier, DFS vide letter dated 15<sup>th</sup> April 2015 conveyed the approval of the Government of India to IIFCL's proposal for merger of IWRFC with IIFCL.

The meeting of the members of India Infrastructure Finance Company Limited is being convened for the purpose of considering and, if thought fit, approving, with or without modifications, the proposed Scheme of Amalgamation, (hereinafter referred to as "the Scheme"), of India Infrastructure Finance Company Limited (hereinafter referred to as "the Transferee Company") with Irrigation and Water Resources Finance Corporation Limited (hereinafter referred to as "the Transferor Company").

The Transferor Company and the Transferee Company believe the consolidation proposed through this Scheme will leverage significant complementarities that exist between both the companies. This revenue synergy-led and growth-oriented amalgamation, adopting best practices of governance and prudence from both Companies, is expected to result in a superior platform benefitting from efficiencies of size and scope over time for all stakeholders such as shareholders, customers, and employees.

## 2. Background of the Transferor Company and the Transferee Company:

- (a) **Irrigation and Water Resources Finance Corporation Limited** was incorporated as Public Limited Company, wholly-owned by the Government of India, on 29<sup>th</sup> March, 2008 with objects (more fully set out in Memorandum of Association) to fund major irrigation projects. The Company was put into operations during the financial year 2012-13 focusing on waste water management and reuse including sanitation and waste management, micro irrigation and contract farming, investment in the equity and debt in water companies etc.
- (b) **India Infrastructure Finance Company Limited** was incorporated as a Public Limited Company, whole owned by the Government of India, on 5<sup>th</sup> January, 2006 with objects (more fully set out in Memorandum of Association) to carry on the business of financing large scale Infrastructure projects.
- (c) The authorized, issued, subscribed and paid-up share capital of the Transferor Company and the Transferee Company is as under.

(₹ In crores)		
Particulars	IWRFC	IIFCL
Authorized, issued, subscribed equity share capital	1,000	5,000
Paid-up equity share capital	102.32	3,900

3. The amalgamation of the Transferor Company with the Transferee Company will be effected in accordance with Section 396 and other applicable provisions, if any, of the Companies Act, 1956 read with Circular no. 16 dated 20<sup>th</sup> April 2011 issued by the Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Transferor Company and the Transferee Company and other applicable provisions of laws for the time being in force.
4. In terms of Section 396 and other applicable provisions, if any, of the Companies Act, 1956 read with Circular no. 16 dated 20<sup>th</sup> April 2011 issued by the Ministry of Corporate Affairs, which govern the amalgamation of Companies in public interest, a resolution is required to be passed by 100% in number and in value of the Members of the Transferor Company and the Transferee Company, present either in person or by proxy at the respective general meetings of the Members of the Transferee Company and the Transferor Company.

5. As both the Transferor Company and Transferee Company are Companies duly registered under the provisions of the Companies Act, the amalgamation of the Transferor Company with the Transferee Company is exclusively governed by the provisions of Section 396 and other applicable provisions, if any, of the Companies Act, 1956 read with Circular no. 16 dated 20<sup>th</sup> April 2011 issued by the Ministry of Corporate Affairs which constitute a composite and complete code governing amalgamation of Companies in public interest and the provisions of the scheme of amalgamation and the matters incidental and ancillary thereto, and as such the said amalgamation would require the sanction of the Scheme by the Central Government for the Scheme coming into effect. The Scheme is not required to be submitted for approval to any stock exchange, the Securities and Exchange Board of India or any High Court(s)/Company Courts/the National Company Law Tribunal.
6. Salient features of the Scheme and valuation:
  - (a) No fractional shares shall be issued by the Transferee Company in respect of fractional entitlements, if any, to the members of the Transferor Company.
  - (b) All the permanent employees of the Transferor Company at their offices, branches and elsewhere and also in the employment of the Transferor Company shall stand transferred to the Transferee Company with continuity of services and on the same terms and conditions on which they are engaged as on the Appointed Date by the Transferor Company.
  - (c) The Appointed Date of the Scheme is April 1, 2015 or such other date as may be fixed mutually by the Transferor Company and the Transferee Company and sanctioned by the Central Government. The Scheme envisages that upon coming into effect of the Scheme on the "Effective Date" (being the date specified under Clause 1.3 of the Scheme) the entire undertaking of the Transferor Company including all its assets and liabilities shall (whether or not such assets or liabilities were held by the Transferor Company on the Appointed Date) stand transferred to and/or deemed to be transferred to and vested in the Transferee Company from the Appointed Date.
  - (d) Swap Ratio: Equity shares of ₹ 10/- (Rupees Ten only) each, credited as fully paid up, in the ratio of 1 equity share of the face value of ₹ 10/- (Rupees Ten only) each in the Transferee Company for every 1 equity share of the face value of ₹ 10/- (Rupees ten only) each held in the Transferor Company shall stand automatically issued and allotted to the equity shareholders of the Transferor Company whose names are recorded in the Register of Members of the Transferor Company as of the Record Date.
  - (e) The Transferee Company undertakes to continue, abide by any of the agreements/ settlements, etc. entered into by the Transferor Company with any union/employee of the Transferor Company. The Transferee Company agrees that the services of all such employees with the Transferor Company upto the Appointed Date shall be taken into account for the purpose of all the retirement benefits for which they may be eligible in the Transferor Company upto the Appointed Date.
  - (f) On the Scheme becoming finally effective the provident fund, gratuity fund, superannuation fund or any other special fund created or existing for the benefit of the staff, workmen and other employees of the Transferor Company shall stand substituted to the Transferee Company in accordance with the provisions of such Scheme or funds, according to the terms provided to in the respective trust deeds or other documents.
  - (g) The accounting treatment in respect of assets, liabilities and reserves and surplus of the Transferor Company in the books of the Transferee Company shall be in accordance with "Pooling of Interest Method" of accounting as per accounting standards as notified under the applicable law. All assets and liabilities, including reserves, of the Transferor Company shall be recorded in the books of account of the Transferee Company as at the Appointed Date at their existing carrying amounts and in the same form as appearing in the books of Transferor Company.
  - (h) The Transferor Company and the Transferee Company acting jointly may, pending sanction of the Scheme by the Central Government, mutually agree in writing, from time to time, to any modifications or amendments to the Scheme or to any conditions or limitations which the Central Government or any other relevant or concerned authority under law may direct or impose or which may otherwise be considered necessary, and may do and execute all acts, deeds, instruments, matters and things necessary for putting the Scheme into effect, or for the purpose of better structuring and effective implementation of the Scheme.

- (i) The Scheme is specifically conditional upon and subject to, *inter alia*
  - (i) The approval of the respective 100% of the members of Transferor Company and the Transferee Company.
  - (ii) The approval at least 90% of the respective creditors of Transferor Company and the Transferee Company.
  - (iii) The approval of the Union Council of Ministers to the effect that the proposed amalgamation is essential in the 'public interest'
  - (iv) The sanction of this Scheme by the Central Government under Section 396 read with other applicable provisions and Circular no. 16 dated 20<sup>th</sup> April 2011 issued by the Ministry of Corporate Affairs.
  - (v) Such other sanctions and approvals as would be required by law in respect of this Scheme.
- (j) The Transferor Company and the Transferee Company have agreed that the Scheme may be withdrawn before the Effective Date in certain limited circumstances such as upon the occurrence of a material adverse effect or breaches of representations or obligations.

**Miscellaneous:**

- 7. In order to give effect to the Scheme under the provisions of law, both the Transferor Company and the Transferee Company are required to obtain the consent and approval of their members to the proposed Scheme under the provisions of Section 396 read with other applicable provisions and Circular no. 16 dated 20<sup>th</sup> April 2011 issued by the Ministry of Corporate Affairs. The consent of the members of the Transferor Company and the Transferee Company is sought to be obtained for this purpose through separate general meetings.
- 8. The Directors and Key Managerial Personnel of the Transferee Company and their respective relatives may be deemed to be concerned and/or interested in the Scheme to the extent of their shareholdings in the Transferee Company, if any. None of the Promoters, Directors and Key Managerial Personnel of the Transferee Company hold any equity shares of the Transferee Company.

None of the Directors, Key Managerial Personnel (KMP) of the Company and the relative of Directors and KMP is in any way concerned or interested in the proposed resolution.

Your Directors recommend the resolution at Item no. 5 for your approval.

**ITEM NO. 6: INCREASE IN AUTHORIZED SHARE CAPITAL**

The resolution for increase in the Authorized Share Capital is proposed to enable the company raise and meet requirement of capital for increase in business activities.

Department of Financial Services (DFS), Ministry of Finance (MoF), vide letter No. F.No. 18/18/2008-IF-I(Vol. III) dated 24<sup>th</sup> October 2011 communicated that the Union Cabinet in its meeting held on 13<sup>th</sup> October 2011 has granted its approval *inter alia* for the proposal that the authorized capital of IIFCL may be increased from ₹2000 crore to ₹5000 crore with a proviso that it may be further increased to ₹8000 crore with the approval of the Finance Minister.

In order to strengthen Equity Share Capital for expanding business activities, the Board of Directors of IIFCL in its meeting held on 12<sup>th</sup> August 2015 approved the proposal to increase Authorized Share Capital of IIFCL from ₹5000 crore to ₹8000 crore. Further, the Board of Directors also approved the proposal to request Department of Financial Services (DFS), Ministry of Finance, Government of India, to seek and convey approval of the Hon'ble Finance Minister for increasing the Authorized Share Capital of IIFCL from ₹5000 crore to ₹8000 crore.

Subsequently, IIFCL vide letter no. IIFCL/BRD/07/2015-16/10814 dated 20<sup>th</sup> August 2015 requested DFS to seek approval of the Hon'ble Finance Minister for increasing the Authorized Share Capital of IIFCL from ₹5000 crore to ₹8000 crore.

None of the Directors, Key Managerial Personnel (KMP) of the Company and the relative of the Directors and KMP is in any way concerned or interested in the proposed resolution.

Your Directors recommend the resolution at Item no. 6 in the notice for your approval.

### **ITEM NO. 7 : To Amend the Memorandum of Association**

In order to reflect the increased Authorized Share Capital of the Company and in order to conform to the requirements of the Companies Act, 2013, clause V of the Memorandum of Association of the Company is required to be amended. As per provision of Section 13 of the Companies Act, 2013, the alteration of the Memorandum of Association of the Company requires the approval of the shareholders. The Board now seeks the approval of the shareholders for the same.

None of the Directors, Key Managerial Personnel (KMP) of the Company and the relative of Directors and KMP is in any way concerned or interested in the proposed resolution.

Your Directors recommend the resolution at Item No. 7 in the notice for your approval.

### **ITEM NO. 8 : Issue of Unsecured/Secured Non-Convertible Bonds/Debentures through Private Placement as per the provisions of the Companies Act 2013 and Rules made thereunder**

Given the Company's future growth plans, the Board considers it necessary to augment the long term resources of the Company through issuance of Unsecured/Secured Non-Convertible Bonds/Debentures which has better acceptability in the market and is very competitive. In view of the same, the Board of Directors has in its meeting held on 12<sup>th</sup> May 2015 considered and approved, subject to the approval of shareholders, the resource raising plan of the company to the tune of ₹ 6,500 crore for FY 2015-16. Further IIFCL expects to raise ₹ 8,000 Crore during 2016-17. Out of this amount, the Board of Directors of IIFCL in its 77<sup>th</sup> Meeting held on 12<sup>th</sup> August 2015, subject to the approval of shareholders, authorized for raising ₹ 4000 Crore till Annual General Meeting 2016-17 (50% of ₹ 8,000 crore expected to be raised during 2016-17). Thus, the Board of Directors in meeting held on 12<sup>th</sup> May 2015 and 12<sup>th</sup> August 2015, considered and approved, subject to the approval of shareholders, issuance of Unsecured / Secured Non-Convertible Bonds/Debentures in one or more tranches, upto amount, the aggregate outstanding of which, at any given time, should not exceed ₹ 10,500 crore, on private placement basis. The NCDs to be issued, from time to time, in terms of the said resolution will be within the overall borrowing limits as may be approved by shareholders, from time to time, under section 180(1)(c) of the Companies Act 2013. In terms of Section 42 and 71 of the Companies Act 2013 and companies (Share Capital and Debentures), Rules 2014 any offer or invitation for subscription of NCDs to be issued by the company on private placement basis requires prior approval of the shareholders by way of special resolution. Approval of the shareholders will be valid for one year for all the offers or invitations for NCDs to be made during the said year.

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

None of the Directors, Key Managerial Personnel (KMP) of the company and the relative of the Directors and KMP is in anyway concerned or interested in the proposed resolution.

Your Directors recommend the resolution at Item no. 8 in the notice for your approval.

### **NOTES: -**

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

## DIRECTORS' REPORT

To

The Shareholders,

The Directors of India Infrastructure Finance Company Ltd (IIFCL) have great pleasure in presenting the Tenth Annual Report with audited statements of accounts for the financial year ended 31<sup>st</sup> March, 2015 along with report of the auditors and the Comptroller and Auditor General of India thereon.

### Financial Results Summary

The summary of audited financial results of the company for the financial year ended 31<sup>st</sup> March 2015 is as under:

(₹ in crore)

Particulars	Year ended 31 <sup>st</sup> March, 2015	Year ended 31 <sup>st</sup> March, 2014
Total Revenue	4,062	3,917
Total Expenditure	2,845	2,982
<b>Profit before Tax</b>	<b>1,217</b>	<b>935</b>
Provision For Taxation	464	414
<b>Net Profit available for Appropriation</b>	<b>753</b>	<b>521</b>
<b>Net Profit available for Distribution</b>	<b>367</b>	<b>324</b>
Interim Dividend (including dividend distribution tax)*	339	-
<b>Net Profit after Distribution</b>	<b>28</b>	<b>324</b>
Earning per equity share of face value of ₹10 each (Weighted Average) (₹)	2.13	1.72

\* IIFCL paid Interim Dividend for the Financial Year 2014-15 @ ₹ 0.80 per equity share of Face Value ₹10/- each on the paid up equity share capital of ₹ 3,900 crore on 13<sup>th</sup> February 2015.

Your company's revenues during the year 2014-15 increased by 4% to ₹ 4,062 Crore and it posted a net profit of ₹ 753 crore during the year ended 31<sup>st</sup> March 2015 compared to a net profit of ₹ 521 crore during the year ended 31<sup>st</sup> March 2014. Further, the finance cost for year ended 31<sup>st</sup> March 2015 decreased by 6% due to decrease in other borrowing costs by 54% (as bond issue expenses during current financial year is Nil) and decrease in foreign exchange loss by 50%. The general provisions created on standard, sub-standard, doubtful and restructured loan accounts during the year ended 31<sup>st</sup> March 2015 was ₹ 9 crore, ₹ 69 crore, ₹ 164 crore and ₹ 100 crore, respectively. Further, provision for restructured assets as on 31<sup>st</sup> March 2015 includes ₹ 44 crore pertaining to diminution in fair value of advances. However, provision of ₹ 220 crore was written back on account of sale of NPA's.

Your company paid an interim dividend (including dividend distribution tax) of ₹ 339 crore during 2014-15. Consequently, the net profit after distribution decreased by ₹ 296 crore.

After interim dividend (including dividend distribution tax) payout, statutory and other appropriations, your company carried surplus profits of ₹ 28 crore to the balance sheet during the year ended 31<sup>st</sup> March 2015.

Other important highlights of growth in operations of your company during the year ended 31<sup>st</sup> March 2015 are as under:

- Total Assets increased by 1% to ₹ 39,064 crore.
- Net-worth of your company increased to ₹ 6,796 crore as at 31<sup>st</sup> March 2015 as against ₹ 5,782 crore as at 31<sup>st</sup> March 2014.

- In line with the norms as applicable to Non Banking Financial Companies, your company has made a provision of ₹ 342 crore on loan assets during the year and has written back provision of ₹ 220 crore on account of sale of NPAs.
- The following Reserves were created:
  - Debenture Redemption Reserve : ₹ 185 crore
  - Special Reserve U/S 36 (1)(viii) of Income Tax Act, 1961 : ₹ 202 crore
- The following Utilizations were made out of Reserves created:
  - ₹ 0.18 crore from Staff Welfare Reserve of ₹ 0.53 crore

### Lending Operations

#### Direct Lending

During 2014-15, with further gross sanction of ₹ 7,736.91 Crore for 31 projects, the cumulative gross sanctions of the company increased to ₹ 61,884.86 Crore to 349 infrastructure projects. The sector-wise distribution of cumulative gross sanctions of your company are as under:

#### Cumulative Gross Sanctions under Direct Lending (As on 31<sup>st</sup> March 2015)

(₹ Crore)

Sector	No of Projects	Project Cost	Gross Sanctions
Road	202	214,514.66	28,769.56
Power	87	276,758.50	25,282.58
Airport	2	14,716.00	2,150.00
Port	11	11,303.36	1,617.00
Urban Infra	9	47,091.36	3,553.00
Railway	1	1,396.00	279.00
PMDO*	37	7,729.00	233.72
<b>Total</b>	<b>349</b>	<b>573,508.88</b>	<b>61,884.86</b>

\* Pooled Municipal Debt Obligations

Further, as at 31<sup>st</sup> March 2015, sector-wise distribution of net sanctions of your company amounting to ₹ 40,887.24 crore to 284 projects is as under:

#### Cumulative Net Sanctions under Direct Lending (As on 31<sup>st</sup> March 2015)

(₹ crore)

Sector	No of Projects	Project Cost	Net Sanction
Road	169	184,038.54	19,478.92
Power	65	215,074.09	17,994.97
Airport	2	14,715.80	848.00
Port	9	11,123.92	1,177.96
Urban Infra	5	17,841.69	1,163.00
Railways	0	-	-
PMDO	34	7,434.78	224.39
<b>Total</b>	<b>284</b>	<b>450,228.82</b>	<b>40,887.24</b>

### Disbursements

With further disbursements of ₹ 7,319.13 Crore during 2014-15, the Cumulative disbursements at the end of March 2015 stood at ₹ 39,382.71 Crore, including refinance of ₹ 6,256 Crore, takeout finance of ₹ 8,027.57 Crore.

### Sector-wise Cumulative Disbursement (As on 31<sup>st</sup> March 2015)

(₹ crore)

Sector	No. of Projects	Project Cost	Amount disbursed
Road	160	159563.94	13,203.94
Power	47	153,508.80	10,302.58
Airport	2	14,715.80	845.54
Port	6	5,522.56	406.73
Urban Infrastructure	4	1,466.69	190.78
PMDO	28	4,744.20	149.77
Sub Total	247	339522.00	25,099.33
<b>Refinance</b>			<b>6,256.00</b>
<b>Takeout Finance</b>			<b>8,027.37</b>
<b>Grand Total</b>			<b>39,382.71</b>

### Pooled Municipal Debt Obligation (PMDO) Facility

Pooled Municipal Debt Obligations (PMDO) Facility 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. Till 31<sup>st</sup> March 2015, your company has (net) sanctioned loans of ₹ 224 Crore under the facility and has disbursed ₹ 149.77 Crore under PMDO.

### Priority to Public-Private Partnership (PPP) Projects

In line with its 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 31<sup>st</sup> March 2015, under Direct Lending, financial assistance has been sanctioned for setting up of 249 PPP projects, constituting 79.81% of the 312 projects sanctioned (excluding those under PMDO) by the company.

### Sector-wise no. of Projects Gross Sanctioned under Direct Lending (excluding PMDO) as on 31<sup>st</sup> March, 2015

Sector	PPP	Non-PPP	PSU
Road	201	Nil	1
Power	31	51	5
Airport	2	Nil	Nil
Port	9	2	Nil
Urban Infra & Water Supply	5	1	3
Railway	1	Nil	Nil
<b>Total</b>	<b>249</b>	<b>54</b>	<b>9</b>

### Geographically Diversified Presence

Your company continues to support the development of infrastructure projects spread across various states, enhancing footprint across the country. Till 31<sup>st</sup> March 2015, under direct lending, your company has sanctioned (net) ₹ 40,887.24 crore in 284 projects in states and has disbursed ₹ 25,099.37 crore in 247 projects across states as given below:-

### Cumulative State-wise Net Sanctions & Disbursements under Direct Lending (As on 31<sup>st</sup> March 2015)

(₹ crore)

State	Net Sanction	Disbursement
Andhra Pradesh & Telangana	3,969.18	1,685.07
Arunachal Pradesh	1,292.39	13.50
Bihar	1,254.64	828.70
Chhattisgarh	439.00	360.66
Delhi	573.75	573.75
Gujarat	6,145.93	4,134.33
Haryana	707.63	412.33
Himachal Pradesh	379.86	218.60
Jammu & Kashmir	375.00	136.90
Jharkhand	905.00	629.75
Karnataka	1,038.90	898.70
Kerala	191.52	140.20
Madhya Pradesh	3,793.76	2,685.79
Maharashtra	4,911.10	2,992.25
Orissa	777.18	605.85
Pondicherry	93.00	93.00

Punjab	795.23	577.61
Rajasthan	976.18	800.23
Sikkim	1,130.26	977.18
Tamil Nadu	1,737.46	1,080.77
Uttar Pradesh	6,924.08	3,493.51
Uttarakhand	443.72	367.64
West Bengal	2,033.47	1,393.05
<b>TOTAL</b>	<b>40,887.24</b>	<b>25,099.37</b>

### Achievement of Financial Closure under Sanctioned Projects

As on 31<sup>st</sup> March 2015, out of 284 net sanction projects under direct lending, 262 projects i.e. 92.25% have achieved financial closure. Sector-wise details of financial closure achieved are as under:

#### Financial Closure Achieved (As on 31<sup>st</sup> March 2015)

(₹Crore)

Sector	No. of Projects	Project Cost	Net Sanctions
Road	166	179,432.52	18,954.96
Power	54	192,468.39	16,217.39
Airport	2	14,715.80	848.00
Port	7	6,267.56	634.96
Urban Infrastructure	4	1,466.69	227.00
PMDO	29	4,776.02	183.67
<b>Total</b>	<b>262</b>	<b>399,126.98</b>	<b>37,065.98</b>

### Achievement of CoD

At the end of March 2015, amongst the projects in which your company has provided financial assistance by Direct Lending mode (excluding PMDO), Commercial Operations Date (CoD) has been achieved in 87 projects which include 70 road projects, 16 power projects, and 1 port project.

### 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 31<sup>st</sup> 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 2014-15, your company provided sanction of ₹1,083 crore to REC.



*Chhatrapati Shivaji International Airport-financed by IIFCL*



*Coastal Gujarat Power Ltd.-financed by IIFCL*

### **Take out Finance**

To facilitate incremental lending to the infrastructure sector by addressing banks' exposure and asset-liability mismatch constraints, IIFCL has implemented the Takeout financing Scheme. IIFCL operationalised its Modified Takeout Finance Scheme in December 2011 subsequent to suitable modifications. IIFCL's Takeout 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 2014-15, IIFCL sanctioned ₹ 4,989.94 Crore under the Takeout finance Scheme, taking cumulative net sanctions to ₹ 11,345.47 Crore in 53 projects. Further, during the year, the company disbursed ₹ 42,08.37 Crore compared to ₹ 1,058 crore in previous year recording a growth of 297.77% and taking cumulative disbursements under the Scheme to ₹ 8,027.37 Crore.

Further, various steps have been taken by the company for building awareness amongst banks and other eligible institutions for popularizing the Takeout Finance Scheme.

### **Credit Enhancement**

Department of Financial Services (DFS) vide its letter dated 18<sup>th</sup> October 2011 had granted its in-principle approval to IIFCL to undertake pilot transactions under Credit Enhancement, in association with Asian Development Bank (ADB). During the year, Government has approved Regular Credit Enhancement Scheme which enables IIFCL to enhance the rating of bonds even to AA+ or higher. Such bonds can now have a minimum tenor of 5 years.

Till 31<sup>st</sup> March, 2015, IIFCL has accorded in-principle approval for extending partial credit guarantee to enable issuance of bonds by 5 infrastructure project SPVs.

### **India Infrastructure Finance Initiative**

The company had entered into MoU with IDFC and Citigroup on 15<sup>th</sup> 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 2014-15, under India Infrastructure Fund (IIF), IIFCL has made 2 capital contributions amounting to ₹ 1.63 crore and received 1 redemption amounting to ₹ 3.10 crore. Till 31<sup>st</sup> March, 2015, out of total capital commitment of ₹100 crore to IIF, IIFCL has contributed ₹ 92.34 crore, IIF has redeemed capital amounting to ₹15.27 crore till 31<sup>st</sup> March, 2015.

### **Resource Mobilization**

#### **Domestic Resources**

The company raises long-term resources both from domestic markets and overseas. The company has so far raised ₹ 32,573 crore (Out of which, ₹ 22,323 crore is outstanding as on 31<sup>st</sup> March 2015) 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 and bilateral institutions like Asian Development Bank (ADB), World Bank, KfW and European Investment bank (EIB) and has committed lines of long-term low-cost credit to the extent of USD 1.9 billion, USD 1.195 billion (reduced to 195 million), Euro 50 million and Euro 200 million, respectively. Earlier, ADB has provided line of credit for an amount of USD 1200 million under India Infrastructure Project Financing Facility (IIPFF) I and II of USD 500 million and USD 700 million each. ADB has also sanctioned another line of credit of USD 700 million under Accelerating Infrastructure Investment Facility in India. As on 31<sup>st</sup> March 2015, your company has fully availed the US \$ 500 million and USD 700 million under IIPFF-I and IIPFF-II respectively. Further, against the new line of USD 700 million, first tranche of USD 400 million was signed on 21<sup>st</sup> January 2014, out of which USD 210.47 million has been received as on 31<sup>st</sup> March 2015. Hence, IIFCL has in total received USD 1,410.47 million from ADB by the end of March 2015.

Of the World Bank line of Credit of USD 195 million, IIFCL has availed an amount of USD 86.57 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 European Investment Bank (EIB) on March 31, 2014. In addition of the above, deliberations with Japan International Cooperation Agency (JICA), Export Development Canada (EDC) and Agence Française de Development (French Agency for Development-AFD) are under progress for line of credit to your company. These relationships with multilateral and bilateral institutions have helped IIFCL in raising low-cost long-term resources.

## IT initiatives

With the objective of enhancing the productivity and also to make IIFCL a truly paper light company, the implementation process of Integrated Software Solution (ISS), is being established in phases with the aim to automate various business and support functions of IIFCL started in FY 2011-12. During 2014-15, the following business modules of Integrated Software Solution (ISS) were under parallel run and improvements were underway as per business requirements: Credit Administration, Accounting System, Resources & Treasury, CPD & Business Development, Board Secretariat, Legal Module, The Human Resource Management System and Document Management System modules have been implemented and are 'Live'.

## Adoption of prudential norms

Union Cabinet in its meeting held on 13<sup>th</sup> October 2011 *inter-alia* had approved the proposal to bring your Company under regulatory oversight of Reserve Bank of India by registering it as a Non-Banking Financial Company-Infrastructure Finance Company (NBFC-IFC). The same was conveyed by Department of Financial Services, Ministry of Finance vide letter dated 24<sup>th</sup> October 2011.

Meanwhile, Department of Financial Services vide letter dated 23<sup>rd</sup> January, 2012 had requested the Reserve Bank of India to create a special category of NBFC- IFC which are wholly owned by the Government and whose borrowings are backed by sovereign guarantee and such NBFCs be subjected to far lower Capital to Risk Weighted Asset Ratio (CRAR) than a normal NBFC. In this regard, Department of Financial Services, Ministry of Finance, Government of India vide communication dated 9<sup>th</sup> October, 2012 had informed that Reserve Bank of India was not in favour of creation of separate category of NBFC based on ownership. Accordingly, IIFCL submitted application to Reserve Bank of India for registration as NBFC- IFC on 8<sup>th</sup> March 2013. The Reserve Bank of India has issued a Certificate of Registration (CoR) No. N-14.03288 dated 9<sup>th</sup> September 2013 to IIFCL, permitting the Company to carry on the business of NBFC-ND-IFC.

The company has vide letter dated 21<sup>st</sup> November 2014 submitted a road map to the RBI giving specific time lines for complying with various elements of RBI regulations for NBFC-IFC.

Your Company has adopted prudential norms for income recognition, asset classification and provisioning, applicable to NBFCs as per Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007, w.e.f. financial year ended 31<sup>st</sup> March 2012 and discontinued the practice to transfer amount to Reserve for Loan Assets at 0.4% of amount of loan assets, Reserve for Loan Assets of ₹ 57.93 crore as on 31<sup>st</sup> March, 2011 retained in the books of account of the company till 31<sup>st</sup> March, 2013.

During the course of obtaining comments of the Office of Comptroller and Auditors General of India (C&AG) on audited financial statements of FY 2012-13, IIFCL had given assurance that the existing Reserve for Loan Assets retained in the

financial statements till 31<sup>st</sup> March, 2013 would either be withdrawn or utilized for the purpose of write off of Non Performing Accounts (NPAs), if required in the financial statements of the next financial year. Accordingly, the Reserve for Loan Assets of ₹ 57.93 crore retained and carried since 31<sup>st</sup> March, 2011, are written back and transferred to Profit and Loss Account during financial year ended 31<sup>st</sup> March 2014.

### Restructured loans, NPAs and Recovery

During the year, 3 accounts have been sold to Asset Reconstruction Companies. As on 31<sup>st</sup> March 2015, thirteen accounts have been classified as NPA with an outstanding amount of ₹ 645.61 crore. All the accounts are being followed up closely for recovery / resolution in consultation with lead bank and other lenders and efforts are being made for recovery of dues by way of securitization, sale to Asset Reconstruction Companies, and legal recourse to protect the lenders interest.

### Revision in SIFTI

During the year, Government has, *inter alia*, allowed IIFCL to:

- Consider sanction of loans on the basis of its own appraisal and assume the role of 'Lead Lender'. Earlier, IIFCL was allowed to consider sanction of loan to a project based on the appraisal of Lead Bank or of a reputed appraising institution/bank/International financial institution.
- Lend with average maturity of repayments of 5 years (earlier 10 years) in case of projects where the flexible structuring model (5/25 model) is adopted by the consortium of lenders,
- Invest surplus funds in 'AAA' rated PSU corporate bonds and borrow short term debt to better manage its finances.
- Lend up to 40% (earlier 20%) of the total lending in any accounting year to private sector companies not selected through competitive bidding process.
- The tenor of loans under Takeout Finance Scheme has now been capped at 85% of the Economic Life of the project (earlier capped at 85% of the concession period/average tenor of long term PPAs).

Revisions to this effect have been carried out in SIFTI and Takeout Finance Scheme.

In addition, during the year, Government has also approved a Regular Credit Enhancement Scheme and New Refinance Scheme of IIFCL.

The above will provide flexibility to IIFCL in extending long-term financial assistance to infrastructure projects.

### GoI Contribution to Equity

During 2014-15, Government of India contributed ₹ 600 crore towards the paid up capital of your company taking the total paid up capital to ₹3900 crore as on 31<sup>st</sup> March 2015. The total authorized capital of your company as at 31<sup>st</sup> March 2015 was ₹5000 crore

### Risk Management

The Company has a robust Risk Governance Structure and it is continuously updating its risk processes and procedures with best industry practices pertaining to Credit, Market and Operational Risks. Your company is implementing **Integrated Risk Management System (IRMS)** in a phased manner to make the Risk Management Framework more cohesive. The company has a risk vision which encompasses a holistic charter and profile for the Integrated Risk Management Framework that “will support IIFCL's vision in minimizing risks in the business value chain and provide confidence to all the stakeholders by enhancing the strength of IIFCL's Balance Sheet.”

Integrated risk of the organization is captured by regular monitoring of quantitative and qualitative risk appetite limits and Capital-Risk-Adjusted Ratio (CRAR).

IIFCL has adopted Risk Assessment Model (RAM) Software for assessing Credit Risk of all infrastructure projects under various IIFCL's schemes before the proposals are sanctioned by Board of Directors. The Internal Risk Rating of the projects is approved by the Rating Committee, which consists of members of the senior management. During FY 2014-15, IIFCL adopted the Facility Risk Rating (FRR) for generating FRR grade on the basis of nature, amount of facility and securities specific to project. Borrower and facility rating together provide the combined rating of a borrower.

Credit Risk is examined quarterly through Asset Portfolio Analysis, Portfolio Spread Analysis, and Portfolio Stress Testing under different scenarios. The Portfolio Risk Assessment Report is reported to Board Level Risk Management Committee (BL-RMC) for reviewing the significant sector specific as well as systematic risk.

Risk Management Team also supports Asset Liability Management Function. The ALM reports are prepared in compliance with regulatory guidelines and submitted periodically to RBI within the stipulated timelines. Asset Liability Committee (ALCO) supervises the ALM Process and reviews liquidity mismatches and interest rate sensitivity.

Operational Risk Team is engaged in analyzing operational risk data to estimate operational risk at various business units: Risk Control Self-Assessment, Key Risk Indicator and Loss Data Capturing activities which are performed periodically to highlight critical risk areas. IIFCL is also estimating Operational Risk Capital using Basic Indicator Approach. The Operational Risk Report is supervised by Credit and Operational Risk Management Committee.

### **Environment and Social Safeguards**

IIFCL has set up an in-house Environment and Social Safeguard Management Unit (ESMU) comprising of Environmental & Social Safeguards specialists. IIFCL staff is regularly trained/ exposed to training programme on sustainable development/safeguard related issues. As a part of IIFCL's commitment to safeguards, ESMU team has been further strengthened during the reporting period. ESMU team has also contributed/participated in the formulation of draft guidelines for Responsible Financing for Banking Sector which are being developed by Working Group under the aegis of IBA.

### **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 78 including three employees of IIFC (UK) Ltd. In order to develop human resources of the company, various initiatives were taken during the year like providing training in the areas of Credit Appraisal, Risk Management, Resources & Treasury Management, HR Management, Legal aspects 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. All government policies on reservation/relaxation/exemption to the reserved categories candidates are being complied with. In order to automate the HR function, Human Resources Management System (HRMS) has been implemented and is fully operational. The Employee relations during the year remained peaceful and cordial.

### **Corporate Social Responsibility**

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



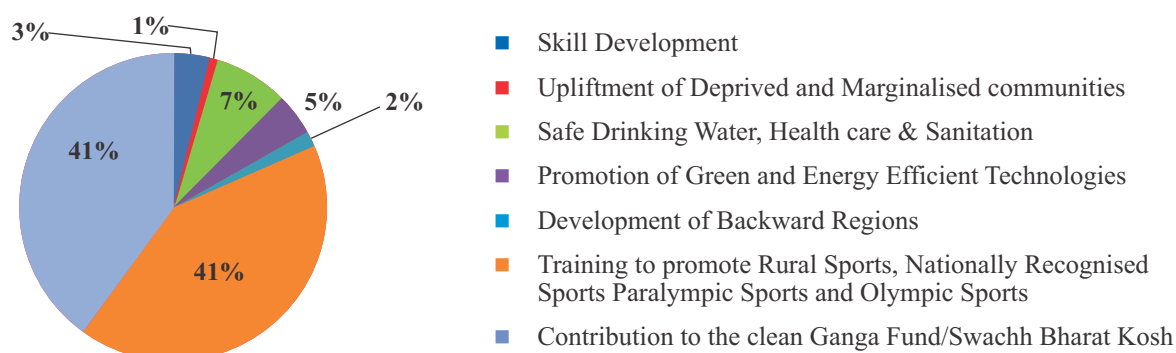
*Toilet Blocks for girls-Built by IIFCL under CSR initiatives*

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

IIFCL through its CSR activities during FY 2014-15, has successfully constructed 28 toilet complexes in 15 schools of Sivagangai District, Tamil Nadu and completed a skill development training programme benefiting 150 poor and unemployed youths of Safai Karamcharis, Scavengers and their dependents. IIFCL has also installed a Solar Power Plant at the rooftop of India Habitat Center, New Delhi with a total capacity of 250 KW.

An amount of ₹ 22,10,78,000/- (Rupees twenty two crore, ten lakhs and seventy eight thousand) was allocated by the Board of Directors as budget for CSR activities of IIFCL for the FY 2014-15. During the FY 2014-15, IIFCL has sanctioned projects that are expected to reach out to 17 states in the country and cover diverse areas requiring social intervention.

### Areas of intervention under the CSR initiative of IIFCL



The cumulative CSR expenditure for FY 2014-15 stands at ₹ 24,23,34,334 (Rupees twenty four crore, twenty three lakhs, thirty four thousand three hundred and thirty four). Your company was able to achieve its targets as per the provisions of the Companies Act, 2013.

### Internal Control

Your company has devised strong internal control mechanism involving systems, safeguards & procedures commensurate with its size and operations. The internal audit is regularly carried out to ensure compliance of processes, 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-/Negative/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 9001:2008 certification

Your company continues to be an ISO 9001:2008 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.

The ISO certificate has been renewed further for a period of three years subject to annual surveillance audit. 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 for ISO certification in November 2014.

## **Business Development**

During 2014-15, IIFCL participated in several conferences and seminars *inter -alia* identified by its Business Development Cell for undertaking business development activities. IIFCL also organized conferences for increasing awareness about its various offerings and to gather feedback. IIFCL also signed a MoU with IREDA for mutual cooperation in financing of infrastructure projects in India. Further, IIFCL Projects Limited, wholly owned subsidiary of IIFCL also supported IIFCL in its business development activities.

## **Subsidiaries**

### **IIFC (UK) Ltd.:**

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 equipments. 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 515 million during 2014-15, IIFC (UK) has made cumulative disbursements of USD 1,597.87 million till March 2015.

### **IIFCL Asset Management Company Limited (IAMCL):**

IIFCL incorporated IIFCL Asset Management Company Ltd (IAMCL), a wholly owned subsidiary, in March 2012 to manage IIFCL Mutual Fund (IDF). IIFCL Mutual Fund (IDF) was registered by SEBI in January 2013.

IIFCL Mutual Fund (IDF) launched its maiden IDF scheme through private placement route in the name of “IIFCL Mutual Fund Infrastructure Debt Fund Series I” (rated “AAA IDF-MF” by two domestic rating agencies) on 31<sup>st</sup> December 2013 and after successfully raising ₹300 crore, closed the scheme on 6<sup>th</sup> February 2014. The scheme achieved the distinction of being the first IDF Mutual Fund in the country to be listed on the Bombay Stock Exchange (BSE). IAMCL approved ₹295 crore for six operating infrastructure companies/projects.

The financial year 2014-15 was the first full year of operations and the company has exhibited good performance. The NAV per unit of “IIFCL Mutual Fund Infrastructure Debt Fund Series I” having face value of ₹10,00,000/- grew to ₹11,12,687.49/- and AUM size has reached ₹333.80 crore as on 31<sup>st</sup> March 2015.

During the financial year 2015-16, IAMCL's total revenue grew to ₹4.77 crore from ₹1.59 crore, last year on a total capital of ₹12.50 crore. Its net profit after tax increased from ₹0.26 crore in FY 2013-14 to ₹1.59 crore in FY 2014-15.

IIFCL MF (IDF) is currently in the process of launching two new schemes, both rated “AAA MF-IDF” by two domestic credit rating agencies with Series II focused on infrastructure sectors with a fund size of up to ₹1,500 crore and Series III with focus on Green initiative (Solar and wind energy, waste-to-energy, water and sanitation etc.) with a fund size of upto ₹1,000 crore.

## **Associates**

### **IIFCL Projects Ltd. (IPL):**

IIFCL Projects Limited (IPL) was set up by IIFCL in February 2012 to provide advisory services to Central/State Governments, local bodies, project developers and other stakeholders for promotion and development of infrastructure in India. IPL provides varied advisory services in the areas of Project Appraisal & Debt Syndication and Project Development including financial viability studies, project structuring, financial structuring, transaction advisory services, and Capacity Building & Development. Currently, IPL is providing its services to state government for setting-up and running an urban infrastructure fund. IPL is also facilitating the formation and setting-up of SPV for Government of India with a mandate to improve port rail connectivity. IPL is also executing various mandates for structured finance as well as plain debt syndication. During FY 2014-15 (based on unaudited financial), IPL earned advisory fee of ₹4.66 crore (₹1.33 crore during FY2013-14) and PAT of ₹1.91 crore (₹0.20 crore during FY 2013-14).

### **Irrigation and Water Resources Finance Corporation Limited (IWRFC):**

In the Budget speech of 2008-09, the Hon'ble Finance Minister announced that massive investments were required to be made in Irrigation Projects and hence Irrigation and Water Resources Finance Corporation (IWRFC) was established as a Company under the Companies Act, 1956 with an initial capital of ₹100 Crores, contributed by the Central Government

on March 29, 2008. The intention was to mobilize the very large resources that will be required to fund major and medium irrigation projects.

Subsequently in the Budget speech of 2012-13, the Hon'ble Finance Minister announced that the Company would start its operations in 2012-13 by focusing on financing sub-sectors like micro-irrigation, contract farming, waste water management and sanitation.

In line with the budget announcement, Ministry of Finance advised IIFCL to operationalize IWRFC. Accordingly, IWRFC commenced its operations in the financial year 2012-13. During 2013-14, Government of India vide letter no. 19/08/2012-IF-1 dated 4<sup>th</sup> January, 2013 conveyed in-principle approval for merger of IWRFC in IIFCL. Subsequently, Government of India vide letter no. 19/8/2012-IF-I (Vol.2) dated 15<sup>th</sup> April, 2015 has conveyed final approval for merger of IWRFC in IIFCL.

During the year 2014-15, IWRFC disbursed term loans to the tune of ₹ 41.18 crores. The gross sanctions by the company till 31<sup>st</sup> March 2015 are ₹ 88 crore, and the outstanding disbursements as on 31<sup>st</sup> March 2015 are ₹ 61.42 crores.

### **Compliance of RBI Directives:**

Consequent upon registration as NBFC-ND-IFC, IIFCL is required to comply with RBI Regulations applicable to NBFC-ND-IFCs. In this regard, it is also mentioned that as per RBI Circular RBI/2005-2006/139 DNBS. PD.CC.No.56/02.04/2005-06 dated August 24, 2005 Sections 45IB and 45IC of the Reserve Bank of India Act, 1934, shall not apply to any Non Banking Financial Company as defined in section 45-I (f) of the Reserve Bank of India Act, 1934 being a Government company as defined under the Companies Act.

Later, RBI vide Circular no RBI/2006-2007/204DNBS. PD.CC.No.86/03.02.089/2006-07 dated December 12, 2006 had directed that it is proposed to bring all deposit taking and systematically important government owned companies under the provisions of the said Directions which will be in conformity with the existing guidelines, including those contained in this circular. However, the date from which they are to fully comply with the regulatory framework will be decided later. These companies are, therefore, required to prepare a roadmap for compliance with various elements of the NBFC regulations, in consultation with the Government, and submit the same to the Reserve Bank (Department of Non-Banking Supervision-(DNBS), by March 31, 2007. The Board of Directors of IIFCL in 66<sup>th</sup> meeting held on 29<sup>th</sup> October 2013 noted that the Reserve Bank of India had issued a Certificate of Registration (CoR) No. N-14.03288 dated 9<sup>th</sup> September 2013 to IIFCL, permitting the Company to carry on the business of NBFC-ND-IFC. Further, in connection with submission of roadmap for compliance with various elements of NBFC Regulations to RBI, the Board also approved that IIFCL may comply with the norms applicable to NBFC-ND-IFC as per RBI regulations and proposal in this regard may be prepared in consultation with and approval from the Government of India for submission to the RBI.

Accordingly, IIFCL vide letter dated 24<sup>th</sup> June, 2014 requested the government of India to approve the proposal that IIFCL may comply with norms applicable to NBFC-ND-IFC as per RBI regulations with CAR of 12% (as allowed by RBI). In response, the Government of India in its letter no. F No. 18/10/2011/IF-I dated 25<sup>th</sup> July, 2014 advised that a detailed road map may be prepared by IIFCL giving specific time lines for complying with various elements of RBI regulations for NBFC-IFC incorporating the specific exemptions provided by RBI to IIFCL. The company has vide letter dated 21<sup>st</sup> November 2014 submitted road map to RBI giving specific time lines for complying with various elements of RBI regulations for NBFC-IFC.

### 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 S.B.Nayar Chairman & Managing Director	Whole Time Director	12 <sup>th</sup> December, 2013
Shri Sanjeev Kaushik Deputy Managing Director	Whole Time Director	2 <sup>nd</sup> February 2015
Ms. Anna Roy* Joint Secretary (JS), Department of Financial Services, Government of India, Ministry of Finance	Government Nominee Director	4 <sup>th</sup> September , 2015
Ms. Sharmila Chavaly Joint Secretary (Infrastructure & Energy) Department of Economic Affairs Government of India, Ministry of Finance	Government Nominee Director	22 <sup>nd</sup> October 2012
Shri U.K.Sharma Advisor(Infrastructure) NITI Aayog	Government Nominee Director	11 <sup>th</sup> December, 2014
Shri Rajeev Rishi CMD, Central Bank of India New Delhi	Scheduled Commercial Banks Nominee Director	13 <sup>th</sup> March, 2015
Shri Animesh Chauhan MD & CEO, Oriental Bank of Commerce New Delhi	Scheduled Commercial Banks Nominee Director	13 <sup>th</sup> March, 2015
Shri V.K. Bhasin Ex-Secretary Legislative Department Ministry of Law and Justice	Part-Time Non-Official Director	27 <sup>th</sup> January 2014
Shri J.Venkateswarlu Chartered Accountant	Part-Time Non-Official Director	10 <sup>th</sup> March 2014

\*Government of India, Ministry of Finance, Department of Financial Services vide Letter No F.No 3/1/2011/IF-I dated 4<sup>th</sup> September 2015 has communicated the appointment of Ms. Anna Roy, Joint Secretary (DFS), as Government Nominee Director on the Board of India Infrastructure Finance Company Limited (IIFCL) in place of Dr. Has Mukh Adhia until further orders. Dr. Has Mukh Adhia was Government Nominee Director on the Board of IIFCL from 11<sup>th</sup> November, 2014 to 4<sup>th</sup> September 2015.

Government of India, Ministry of Finance, Department of Financial Services vide Letter No F.No. 3/5/2011-IF.I dated 28<sup>th</sup> January 2015 has communicated the appointment of Shri Sanjeev Kaushik as the Deputy Managing Director, IIFCL, on deputation basis for a period of three years from the date of taking his charge or upto 23<sup>rd</sup> January 2018 or until further orders, whichever is the earliest, subject to availability of cadre clearance in his favour beyond 23<sup>rd</sup> January 2016 from the State Government of Kerala. Shri Sanjeev Kaushik assumed charge as Deputy Managing Director of IIFCL w.e.f 2<sup>nd</sup> February 2015.

Government of India, Ministry of Finance, Department of Financial Services vide letter No F.No. 3/1/2010/IF-I (Vol III) dated 11<sup>th</sup> December, 2014 has communicated the appointment of Shri U.K. Sharma, Adviser (Infrastructure-Finance), NITI Aayog as Govt. Nominee Director on the Board of India Infrastructure Finance Company Ltd. (IIFCL) in place of Shri Praveen Mahto, Adviser, Planning Commission until further orders. Shri Praveen Mahto was Government Nominee Director on the Board of IIFCL from 4<sup>th</sup> August 2014 to 11<sup>th</sup> December 2014.

Government of India, Ministry of Finance, Department of Financial Services vide Letter No. F. No. 3/1/2010/1F-1 (Vol. III) dated 13<sup>th</sup> March 2015 has communicated the appointment of Shri Rajeev Rishi, CMD, Central Bank of India and Shri Animesh Chauhan, MD & CEO, Oriental Bank of Commerce as the Scheduled Commercial Banks Nominee Directors on the Board of India Infrastructure Finance Company Limited, (IIFCL), in place of Shri K.R. Kamath for a period of three years or until further orders, whichever is earlier. Shri K.R. Kamath was the Scheduled Commercial Banks Nominee Director on the Board of IIFCL from 22<sup>nd</sup> March 2012 to 27<sup>th</sup> October 2014. The Board welcomes all the new Directors on the Board of the Company.

Following individuals ceased to be Directors from the Board of IIFCL during the Financial Year as indicated below. The Board wishes to place on record its appreciation of their contribution to the company.

Name and Designation	Category	Tenure
Shri Rajiv Takru	Government Nominee Director	04.02.2013 - 02.04.2014
Dr. Gudial Singh Sandhu	Govt. Nominee Director	02.04.2014 - 11.11.2014
Shri Ravi Mital	Government Nominee Director	18.02.2013 - 04.08.2014
Shri Praveen Mahto	Govt. Nominee Director	04.08.2014 - 11.12.2014
Shri K.R. Kamath	Scheduled Commercial Bank Nominee Director	22.03.2012 - 27.10.2014
Shri Hari Santosh Kumar	Part Time Non Official Director	15.12.2011 - 14.12.2014
Prof. V. Venkataramana	Part-Time Non-Official Director	10.02.2012 - 09.02.2015

### Directors' Responsibility Statement

Pursuant to the requirement under section 134 (3) of the Companies Act, 2013 with respect to a Director's Responsibility Statement, it is hereby confirmed:

- That in the preparation of Annual Accounts for the financial year ended 31<sup>st</sup> March 2015 the applicable accounting standard had been followed along with the proper explanation relating to material departure.
- 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 or loss of the company for the year under review.
- 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 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That the Directors had prepared the accounts for the Financial Year ended 31<sup>st</sup> March, 2015 on a going concern basis

### 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.

In line with the Best Practices on Corporate Governance, your Company's Board comprises of nine (9) Directors out of which two (2) Whole Time Functional Directors i.e., the Chairman and Managing Director and Deputy Managing Director, three (3) are Government Nominee Directors, two (2) Directors representing the Scheduled Commercial Banks and two (2) are Part-Time Non-Official Directors. Further, your Company has a qualified and an independent three member Audit Committee chaired by a Part Time Non-Official Director.

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 7 times on 12<sup>th</sup> May 2014, 20<sup>th</sup> May 2014, 11<sup>th</sup> August 2014, 11<sup>th</sup> November 2014, 26<sup>th</sup> November 2014, 9<sup>th</sup> February 2015 and 30<sup>th</sup> March 2015.

### Audit Committee of the Board

The Board of Directors has constituted an Audit Committee under section 292A of the Companies Act, 1956 which was reconstituted in 74<sup>th</sup> Board Meeting held on 9<sup>th</sup> February 2015. The Constitution of the Audit Committee as on date is as under:

Name	Designation
Shri Sanjeev Kaushik	Deputy Managing Director, IIFCL
Shri V.K. Bhasin	Part time Non-Official Director
Shri J. Venkateswarlu	Part time Non-Official Director / Chairman of the Committee

During the year 2014-15, the Audit Committee of the Board met 6 times on 8<sup>th</sup> May 2014, 20<sup>th</sup> May 2014, 11<sup>th</sup> August 2014, 10<sup>th</sup> November 2014, 9<sup>th</sup> February 2015 and 30<sup>th</sup> March 2015.

The Board has also constituted the following committee (s)

### Management & Investment Committee (MIC):

The MIC was constituted in 60<sup>th</sup> Board Meeting held on 20<sup>th</sup> February, 2013. The constitution of the Management and Investment Committee as on date is as under:

Name	Designation
Shri S.B.Nayar	Chairman & Managing Director/ Chairman of the Committee
Shri Sanjeev Kaushik	Deputy Managing Director
Ms. Sharmila Chavaly	Govt. Nominee Director
Shri Animesh Chauhan	Scheduled Commercial Banks Nominee Director
Shri J. Venkateswarlu	Part time Non-Official Director

During the year 2014-15, the Management & Investment of the Board met 10 times on 20<sup>th</sup> May 2014, 27<sup>th</sup> June 2014, 30<sup>th</sup> July 2014, 22<sup>nd</sup> September 2014, 11<sup>th</sup> November 2014, 26<sup>th</sup> November 2014, 16<sup>th</sup> December 2014, 22<sup>nd</sup> January 2015, 25<sup>th</sup> February 2015 and 24<sup>th</sup> March 2015.

### Risk Management & ALCO Committee

The Board of Directors of IIFCL in 21<sup>st</sup> Meeting held on 14<sup>th</sup> 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 68<sup>th</sup> Board Meeting held on 3<sup>rd</sup> February 2014 to give overall guidance to IIFCL Risk Management and to the Assets & Liabilities Management. Subsequently, the Board of Directors of IIFCL in 73<sup>rd</sup> Meeting held on 26<sup>th</sup> November 2014 approved the proposal that existing Risk Management & ALCO Committee of IIFCL be segregated into two Committees namely Risk Management Committee & ALCO Committee in view of Regulation 3 of the Master Circular-Corporate Governance issued by Reserve Bank of India vide reference no DNBS (PD) CC No. 390/03.10.001/2014-15 date 1st July, 2014, stipulating that every NBFCs with Public Deposit of ₹ 20 Crore and above or having an asset size of ₹ 100 Crore or above shall constitute a risk management committee to manage integrated risk, in addition to the Asset Liability Management Committee (ALCO). The members in both Committees were to be the same.

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

Name	Designation
Shri Sanjeev Kaushik	Deputy Managing Director, IIFCL/Chairman of the Committee
Shri V.K. Bhasin	Part time Non-Official Director
Shri J. Venkateswarlu	Part time Non-Official Director

During the year 2014-15, Risk Management Committee of the Board met 6 times on 12<sup>th</sup> May, 2014, 11<sup>th</sup> August, 2014, 22<sup>nd</sup> September 2014, 10<sup>th</sup> November 2014, 9<sup>th</sup> February, 2015 and 30<sup>th</sup> March 2015.

### Asset Liability Management (ALCO) Committee

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

Name	Designation
Shri Sanjeev Kaushik	Deputy Managing Director, IIFCL / Chairman of the Committee
Shri V.K. Bhasin	Part time Non-Official Director
Shri J. Venkateswarlu	Part time Non-Official Director

During the year 2014-15, Asset Liability Committee of the Board met 2 times on 9<sup>th</sup> February 2015 and 30<sup>th</sup> March 2015.

### Corporate Social Responsibility (CSR) Committee

The CSR Committee was constituted in 51<sup>st</sup> Board Meeting held on 23<sup>rd</sup> April, 2012 as per guidelines of Department of Public Enterprises which was reconstituted in 74<sup>th</sup> Board Meeting held on 9<sup>th</sup> February 2015. The constitution of the Corporate Social Responsibility (CSR) Committee as on date is as under: .

Name	Designation
Shri S.B.Nayar	Chairman & Managing Director, IIFCL/Chairman of the Committee
Ms. Sharmila Chavaly	Government Nominee Director
Shri U. K. Sharma	Government Nominee Director

During the year 2014-15, Corporate Social Responsibility Committee of the Board met 4 times on 12<sup>th</sup> May, 2014, 1<sup>st</sup> August, 2014, 29<sup>th</sup> September 2014 and 10<sup>th</sup> November 2014.

#### **Remuneration and Nomination Committee**

The Remuneration Committee was constituted in 25<sup>th</sup> Board Meeting held on 14<sup>th</sup> July 2012 which was later renamed as the Remuneration and Nomination Committee in 71<sup>st</sup> Board Meeting held on 11<sup>th</sup> August, 2014 as per requirement of Companies Act 2013. The constitution of the Remuneration and Nomination Committee as on date is as under:

<b>Name</b>	<b>Designation</b>
Shri U.K. Sharma	Government Nominee Director
Shri V.K. Bhasin	Part time Non-Official Director

#### **Stakeholders Relationship Committee**

The Stakeholders relationship Committee was constituted in 71<sup>st</sup> Board Meeting held on 11<sup>th</sup> August, 2014 as per requirement of Companies Act 2013. The constitution of the Stakeholders Relationship Committee as on date is as under:

<b>Name</b>	<b>Designation</b>
Shri S.B. Nayar	Chairman and Managing Director, IIFCL
Shri U.K. Sharma	Government Nominee Director / Chairman of the Committee
Shri V.K. Bhasin	Part time Non-Official Director

#### **Bond Issue Committee:**

The Board of IIFCL in 74<sup>th</sup> meeting held on 9<sup>th</sup> February 2015 disbanded the Bond Issue Committee based on the request of the Bond Issue Committee in their meeting held earlier in the day since the work relating to Tax Free Bonds during 2013-14 was over.

#### **Statement on declaration given by independent directors under sub-section (6) of section 149**

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 except Independent directors appointed as per provisions of Companies Act, 2013. IIFCL has initiated the process of appointment of Independent directors on its Board.

#### **Companies 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**

As per provisions of section 134(3)(e), of Companies Act, 2013, companies requiring to constitute Nomination and Remuneration Committee, are required to disclose company's policy on Director's 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 in Board's report.

Accordingly, the Board of IIFCL in 77<sup>th</sup> meeting held on 12<sup>th</sup> August 2015 approved policy on appointment of Directors and their remuneration as recommended by the Remuneration and Nomination Committee of Board of IIFCL in meeting held on the 12<sup>th</sup> day of August, 2015.

The Policy for appointment of Directors of IIFCL and their remuneration, as recommended by Remuneration and Nomination Committee of Board would be as mentioned hereunder:-

- a) 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 except Independent Directors appointed as per provisions of Companies Act 2013.
- b) The remuneration to Whole Time Directors / Executive Directors shall be paid as per terms of appointment conveyed by the Government of India.
- c) Remuneration shall not be paid to Non-Executive Directors unless otherwise prescribed by Government of India.
- d) Sitting fee for attending Board/Committee Meeting shall be paid to Independent director(s) / Part-Time Non-Official Director(s) on appointment as approved by the Board of Directors.

### **Interim & Final Dividend**

Your Directors in 76<sup>th</sup> Board Meeting held on 12<sup>th</sup> May 2015 have recommended a final dividend @ 8% i.e (₹ .80 per equity share of FV ₹10/- each on the paid-up equity share capital of ₹3900 crore amounting to ₹ 282,54,24,658 (Rupees Two hundred Eighty Two Crore Fifty Four Lakhs Twenty Four Thousand Six Hundred Fifty Eight Only) for a Financial Year ended March 31, 2015. The Dividend Distribution Tax @ 19.9941176% on the above dividend amount, aggregating ₹ 56,49,18,729 ( Rupees Fifty Six Crore Forty Nine Lakh Eighty Thousand Seven Hundred and Twenty Nine Only) was paid. The Dividend payout is subject to approval of members at the ensuing Annual General Meeting.

**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.

**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.**

IIFCL vide letter no. IIFCL/BRD/2015-16/16/10877 dated 28<sup>th</sup> August 2015 requested Department of Public Enterprises, to devise and inform the manner of evaluation of Board that of its Committees and Individual Directors.

**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 71<sup>st</sup> Board Meeting held on 11<sup>th</sup> 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 29<sup>th</sup> 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 Audit Committee and the Board of IIFCL in meeting held on 9<sup>th</sup> February 2015.

### **Details of establishment of vigil mechanism for directors and employees**

The Board of Directors of IIFCL in 71<sup>st</sup> Board Meeting held on 11<sup>th</sup> 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 concern 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.

### **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 constantly making efforts to ensure that the work environment is safer for all the employees including women irrespective of their number, which can be emphasized by the fact that till date no complaint in this regard has been reported in IIFCL.

### **Right to Information Act, 2005 (RTI Cell)**

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

### **Deposits**

During the year under review, the Company has not accepted any deposits under Section 73 of the Companies Act, 2013, read with Companies (Acceptance of Deposits) Rules, 1975.

### **Conservation of energy**

The Company is engaged in providing financial assistance to infrastructure projects and its consumption of power is insignificant. However, company has taken adequate measures to conserve energy consumption in the office premises.

### **Technology Absorption**

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

### **Foreign exchange earnings and outgo**

Information in accordance with Section 134 of the Companies Act, 2013 read with Companies (Disclosure of Particulars in the Report of Board of Directors), Rules, 1988:

	<b>Year ended (31st March, 2015)</b>	<b>Year ended (31st March,) 2014</b>
Total Foreign exchange used	5267.39	4,793.43
Total Foreign exchange earned	285.52	378.32

### **Particulars of Employees**

The Company had no employees during the year under review whose particulars are required to be given under Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial Personnel Rules, 2014).

### Statutory Auditors

M/s K. M. Agarwal & Co. Chartered Accountants were appointed by the Office of Comptroller & Auditor General of India as Statutory Auditors of IIFCL for the financial year 2014-15.

### Comments of the Statutory Auditors/ Comptroller & Auditor General of India on Annual Accounts

The audited statement of accounts along with the report of auditors is appended with comments of the Comptroller & Auditor General of India required under the Companies Act, 2013, as an annexure to this Report.

Information and explanation on qualifications in Auditor's Report 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 also 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
5.	Managerial Remuneration	V
6.	Statement containing salient features of the financial statement of subsidiaries/associate companies/Joint Ventures for the year 2014-15	VI

### 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 Shareholders for their continued support and cooperation. The Board is also thankful to the Auditors of the Company, the Comptroller and Auditor General of India 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.**

**(S.B.NAYAR)**

**Chairman and Managing Director  
(DIN No. - 02175871)**

Place : New Delhi  
Date : 29.09.2015

## ADDENDUM TO DIRECTORS' REPORT

### Information and explanation on qualifications in Auditor's Report as required as per the provisions of the Section 134 Companies Act, 2013.

- (i) **Auditors observation :** As per accounting standard-11(AS-11) i.e. "The Effects of Changes in Foreign Exchange Rates, foreign currency loans taken (to the extent hedged) and outstanding forward exchange contracts should be restated at the exchange rates prevailing at the reporting date and difference should be taken to the Statement of Profit and Loss whereas the company has restated these foreign currency loans as on date of inception of the forward contracts and difference taken to Statement of Profit and Loss statement as stated in Note no 24(B) (14). Had the company complied with AS-11, loan liability and foreign currency receivable account as on 31<sup>st</sup> March, 2015 would have been higher by ₹ 127418.65 lacs (₹136602.17 lacs as on March, 31, 2014) each. However there would be no impact on the profit for the year ended March, 31, 2015 as the loss on principal amount of hedged foreign currency loan is totally offset by the gain on the forward exchange contracts.

**Management comments:** IIFCL has requested the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) to give opinion in the matter of restating foreign currency loans taken (to the extent hedged) and outstanding forward exchange contracts as per Accounting Standard-11 (AS-11) i.e. The Effects of Changes in Foreign Exchange Rates'. Accordingly, appropriate treatment of foreign currency loans taken (to the extent hedged) and outstanding forward exchange contracts would be carried out based on such opinion.

- (ii) **Auditors observation:** As stated by the management in note no 24(B) (12) (C), the mark to market (M2M) gain on composite contracts (Interest Rate Swaps cum forward exchange contracts) as on March, 31, 2015 amounted to ₹127418.65 lacs (₹136602.17 lacs as on March, 31, 2014) and the net M2M loss/gain relating to interest rate swaps cannot be computed separately.

As per the announcement issued by the Institute of Chartered Accountants of India regarding Accounting for Derivatives, keeping in view the principle of prudence as enunciated in AS-1. Disclosure of accounting policies; the entity is required to provide for losses in respect all outstanding derivative contracts at the balance sheet date by marking them to market except in respect of forward contracts which are to be accounted for in accordance with provisions of AS-11, the Effect of Changes in Foreign Exchange Rates. In our opinion, the company has not ascertained and provided for such mark to market loss, if any on these outstanding derivative contracts i.e. Interest Rate Swaps.

**Management comments:** The Company has undertaken composite contracts i.e. Interest Rate Swap cum forward exchange contracts to hedge risks relating to floating interest rates as well as foreign exchange fluctuations on foreign currency borrowings. The M2M losses on Interest Rate Swaps (IRS) is not being accounted for in the books of accounts as the underlying liability designated with swap is also not carried at lower of cost or market value in the financial statements and the M2M loss relating only to IRS cannot be computed separately and provided for as required by the announcement of ICAI on 'Accounting for Derivatives' as the company had entered into composite contracts for hedging and the interest payable to counter-parties also includes amount of premium, if any, which has not been mentioned/ identified separately in the composite contracts. IIFCL has also requested EAC of the ICAI to inform how mark to market gain/ loss gain/ loss on interest rate swaps can be ascertained/ segregated from mark to market gain/ loss of composite contract while giving opinion referred in management comments to the previous observation. Accordingly, appropriate treatment in this matter would also be carried out based on such opinion.

### Information and explanation on qualification in Secretarial Audit Report as required under section 134 of Companies Act, 2013

**Secretarial Auditors Observations:** The requirement of at least one-third of total number of directors, as Independent Directors i.e. 3 out of 9, as on 31.3.2015 as laid down in Section 149(4) of the Companies Act, 2013 is not met. Similarly, the composition of Board Committees- Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee, as on 31.3.2015 does not fulfil the requirements of Sections 177, 178, 135 of the Act, respectively as regards Independent Directors.

**Management Comments:** IIFCL is in process of appointment of Independent Directors on its Board

### #Information and Explanation on comments of the Comptroller and Auditor General of India on the Standalone and Consolidated Financial Statement of IIFCL for the Year ended 31<sup>st</sup> March 2015 in respect of the account of India container Private Limited are as under :

**Management Comments:** "The project was stalled due to extraneous factors including non completion of works to be undertaken by the Concessing Authority, that is, Mumbai Port Trusts. However, the promoters continued their efforts towards completion of the project work within their control and were exploring the possibility of alternate revenues like Roll-on, Roll-over operation. Accordingly, the project was being monitored and assessed on an on-going basis. Subsequently, however, keeping in view the later developments, the account of Indira Container Terminal Private Limited has been categorized as NPA (sub-standard) as 30<sup>th</sup> June 2015"

#Details incorporated subsequent to comments of the Comptroller and Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the financial Statement of India Infrastructure Finance Company Limited for the year for the year ended 31<sup>st</sup> March 2015 issued vide letter dated 29<sup>th</sup> September 2015.

### Annexure -I

A.N. Kukreja & Co.,  
Company Secretaries  
New Delhi

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015**

(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 31<sup>st</sup> March, 2015** 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 31<sup>st</sup> March, 2015 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 of Capital and Disclosure Requirements) Regulations, 2009\*;
    - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999\*.
    - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009\*;
    - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998\*.

@Foreign Exchange Management Act, 1999 and the regulations to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings listed at sub-para 1. (iv) above are not applicable for financial year 2014-15.

The Company did not undertake fresh borrowing during 2014-15 except drawdown against existing line of credit from multilateral/bilateral institutions.

\*SEBI Regulations listed at sub-para (v) Serial Nos. (a), (b), (c) (d), (g) and (h) are not applicable for financial year 2014-15.

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

(a) Reserve Bank of India Act, 1934 and RBI directions/guidelines issued from time to time.

(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) Non-Banking Financial Company - Non-Deposit - Infrastructure Company.

(ii) The prudential norms issued by RBI for NBFC-IFC do not apply to IIFCL, being a Government owned company. On registration as an NBFC-IFC, IIFCL, being a Govt. 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 12<sup>th</sup> December 2006. The company has submitted roadmap to RBI for compliance of various elements.

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

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

2. (i) We have also examined the compliances with the applicable clauses of the **Listing Agreement for Debt Securities** with the Bombay Stock Exchange Limited and the National Stock Exchange of India Ltd.

(ii) The Secretarial Standards issued by the Institute of Company Secretaries of India are not applicable for the financial year 2014-15.

(iii) The Company spent ₹24.23 crore as against the eligible amount of ₹22.11 crore on Corporate Social Responsibility measures during the financial year 2014-15.

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

*The requirement of at least one-third of total number of directors, as Independent Directors i.e. 3 out of 9, as on 31.3.2015 as laid down in Section 149(4) of the Companies Act, 2013 is not met. Similarly, the composition of Board Committees- Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee, as on 31.3.2015 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 Directors, Woman Director, except Independent Directors. 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.

# Annual Report

## 2014 - 2015

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 decisions having a bearing on Company's affairs in pursuance of the above referred laws, rules/regulations were taken except the following major decision by the members under Section 180 of the Companies Act, 2013:

Approval of shareholders was obtained at the 9<sup>th</sup> Annual General Meeting held on 17<sup>th</sup> September, 2014 for increase of borrowing powers of the Board up to rupees sixty thousand crore, under Section 180(1) (c) of the Companies Act, 2013.

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**

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

**Place : New Delhi**  
**Date : June 30, 2015**

**Annexure - A**

A.N. Kukreja & Co.,  
Company Secretaries

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 the correct facts are reflected in secretarial record. 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 the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
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, we have neither come across any instance of fraud on or by the Company, nor the Company has noticed and reported any such case during the year and accordingly the Company has not informed us of any such case.

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

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

**Place : New Delhi**  
**Date : June 30, 2015**

### Annexure II

#### FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

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

CIN	U67190DL2006GOI144520
Registration Date	5 <sup>th</sup> January 2006
Name of the Company	India Infrastructure Finance Company Limited
Category/Sub-category of the Company	Government of India Enterprise
Address of the Registered office & contact details	8 <sup>th</sup> 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
Whether listed company	No
Name, Address & contact details of the Registrar & Transfer Agent, if any.	N/A

#### 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
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 1<sup>st</sup> 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	3 <sup>rd</sup> Floor 72 King William Street London EC4N 7HR United Kingdom Telephone & Email General: +44-20-7776 8950 info@iifc.org.uk	06496661*	Subsidiary	100%	2(87)(ii)
2	IIFCL Projects Limited	3 <sup>rd</sup> 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 Website : www.iifclprojects.com	U74999DL2012GOI231473	Subsidiary	100%	2(87)(ii)
3.	IIFCL Asset Management Company Limited	3 <sup>rd</sup> Floor, 301-312, Ambadeep Building Kasturba Gandhi Marg, New Delhi – 110001 Phone: +91-11-43717125/26 Email: cio@iifclmf.com	U65991DL2012GOI233601	Subsidiary	100%	2(87)(ii)
4.	Irrigation and Water Resources Finance Corporation Limited	3 <sup>rd</sup> Floor, 301-312, Ambadeep Building Kasturba Gandhi Marg, New Delhi – 110001 Phone: +91-11-23445100 Email: rupesh@ifrfc.org	U45400DL2008GOI176096	Associate	NA	2(6)

\* India Infrastructure Finance Company (UK) Limited was incorporated within the Registrar of Companies of England and Wales at London on February 7, 2008 [Company No. 6496661] 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-2014]				No. of Shares held at the end of the year [As on 31-March -2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	330 crore	30 crore	100%	-	390 crore	390 crore	100%	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>SUB - TOTAL (A) (1)</b>	-	330 crore	330 crore	100%	-	390 crore	390 crore	100%	-
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB - TOTAL (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	-	330 crore	330 crore	100%	-	390 crore	390 crore	100%	-
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)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1)➤</b>	-	-	-	-	-	-	-	-	-

<b>2. Non-Institutions</b>									
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 Rs 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	-	-	-	-	-	-	-	-	-
<b>Sub.total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>330 crore</b>	<b>330 crore</b>	<b>100%</b>	-	<b>390 crore</b>	<b>390 crore</b>	<b>100%</b>	-

### ii. Shareholding of Promoter

Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2014)			Shareholder's Name	Shareholding at the end of the year (As on 31-03-2015)			% change in shareholding during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares		No. of Shares of the	% of total Shares company	% of Shares Pledged / encumbered to total shares	
The Hon'ble President of India	329,99,50,000	100	-	The Hon'ble President of India	389,99,50,000	100	-	-
Representative share holding*	50,000			Representative share holding*	50,000			
	330,00,00,000	100%			390,00,00,000	100%		

\* Includes 7 shareholders holding as a representative on behalf of the Government of India.

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

SN	Particulars	Shareholding at the beginning of the year (As on 01-04-2014)		Cumulative Shareholding during the year (As on 31-03-2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	330,00,00,000	100%	330,00,00,000	100%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	60,00,00,000 Date of Allotment 11.11.2014	-	60,00,00,000 Date of Allotment 11.11.2014	-
	At the end of the year	390,00,00,000	100%	390,00,00,000	100%

**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 01.04.2014)		Cumulative Shareholding during the Year (As on 31.03.2015)	
	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		Cumulative Shareholding during the Year (As on 31.03.2015)	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.):	-	-	-	-
At the end of the year	-	-	-	-

**V. INDEBTEDNESS**

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

(in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2015)</b>				
i) Principal Amount	149,730,232,000	145,028,657,900	20,839,216,534	315,598,106,434
ii) Interest due but not paid				
iii) Interest accrued but not due		7,251,098,624		7,251,098,624
<b>Total (i+ii+iii)</b>	149,730,232,000	152,279,756,524	20,839,216,534	322,849,205,057
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	12,544,223,866	143,341,704,334	155,885,928,200
* Reduction	-	2,927,977,373	163,153,105,212	166,081,082,585
<b>Net Change</b>	-	9,616,246,493	(19,811,400,878)	(10,195,154,385)
<b>Indebtedness at the end of the financial year (31.03.2015)</b>				
i) Principal Amount	149,730,232,000	154,644,904,393	1,027,815,656	305,402,952,049
ii) Interest due but not paid				
iii) Interest accrued but not due		7,315,798,245		7,315,798,245
<b>Total (i+ii+iii)</b>	149,730,232,000	161,960,702,638	1,027,815,655,501,027	312,718,750,294

### 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
	<b>Name</b>	<b>S.B.Nayar</b>	<b>Sanjeev Kaushik</b>	
	<b>Designation</b>	<b>CMD</b>	<b>DMD</b>	
1	Gross salary	20,18,959	20,29,808	40,48,767
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	19,94,400	20,29,808	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	24,559	-	-
	(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	-	-	-
	<b>Total (A)</b>	<b>20,18,959</b>	<b>20,29,808</b>	<b>40,48,769</b>

#### B. Remuneration to other directors

(in ₹ Lacs)

SN.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others,	-	-	-	-	-
	<b>Total (1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2	Other Non-Executive Directors (Part-Time Non-Official Directors)	<b>Hari Santosh Kumar</b>	<b>V. Venkataramana</b>	<b>V.K. Bhasin</b>	<b>J. Venkateswarlu</b>	
	Fee for attending board committee meetings	2.50	3.17	2.80	2.57	
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>2.50</b>	<b>3.17</b>	<b>2.80</b>	<b>2.57</b>	
	<b>Total (B)=(1+2)</b>	<b>2.50</b>	<b>3.17</b>	<b>2.80</b>	<b>2.57</b>	<b>11.04</b>

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

(in ₹)

SN	Particulars of Remuneration	Key Managerial Personnel		
		Rajeev Mukhija	Manjari Mishra	Total
	Name			
	Designation	CFO	CS	
1	Gross salary	25,40,117	4,54,631	29,94,748
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20,31,585	3,58,710	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,08,531	95,921	-
	(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	-	-	-
	<b>Total</b>			<b>29,94,748</b>

vii PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies act	Brief Description	Details of punishment/	Authority (RD/ NCLT/COURT) compounding	Appeal made. if nay (give Details fees imposed)
Penalty					
Punishment					
Compounding					
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 Chairman & Managing Director (CMD) and an Implementation Committee comprising of the senior officers of the Company).

IIFCL CSR initiatives during FY2014-15 have focused on construction of toilets in schools, skill development, promotion of green and energy efficient technologies, promotion of sports, development of backward regions, and upliftment of the marginalised and under-privileged sections of the society. IIFCL under its CSR initiative will further like to participate/contribute and makes its presence in development initiatives for augmenting the quality of life of people across the country.

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

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

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

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

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

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

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

Particulars	Amount ( In Rupees lakhs)
Financial year 2011-2012	93,539.04
Financial year 2012-2013	151,454.49
Financial year 2013-2014	86,623.26
<i>Total</i>	<i>331,616.79</i>
<b>Average Net Profit</b>	<b>110,538.93</b>

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

Rs. 2210.78 lakhs

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

(a) Total amount to be spent for the financial year;

Rs. 2210.78 lakhs

(b) Amount unspent, if any;

Nil

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

Amount in Rs. crore							
(1)	(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 programmes was 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 upto the reporting period	Amount spent: Direct or through implementing agency*
1	Skill Development Training Programmes for Poor & Unemployed Youths of Safai Karamcharis, Scavengers & their Dependents.	Skill Development	Nagpur (Maharashtra)	0.25	0.05	0.05	0.05 (National Safai Karamcharis Finance & Development Corporation (NSKFDC))
2	To provide aids and appliances to Persons with Disabilities (PwDs)	Upliftment of the Deprived and Marginalised communities	MehbubNagar (Telangana) and Aizawl (Mizoram)	0.33	0.075	0.075	0.075 (Artificial Limbs Manufacturing Company (ALIMCO))
3	Contribution to Swachh Bharat Kosh of the Government of India.	Safe Drinking Water, Health care & Sanitation	-	5.00	5.00	5.00	5.00
4	Special Placement linked Skill Development training program for 500 youths.	Skill Development	Chittoor (Andhra Pradesh) and Palakkad (Kerala)	1.02	0.57	0.57	0.57 (ITCOT Consultancy and Services Ltd)
5	Social Upliftment by providing basic needs of Energy (lighting) and Drinking Water	Promotion of Green and Energy Efficient Technologies	Jaisalmer (Rajasthan)	4.54	0.92	0.92	0.92 (Central Electronics Limited)
6	Skill Upgradation and Economic Empowerment of 200 tribal handloom artisans in North Eastern states.	Skill Development	All the 08 North Eastern States	1.5	0.15	0.15	0.15 (National Scheduled Tribes Finance and Development Corporation)
7	Village Adoption – Village Borsimaluguri, Baksa District, Assam.	Development of Backward Regions	Baksa (Assam)	1.66	0.42	0.42	0.42 (Himachal Consultancy Organization Limited (HIMCON))

8	Contribution to the Clean Ganga Fund with an objective of rejuvenating the river Ganga	Safe Drinking Water, Health care & Sanitation	-		5.00	5.00	5,005.00
9	Contribution to the Target Olympic Podium (TOP) Scheme under National Sports Development Fund (NSDF), Ministry of Youth Affairs & Sports (MYAS)	Training to promote Rural Sports, Nationally Recognized Sports, Paralympic Sports & Olympic Sports	10.00	10.00	10.00	10.00	10.00 (Ministry of Youth Affairs & Sports (MYAS))
10	Solar Power Generating Plant on the rooftops of the building in the campus of India Habitat Center.	Promotion of Green and Energy Efficient Technologies New Delhi	0.25	0.25	0.25	0.25	0.25 (Indian Habitat Center)
11	Construction of toilet complexes in 15 schools of Sivagangai District in Tamil Nadu	Safe Drinking Water, Health care & Sanitation	2.54	1.8	2.54	1.8	1.8 (Sulabh International Social Service Organisation)

\*Give details of implementing agency.

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

IIFCL has utilized its allocated CSR budget for FY2014-15.

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

CSR Committee of the Board of Directors in its meeting held on 29<sup>th</sup> June, 2015 has issued responsibility statement that the implementation and monitoring of CSR Policy during FY2014-15, is in compliance with CSR objectives and Policy of the Company.

**(Sanjeev Kaushik)**  
**Deputy Managing Director**  
**(DIN No. - 02842527)**

**(S.B. Nayar)**  
**Chairman and Managing Director**  
**Chairman of the CSR Committee**  
**(DIN No. - 02175871)**

**Annexure - IV**

**STATEMENT OF AMOUNT TRANSFER TO RESERVE  
FOR THE YEAR 2014-15**

₹ in lac

<b>Particulars</b>	<b>Year ended 31<sup>st</sup> march 2015</b>	<b>Year ended 31<sup>st</sup> march 2014</b>
Profit after Tax for the current year 2014-15	76,366	52,142
Less: Transfer to Debenture redemption Reserve	18,465	8069
Less: Transfer to Special Reserve u/s 36(1)(vii) of Income Tax Act, 1961	20,225	16,647
Less: Transfer to Corporate Social Responsibility Reserve	-	1047
<b>Balance c/f to balance sheet</b>	<b>37,676</b>	<b>26,379</b>

### Annexure - V

#### Particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (a) Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
- Remuneration paid to whole-time directors

Name of Director	Designation	Tenure	Remuneration in fiscal 2015 (₹ In lakh)	No. of times of Median Salary	Remuneration in fiscal 2014 (₹ In lakh)	No. of times of Median Salary	% increase of remuneration in 2015 as compared to 2014
Shri S.K. Goel	Chairman & Managing Director	24.06.2010-23.06.2013	-	-	18.163	3.0852	NA
Dr. H.K.Bhanwala	Chairman & Managing Director	Executive Director 31.10.2012-17.12.2013 Executive Director & Officiating CMD 24.06.2013-23.09.2013 24.09.2013-12.12.2013	-	-	25.465	4.312	NA
Shri S.B.Nayar	Chairman & Managing Director	12.12.2013-Present	19.55	3.03	18.72	3.177	4.434
Shri Sanjeev Kaushik	Deputy Managing Director	02.02.2015-Present	16.970	2.561	-	-	NA

- The Median Salary is the salary of middle most employee, which is taken after arranging the salary of all the employees in ascending order.
- The actual salary of the following three whole time directors for the fiscal year 2014 is as follows which have been annualized in the above table to facilitate year on year comparison / correct depiction of no. of times of median salary :
  - Shri S.K. Goel (Chairman & Managing Director) : Rs 4.18 lakh in Fiscal 2014.
  - Dr. H.K. Bhanwala (Chairman & Managing Director) : Rs. 11.03 lakh in fiscal 2014.
  - Shri S.B.Nayar (Chairman & Managing Director) : Rs. 5.54 lakh in fiscal 2014
- The actual salary of the following whole time director for the fiscal year 2015 is as follows which has been annualized in the above table to facilitate year on year comparison/ correct depiction of no. of times of median salary
  - Shri Sanjeev Kaushik (Deputy Managing Director) : Rs. 2.65 lakh in fiscal 2015.

#### Median Salary of Employees (Annual)

- FY 2014-15 6.58 lac
- FY 2013-14 5.91 lac

➤ Remuneration paid to Independent directors

Name of Director	Designation	Tenure	Remuneration in fiscal 2015 (Rs. In lakh)	No. of times of Median Salary	Remuneration in fiscal 2014 (Rs. In lakh)	No. of times of Median Salary	% increase of remuneration in 2015 as compared to 2014
NIL							

➤ Remuneration of other Key Managerial Personnel (KMP)

Name of KMP	Designation	Tenure	Remuneration in fiscal 2015 (Rs. In lakh)	No. of times of Median Salary	Remuneration in fiscal 2014 (Rs. In lakh)	No. of times of Median Salary	% increase of remuneration in 2015 as compared to 2014
Rajeev Mukhija	Chief Financial Officer	14.03.2011-Present	19.55	2.97	15.74	2.66	24.206
Manjari Mishra	Company Secretary	11.11.2014-Present	9.359	1.4339	-	-	NA

The Median Salary is the salary of middle most employee, which is taken after arranging the salary of all the employees in ascending order.

- The actual salary of Manjari Mishra for the fiscal year 2015 : Rs 2.65 lakh which has been annualized in the above table to facilitate year on year comparison/correct depiction of no. of times of median salary

Median Salary (Annual)

- FY 2014-15 6.58 Rs.
- FY 2013-14 5.91 Rs.

**Statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of Rs. 60 lakh or more, or employed for**

(b) Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Employee Name	Designation	Tenure	Educational Qualification	Age	Experience (in years)	Date of Joining	Gross Remuneration Paid (Rs.)	Previous Employment and designation
NIL								

# Annual Report

## 2014 - 2015

### Annexure - VI

#### Form AOC-I

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures for the year 2014-15

#### Part "A": Subsidiaries

(₹ in Lac/ USD in million)

S.No.	Particulars	I	II	III	
1	Name of the subsidiary	<b>IIFCL Projects Ltd.</b>	<b>IIFCL Asset Management Company Ltd.</b>	<b>India Infrastructure Finance Company (UK) Ltd.</b>	
				<b>INR</b>	<b>USD</b>
2	Reporting period for the subsidiary concerned, if different from the holding	Not Applicable	Not Applicable	Not Applicable	Not Applicable
3	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 31 <sup>st</sup> March 2015: USD 1= ₹62.5908)	
4	Share capital	50.00	1,250.00	23,394.80	50.00
	Reserves & surplus				
6	Total assets	401.53	1,565.15	14,15,043.80	2,260.79
7	Total Liabilities	139.92	124.36	1,332,329.94	2,128.64
8	Investments	Nil	Nil	Nil	
9	Turnover	476.83	476.58	32,905.17	53.81
10	Profit before taxation	283.04	237.25	21,066.84	34.45
11	Provision for taxation	92.89	78.11	4,758.27	7.78
12	Profit after taxation	190.15	159.14	16,308.57	26.67
13	Proposed Dividend	Nil	Nil	Nil	
14	% of shareholding	100%	100%	100%	

#### Notes:

- Subsidiaries which are yet to commence operations- Nil
- Subsidiaries which have been liquidated or sold during the year. Nil

#### Part "B": Associates and Joint Ventures

Not Applicable

**S.B. NAYAR**  
Chairman & Managing Director  
(DIN No. - 02175871)

## INDEPENDENT AUDITOR'S REPORT

### To the Members of India Infrastructure Finance Company Limited.

This Revised Report is issued, in supersession of our earlier Audit Report dated 12<sup>th</sup> August, 2015, at the instance of Comptroller & Auditor General (C&AG) of India in order to make it more clarificatory. Further, we confirm that there is no change in the true and fair view of the financial statements as expressed in our earlier report.

### Report on the Standalone Financial Statements.

We have audited the accompanying Standalone financial statements of India Infrastructure Finance Company Limited ("the company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

### Management Responsibility for the Standalone Financial Statements.

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguards the assets of the Company and for preventing and detecting the 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 control, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by 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 qualified audit opinion on the Standalone financial statements.

### Basis for Qualified Opinion

1. As per accounting standard-11(AS-11) i.e. "The Effects of Changes in Foreign Exchange Rates, foreign currency loans taken (to the extent hedged) and outstanding forward exchange contracts should be restated at the exchange rates prevailing at the reporting date and difference should be taken to the Statement of Profit and Loss whereas the company has restated these foreign currency loans as on date of inception of the forward

contracts and difference taken to Statement of Profit and Loss statement as stated in Note no 24(B) (14). Had the company complied with AS-11, loan liability and foreign currency receivable account as on 31<sup>st</sup> March, 2015 would have been higher by Rs. 127418.65 lacs (Rs. 136602.17 lacs as on March, 31, 2014) each. However there would be no impact on the profit for the year ended March, 31, 2015 as the loss on principal amount of hedged foreign currency loan is totally offset by the gain on the forward exchange contracts.

2. As stated by the management in note no 24(B) (12) (C), the mark to market (M2M) gain on composite contracts (Interest Rate Swaps cum forward exchange contracts) as on March, 31, 2015 amounted to Rs. 127418.65 lacs (Rs. 136602.17 lacs as on March, 31, 2014) and the net M2M loss/gain relating to interest rate swaps cannot be computed separately.

As per the announcement issued by the Institute of Chartered Accountants of India regarding Accounting for Derivatives, keeping in view the principle of prudence as enunciated in AS-1. Disclosure of accounting policies; the entity is required to provide for losses in respect all outstanding derivative contracts at the balance sheet date by marking them to market except in respect of forward contracts which are to be accounted for in accordance with provisions of AS-11, the Effect of Changes in Foreign Exchange Rates. In our opinion, the company has not ascertained and provided for such mark to market loss, if any on these outstanding derivative contracts i.e. Interest Rate Swaps.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for effects of the matter described in paragraph 1 above and possible effects of the matters described in paragraph 2 in the 'Basis for Qualified Opinion' paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, its profit and its cash flow for the year ended on that date.

### Other Matters

There are changes in accounting policies viz., (i) provision on restructured loan and advances (ii) Diminution in fair value of loan and advances (iii) Income recognition norms for FITL accounts (iv) Depreciation of the fixed assets and the impact of the same on the financial statements have been disclosed vide note no 24(B)(25).

Our opinion is not Qualified/Modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) order 2015 ("the Order") issued by the Central Government of India in terms of subsection (11) of section 143 of the Act, we give in the Annexure-1 a statement on the matters Specified in paragraph 3 and 4 of the order to the extent applicable.
2. As required by section 143(3) of the Act, we report that:-
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. Except for effects of the matter described in Basis for Qualified Opinion paragraph 2 above, in our opinion proper books 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. Except for the effect of matters described in the basis for qualified opinion paragraph, 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 matters described in the Basis of Qualified Opinion paragraph 2 above, in our opinion, may have an adverse effect on the functioning of the company.

- f. The requirement of sub section (2) of section 164 of the Companies Act, 2013 relating to disqualification of the Directors are not applicable to the Company being a Government Company in terms of notification no G.S.R.463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs.
- g. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014.
  - i. The Company does not have any pending litigation which would impact its financial position.
  - ii. The Company has made provision as required under the applicable law or accounting standards for material foreseeable losses on long term contracts except for M2M losses on Cross Currency Swaps (CCS). Refer note no 24(B) (12) (d) to the financial statements.
  - iii. There were no amounts which required to be transferred by the Company to the Investor Educations and Protection Fund.
- 3. The Directions/ Sub Directions issued by C & AG under section 143(5) of Companies Act, 2013 have been verified during the audit of annual accounts of the company for the year 2014-15 and compliance to the direction is enclosed at Annexure -2.

**For K.M. Agarwal & Co.**  
**Chartered Accountants**  
**FRN No. 000853N**

**(C.P. Mishra)**  
**Partner**  
**M. No. 073009**

**Place : New Delhi**  
**Date : September 15, 2015**

### ANNEXURE-1 TO THE AUDITOR'S REPORT TO THE MEMBERS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

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

- (i) In respect of its fixed assets:
  - a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. As explained to us, the fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- (ii) In respect of inventories:
  - a. The nature of business of the company does not require it to hold inventories as such clause 3(ii) of Companies (Auditors Report) order 2015 is not applicable to the company.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a) and (b) of the order are not applicable to the company.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business for the purchase of fixed assets and for sale of services. Further, during the course of our audit, we have neither come across nor we have been informed of any significant continuing failure to correct major weakness in the internal control system with regard to purchase of fixed assets and sale of services.
- (v) According to the information and explanations given to us, the company has not accepted any deposit from the public. Therefore, the provisions of clause (v) of paragraph 3 of the CARO 2015 are not applicable to the company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub section (i) of section 148 of the Companies Act, 2013.
- (vii) a. According to the information and explanation given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Service Tax and other statutory dues as applicable with the appropriate authorities.
  - b. According to the information and explanations given to us there are no dues outstanding on account of Income Tax/Service Tax that have not been deposited on account of dispute except Income Tax demand of Rs. 159.00 lac for assessment year 2008-09 against which an appeal has been filed before commissioner of Income Tax (Appeals).
  - c. As no amount is required to be transferred to investors education and protection fund, this clause is not applicable.
- (viii) The company has no accumulated losses as on March, 31 2015. The company has not incurred cash losses for the financial year ended March, 31 2015 and in the immediately preceding financial year.
- (ix) According to information and explanations given to us, and on the basis of examination of the books of account, the company has not defaulted in repayment of dues to any financial institution or bank or bond holders.
- (x) In our opinion and according to information and explanation given to us, the company has not given any guarantees for loan taken by others from bank or financial institutions during the year. Accordingly, this clause of the Order is not applicable to the company.

- (xi) 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.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

**For K.M. Agarwal & Co.**  
**Chartered Accountants**  
**FRN No. 000853N**

**(C.P. Mishra)**  
**Partner**  
**M. No. 073009**

**Place : New Delhi**  
**Date : September 15, 2015**

# Annual Report

## 2014 - 2015

**INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2015**  
**CIN No. U67190DL2006GOI144520**

(₹ in Lac)

S. No.	Particulars	Note No.	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>(1) Shareholders' Funds</b>			
	(a) Share capital	1	390,000.00	330,000.00
	(b) Reserves and Surplus	2	289,618.36	248,185.14
	<b>SUB-TOTAL (1)</b>		<b>679,618.36</b>	<b>578,185.14</b>
	<b>(2) Non-current liabilities</b>			
	(a) Long-term borrowings	3	2,917,339.83	2,925,117.78
	(b) Deferred tax liabilities (Net)	4	21,510.03	19,254.18
	(c) Other long term liabilities	5	19,100.61	61.57
	(d) Long-term provisions	6	52,086.43	42,725.24
	<b>SUB-TOTAL (2)</b>		<b>3,010,036.90</b>	<b>2,987,158.77</b>
	<b>(3) Current liabilities</b>			
	(a) Short-term borrowings	7	10,278.16	208,392.17
	(b) Trade payables	8	28.53	58.29
	(c) Other current liabilities	9	201,601.18	98,602.78
	(d) Short-term provisions	10	4,848.59	3,206.67
	<b>SUB-TOTAL (3)</b>		<b>216,756.46</b>	<b>310,259.91</b>
	<b>TOTAL (1)+(2)+(3)</b>		<b>3,906,411.72</b>	<b>3,875,603.82</b>
<b>II</b>	<b>ASSETS</b>			
	<b>(1) Non-current assets</b>			
	(a) Fixed Assets	11		
	(i) Tangible assets		93.19	236.57
	(ii) Intangible assets		62.63	85.07
	(iii) Capital Work in Progress		30.01	30.01
	(b) Non-current investments	12	78,505.65	68,362.40
	(c) Long term loans and advances	13	2,554,831.09	2,296,120.30
	(d) Other non-current assets	14	5,633.18	-
	<b>SUB-TOTAL (1)</b>		<b>2,639,155.75</b>	<b>2,364,834.35</b>
	<b>(2) Current assets</b>			
	(a) Current Investments	15	-	959.23
	(b) Cash and Bank Balances	16	1,015,620.94	1,324,458.26
	(c) Short term loans and advances	17	6,475.38	1,977.01
	(d) Other current assets	18	245,159.65	183,374.97
	<b>SUB-TOTAL (2)</b>		<b>1,267,255.97</b>	<b>1,510,769.47</b>
	Significant accounting policies and other notes to the financial statements	24		
	<b>TOTAL (1)+(2)</b>		<b>3,906,411.72</b>	<b>3,875,603.82</b>

Notes from 1 to 25 form integral part of Accounts.

In terms of our Report of even date

For K M Agarwal & Co  
Chartered Accountants  
(Firm Regn. No: 000853N)

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

C P Mishra  
Partner  
Membership No.: 073009

Sanjeev Kaushik  
(Deputy Managing Director)  
DIN No.: 02842527

S.B. Nayar  
(Chairman and Managing Director)  
DIN No.: 02175871

Place: New Delhi  
Dated: 12.08.2015

Manjari Mishra  
(AGM & Company Secretary)

Rajeev Mukhija  
(CGM & Chief Financial Officer)

**INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015**  
**CIN No. U67190DL2006GOI144520**

(₹ in Lac)

S. NO.	PARTICULARS	Note No.	Year ended 31st March 2015	Year ended 31st March 2014
I.	Revenue from operations	19	400,739.47	389,679.97
II.	Other Income	20	5,438.26	2,054.04
III.	Total Revenue (I+II)		406,177.73	391,734.01
IV.	Expenses			
	Finance Costs	21	243,913.25	260,694.10
	Employee Benefits Expense	22	1,323.55	1,027.19
	Provision for Loan Assets	24(B)(6)	12,284.32	32,779.98
	Marked to Market Losses on Derivatives	24(B)(12)(a)	(1,482.24)	(336.14)
	Depreciation and amortisation expense	11	214.80	71.15
	CSR Expenditure	24(B)(24)	2,423.34	207.43
	Other Expenses	23	25,849.68	3,804.79
	Total Expenses		284,526.70	298,248.50
V.	<b>PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)</b>		<b>121,651.03</b>	<b>93,485.51</b>
VI.	<b>Exceptional Items</b>		-	-
VII.	<b>PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V+VI)</b>		<b>121,651.03</b>	<b>93,485.51</b>
VIII.	<b>Extraordinary Items</b>		-	-
IX.	<b>PROFIT BEFORE TAX (VII-VIII)</b>		<b>121,651.03</b>	<b>93,485.51</b>
X.	<b>Tax Expense:</b>			
(1)	Current Tax			
	- Current Year		(44,040.22)	(35,133.91)
	- Earlier Year		(15.10)	17.48
(2)	Deferred Tax			
	- Current Year	4	(2,255.83)	(6,226.60)
	- Earlier Year		-	-
XI	<b>Profit for the year from continuing operations (IX-X)</b>		<b>75,339.88</b>	<b>52,142.48</b>
XII	<b>Earnings per equity share (face value of ₹ 10/- each)</b>	24(B)(8)		
(1)	Basic		2.13	1.72
(2)	Diluted		2.13	1.72
	Significant accounting policies and other notes to the financial statements	24		

Notes from 1 to 25 form integral part of Accounts.

**In terms of our Report of even date**

**For K M Agarwal & Co**  
**Chartered Accountants**  
**(Firm Regn. No: 000853N)**

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

**C P Mishra**  
**Partner**  
**Membership No.: 073009**

**Sanjeev Kaushik**  
**(Deputy Managing Director)**  
**DIN No.: 02842527**

**S.B. Nayar**  
**(Chairman and Managing Director)**  
**DIN No.: 02175871**

**Place: New Delhi**  
**Dated: 12.08.2015**

**Manjari Mishra**  
**(AGM & Company Secretary)**

**Rajeev Mukhija**  
**(CGM & Chief Financial Officer)**

# Annual Report

## 2014 - 2015

### INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL) CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 CIN No. U67190DL2006GOI144520

(₹ in Lac)

S. No.	PARTICULARS	Year Ended 31st March 2015	Year Ended 31st March 2014
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(I)	Net Profit before Tax	1,21,651.03	93,485.51
	Adjustments for:		
(ii)	Depreciation and amortisation expense	214.80	71.15
(iii)	Provision/write offs	34,675.01	32,496.60
(iv)	Provisions/ Amounts written back	(99.84)	(3.04)
(v)	Foreign Exchange Fluctuation Loss / (Profit) on borrowings	8,846.53	17,778.71
(vi)	(Profit)/ Loss on sale of fixed assets	1.30	0.81
(vii)	Income tax for previous year adjusted on submission of return	(15.10)	-
(viii)	Adjustment of carrying amount of fixed assets (applying transitional provisions)	(3.21)	-
(ix)	Interest accrued and due on loans and advances	(7,569.46)	(5,217.55)
(x)	Interest accrued but not due on borrowings	646.98	16,743.12
(xi)	Stamp Duty on issue of Share Capital	60.00	40.00
	<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1,58,408.04</b>	<b>1,55,395.31</b>
(i)	Cash Flow From Lending Operations	(3,35,266.65)	27,098.63
(ii)	Sale of/ (Addition) to Investments	(9,171.88)	-
(iii)	(Increase)/decrease in Trade Receivables	-	366.67
(iv)	(Increase)/decrease in Current Assets, Loans and Advances	(6,925.49)	(15,856.63)
(v)	(Increase)/decrease in other bank balances(See footnote 2)	3,17,633.08	(3,79,675.46)
(vi)	Increase/(decrease) in other liabilities	(1,239.07)	1,344.94
	<b>CASH FLOW FROM OPERATIONS BEFORE TAX AND NON-CURRENT LIABILITIES</b>	<b>1,23,438.03</b>	<b>(2,11,326.54)</b>
(i)	Taxes paid (Net)	(48,740.24)	(36,127.51)
(ii)	Increase/(decrease) in non- current liabilities	18,960.22	117.72
	<b>NET CASH FROM OPERATIONS</b>	<b>93,658.00</b>	<b>(2,47,336.33)</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(I)	(Purchase of)/ Sale for Fixed Assets	(50.27)	(89.62)
(ii)	Investments in Venture Capital Units	163.25	(1,971.79)
(iii)	Redemption of Investments in Venture Capital Units	(213.70)	176.80
(iv)	Investments in IIFCL Mutual Fund	-	(13,000.00)
	<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(100.72)</b>	<b>(14,884.61)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
(I)	Proceeds from Issue of Share Capital	60,000.00	40,000.00
(ii)	Proceeds from Long term Borrowings	(16,624.48)	11,23,479.55
(iii)	Proceeds/ (Repayment) from Short term Borrowings	(1,98,114.01)	60,006.28
(iv)	Proceeds from Current Maturities of Long term debt	1,03,940.42	(9,94,562.35)
(v)	Securities Premium on Bonds	-	225.65
(vi)	Stamp Duty on issue of Share Capital	(60.00)	(40.00)
(vii)	Interim Dividend paid (including dividend distribution tax)	(33,903.45)	-
	<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(84,761.52)</b>	<b>2,29,109.13</b>
	<b>NET CHANGE IN CASH &amp; CASH EQUIVALENT (A+B+C)</b>	<b>8,795.76</b>	<b>(33,111.81)</b>
	Add: Opening Cash and Cash Equivalents	1,826.96	34,938.77
	Closing Cash and Cash Equivalents	<b>10,622.72</b>	<b>1,826.96</b>
	<u>Closing Cash and Cash Equivalent Comprises of :-</u>		
(i)	Cash in hand	0.35	0.17
(ii)	Current Accounts (See footnote 2)	8,806.87	988.36
(iii)	Flexi Deposit Accounts	1,815.50	838.43
	<b>TOTAL</b>	<b>10,622.72</b>	<b>1,826.96</b>

1) Figures of previous period (s) have been re-grouped /re-arranged wherever necessary to make them comparable to the reporting period presentation.

2) The following bank balances are not available for free use by the company:

- (Increase) / decrease in other bank balances of ₹ 3,17,633.08 lac (₹ 379612.66 lac) as on 31<sup>st</sup> March 2014) includes ₹ 8,000 lac (₹ 2,89,090 lac as on 31<sup>st</sup> March 2014) on which lien has been marked for interest payment of bonds.
- Balance in current accounts includes Rs. 81.04 lac (₹ 83.22 lac as on 31<sup>st</sup> March 2014) on account of grant received from Work Bank to be utilized for Building Capacity and Strengthening Monitoring, which has been reflected in "Other bank balances".

#### In terms of our Report of even date

**For K M Agarwal & Co**  
Chartered Accountants  
(Firm Regn. No: 000853N)

**C P Mishra**  
Partner  
Membership No.: 073009

Place: New Delhi  
Dated:12.08.2015

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

**Sanjeev Kaushik**  
(Deputy Managing Director)  
DIN No.: 02842527

**Manjari Mishra**  
(AGM & Company Secretary)

**S.B. Nayar**  
(Chairman and Managing Director)  
DIN No.: 02175871

**Rajeev Mukhija**  
(CGM & Chief Financial officer)

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1 : SHARE CAPITAL

(₹ in Lac)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
<b>Authorized Share Capital</b> 5,000,000,000 equity shares of ₹ 10/- each	<b>5,00,000.00</b>	<b>5,00,000.00</b>
<b>Issued, Subscribed &amp; Fully Paid Equity Shares</b> 3,900,000,000 (3,300,000,000 as at 31st March 2014) equity shares of ₹ 10/- each	<b>3,90,000.00</b>	<b>3,30,000.00</b>

#### Footnotes:

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

PARTICULARS	Year ended 31st March 2015		Year ended 31st March 2014	
	No. of Shares	₹ in Lac	No. of Shares	₹ in Lac
Shares outstanding at the beginning of the reporting period	3,300,000,000	3,30,000.00	2,900,000,000	290,000.00
Shares Issued during the reporting period	6,00,000,000	60,000.00	4,00,000,000	40,000.00
Shares outstanding at the end of the reporting period	3,900,000,000	3,90,000.00	3,300,000,000	330,000.00

- b) Entire equity share capital of the company is held by Government of India.

# Annual Report

## 2014 - 2015

### Note 2 : RESERVES & SURPLUS

(₹ in Lac)

S. No.	PARTICULARS	Year Ended 31st March 2015	Year Ended 31st March 2014
(a)	<b>CAPITAL RESERVE (PROFIT ON SALE OF NON CURRENT SECURITIES)</b>		
	Opening Balance	585.14	585.14
	Add: Transfer from Surplus in Statement of Profit and Loss	-	-
	<b>Closing Balance</b>	<b>585.14</b>	<b>585.14</b>
(b)	<b>SECURITIES PREMIUM ACCOUNT (ON BONDS)</b>		
	Opening Balance	235.50	9.85
	Add: For the year	-	225.65
	<b>Closing Balance</b>	<b>235.50</b>	<b>235.50</b>
(c)	<b>DEBENTURE/BOND REDEMPTION RESERVE</b>		
	Opening Balance	9,924.83	1,856.02
	Add: Transfer from Surplus in Statement of Profit and Loss	18,465.21	8,068.81
	<b>Closing Balance</b>	<b>28,390.04</b>	<b>9,924.83</b>
(d)	<b>OTHER RESERVES</b>		
(i)	<b>RESERVE FOR LOAN ASSETS (Footnote 1)</b>		
	Opening Balance	-	5,792.94
	Less: Written back and transferred to Profit and Loss	-	5,792.94
	Loss during the current year	-	-
	<b>Closing Balance</b>	<b>-</b>	<b>-</b>
(ii)	<b>SPECIAL RESERVE U/S 36(1)(viii) OF INCOME TAX ACT, 1961 (Footnote 2)</b>		
	Opening Balance	58,364.59	41,717.28
	Add: Transfer from Surplus in Statement of Profit and Loss (Net)	20,224.66	16,647.31
	<b>Closing Balance</b>	<b>78,589.25</b>	<b>58,364.59</b>
(iii)	<b>STAFF WELFARE RESERVE (Footnote 3)</b>		
	Opening Balance	52.71	62.49
	Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss	18.32	9.78
	<b>Closing Balance</b>	<b>34.39</b>	<b>52.71</b>
(iv)	<b>CORPORATE SOCIAL RESPONSIBILITY RESERVE (Footnote 4)</b>		
	Opening Balance	2,497.42	1,657.86
	Add: Transfer from Surplus in Statement of Profit and Loss	-	1,046.99
	Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss	-	207.43
	<b>Closing Balance</b>	<b>2,497.42</b>	<b>2,497.42</b>
(e)	<b>SURPLUS IN STATEMENT OF PROFIT AND LOSS</b>		
	Opening Balance	176,524.95	144,136.43
	Add: Profit for the current year	75,339.88	52,142.48
	Add: Transfer from Reserve for Loan Assets	-	5,792.94
	Add: Transfer from Staff Welfare Reserve	18.32	9.78
	Add: Transfer from Corporate Social Responsibility Reserve	-	207.43
	Less: Transfer to Debenture Redemption Reserve	18,465.21	8,068.81
	Less: Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	20,224.66	16,647.31
	Less: Transfer to Corporate Social Responsibility Reserve	-	1,046.99
	Less: Adjustment of carrying amount of fixed assets (applying transitional provisions)	3.21	-
	Less: Interim Dividend	28,254.25	-
	Less: Dividend Distribution Tax	5,649.20	-
	<b>Closing Balance</b>	<b>179,285.62</b>	<b>176,524.95</b>
	<b>TOTAL</b>	<b>289,618.36</b>	<b>248,185.14</b>

#### Footnotes:

- 1 Reserve for Loan assets created @0.40% of outstanding amount of loan assets & retained since 31<sup>st</sup> March 2011 was written back as on 31<sup>st</sup> March 2014 as per assurance given during course of obtaining comments of the Office of Comptroller and Auditors General of India on audited financial statements of company for financial year 2013-14.
- 2 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.
- 3 Staff Welfare Reserve created to promote, among the staff, sports, cultural and other welfare activities.
- 4 IIFCL created CSR Reserve aggregating ₹ 2,810.25 lac till 31<sup>st</sup> March 2014 including ₹ 591.60 lac, ₹ 1,171.66 lac and ₹ 1,046.99 lac for FY 2011-12, FY 2012-13, and FY 2013-14 respectively in compliance with DPE guidelines issued vide F.No.15(3)/2007-DPE(GM)- dated 9th April 2010 later superseded by DPE guidelines F.No.15(13)2013-DPE (GM) dated 21st October 2014. The amount was to be utilized for CSR activities as per CSR policy approved by the Board of Directors. IIFCL carried CSR Reserve of ₹ 2,497.42 lac as on 31<sup>st</sup> March 2014, net of ₹ 312.83 lac utilized during FY 2012-13 and FY 2013-14 respectively. Consequent upon observation vide Half Margin No. 1 issued by CAG during Phase II audit of Financial Statements of IIFCL for year ended 31<sup>st</sup> March 2015 that transferring amounts from and to CSR Reserve is not in accordance with the provisions of the Companies Act, 2013 and the Companies (CSR Policy) Rules, 2014, 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 3<sup>rd</sup> 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.

### Note 3: LONG TERM BORROWINGS

(₹ in Lac)

S. No.	PARTICULARS	Year Ended 31st March 2015	Year Ended 31st March 2014
<b>(A)</b>	<b>SECURED BONDS</b>		
(i)	500 9.36% Bonds of face value ₹ 10 lac each, redeemable on 27/07/2042	5,000.00	5,000.00
(ii)	10,500 9.41% Bonds of face value ₹ 10 lac each, redeemable on 27/07/2037	105,000.00	105,000.00
(iii)	13,34,080 (12,59,825 as at 31 <sup>st</sup> March 2014) 8.55% Tax Free Bonds Tranche III Series 3A of face value ₹ 1000 each, redeemable on 27/03/2034	13,340.80	12,598.25
(iv)	13,38,526 (14,12,781 as at 31 <sup>st</sup> March 2014) 8.80% Tax Free Bonds Tranche III Series 3B of face value ₹ 1000 each, redeemable on 27/03/2034	13,385.26	14,127.81
(v)	77,95,796 (75,43,989 as at 31 <sup>st</sup> March 2014) 8.66% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2034	77,957.96	75,439.89
(vi)	57,07,190 (59,58,997 as at 31 <sup>st</sup> March 2014) 8.91% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2034	57,071.90	59,589.97
(vii)	19,40,921 (18,68,982 as at 31 <sup>st</sup> March 2014) 8.50% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2033	19,409.21	18,689.82
(viii)	25,07,682 (25,79,621 as at 31 <sup>st</sup> March 2014) 8.75% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2033	25,076.82	25,796.21
(ix)	265 8.37% Tax Free Bonds Series VI of face value ₹ 10 lac each, redeemable on 30/08/2033	2,650.00	2,650.00
(x)	20 8.19% Tax Free Bonds Series V of face value ₹ 10 lac each, redeemable on 23/08/2033	200.00	200.00
(xi)	25,906 (20,400 as at 31 <sup>st</sup> March 2014) 7.08% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2033	259.06	204.00
(xii)	2,07,259 (2,12,765 as at 31 <sup>st</sup> March 2014) 7.58% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2033	2,072.59	2,127.65
(xiii)	1,00,40,286 (99,72,661 as at 31 <sup>st</sup> March 2014) 7.40% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2033	1,00,402.86	99,726.61
(xiv)	15,23,938 (15,91,563 as at 31 <sup>st</sup> March 2014) 7.90% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2033	15,239.38	15,915.63
(xv)	210 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
(xvi)	3,400 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
(xvii)	1,59,92,613 (1,59,58,486 as at 31 <sup>st</sup> March 2014) 8.55% Tax Free Bonds Tranche III Series 2A of face value ₹ 1000 each, redeemable on 27/03/2029	1,59,926.13	1,59,584.86
(xviii)	27,99,742 (28,33,869 as at 31 <sup>st</sup> March 2014) 8.80% Tax Free Bonds Tranche III Series 2B of face value ₹ 1000 each, redeemable on 27/03/2029	27,997.42	28,338.69
(xix)	28,22,366 (27,98,922 as at 31 <sup>st</sup> March 2014) 8.48% Tax Free Bonds Series IV of face value ₹1000 each, redeemable on 22/01/2029	28,223.66	27,989.22
(xx)	14,55,414 (14,78,858 as at 31 <sup>st</sup> March 2014) 8.73% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2029	14,554.14	14,788.58
(xxi)	30,55,835 (30,35,330 as at 31 <sup>st</sup> March 2014) 8.38% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2028	30,558.35	30,353.30
(xxii)	16,39,815 (16,60,320 as at 31 <sup>st</sup> March 2014) 8.63% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2028	16,398.15	16,603.20
(xxiii)	11,297 8.48% Tax Free Bonds Series VII of face value ₹ 10 lac each, redeemable on 05/09/2028	1,12,970.00	1,12,970.00
(xxiv)	11,597 8.46% Tax Free Bonds Series VI of face value ₹ 10 lac each, redeemable on 30/08/2028	1,15,970.00	1,15,970.00
(xxv)	6,303 8.26% tax Free Bonds Series V of face value ₹ 10 lac each, redeemable on 23/08/2028	63,030.00	63,030.00
(xxvi)	3,50,340 (3,46,000 as at 31 <sup>st</sup> March 2014) 7.02% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2028	3,503.40	3,460.00
(xxvii)	1,15,278 (1,19,618 as at 31 <sup>st</sup> March 2014) 7.52% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2028	1,152.78	1,196.18

# Annual Report

## 2014 - 2015

(₹ in Lac)

S. No.	PARTICULARS	Year Ended 31st March 2015	Year Ended 31st March 2014
(xxviii)	66,88,288 (66,71,645 as at 31 <sup>st</sup> March 2014) 7.36% Tax Free Bonds of face value ₹1,000 each, redeemable on 22/01/2028	66,882.88	66,716.45
(xxix)	9,21,265 (9,37,908 as at 31 <sup>st</sup> March 2014) 7.86% Tax Free Bonds of face value ₹ 1,000 each, redeemable at 22/01/2028	9,212.65	9,379.08
(xxx)	500 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
(xxxi)	1,000 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
(xxxii)	38,78,417 (38,58,714 as at 31 <sup>st</sup> March 2014) 8.16% Tax Free Bonds Tranche III Series 1A of face value ₹ 1000 each, redeemable on 27/03/2024	38,784.17	38,587.14
(xxxiii)	13,01,996 (13,21,699 as at 31 <sup>st</sup> March 2014) 8.41% Tax Free Bonds Tranche III Series 1B of face value ₹1000 each, redeemable on 27/03/2024	13,019.96	13,216.99
(xxxiv)	80,13,598 (79,57,885 as at 31 <sup>st</sup> March 2014) 8.41% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2024	80,135.98	79,578.85
(xxxv)	42,05,636 (42,61,349 as at 31 <sup>st</sup> March 2014) 8.61% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2024	42,056.36	42,613.49
(xxxvi)	17,35,954 (17,26,340 as at 31 <sup>st</sup> March 2014) 8.01% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2023	17,359.54	17,263.40
(xxxvii)	12,49,844 (12,59,458 as at 31 <sup>st</sup> March 2014) 8.26% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2023	12,498.44	12,594.58
(xxxviii)	50 8.11% Tax Free Bonds Series VII of face value ₹ 10 lac each, redeemable on 05/09/2023	500.00	500.00
(xxxix)	100 8.01% Tax Free Bonds Series VI of face value ₹ 10 lac each, redeemable on 30/08/2023	1,000.00	1,000.00
(xL)	19,21,155 (19,16,110 as at 31 <sup>st</sup> March 2014) 6.86% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2023	19,211.55	19,161.10
(xLi)	1,04,482 (1,09,527 as at 31 <sup>st</sup> March 2014) 7.36% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2023	1,044.82	1,095.27
(xLii)	84,77,893 (84,51,720 as at 31 <sup>st</sup> March 2014) 7.19% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2023	84,778.93	84,517.20
(xLiii)	11,87,099 (12,13,272 as at 31 <sup>st</sup> March 2014) 7.69% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2023	11,870.99	12,132.72
(xLiv)	2,140 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
(xLv)	600 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
(xLvi)	1,30,407 8.30% Bonds of face value ₹1000 each, redeemable on 28/3/2026 with earliest buyback on 29/3/2018	1,304.07	1,304.07
(xLvii)	7,79,211 8.15% Bonds of face value ₹ 1000 each, redeemable on 28/3/2021 with earliest buyback on 29/3/2016	7,792.11	7,792.11
	<b>SUB-TOTAL (A)</b>	<b>1,497,302.32</b>	<b>1,497,302.32</b>
<b>B</b>	<b>UNSECURED BONDS^</b>		
(i)	10,000 8.55% Bonds of face value ₹ 10 lac each, redeemable on 03/11/2024 #	1,00,000.00	1,00,000.00
(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)	5,000 8.70% Bonds of face value ₹ 10 lac each, redeemable on 02/09/2016 #	50,000.00	50,000.00
	<b>SUB-TOTAL (B)</b>	<b>410,000.00</b>	<b>410,000.00</b>

(₹ in Lac)

S. No.	PARTICULARS	Year Ended 31st March 2015	Year Ended 31st March 2014
<b>(C)</b>	<b>UNSECURED TERM LOANS FROM OTHER PARTIES (See footnote)</b>		
(i)	Life Insurance Corporation of India (LIC)*	65,000.00	1,75,000.00
(ii)	National Small Savings Schemes Fund (NSSF)	1,50,000.00	1,50,000.00
(iii)	Asian Development Bank (ADB)*	7,16,160.02	6,31,329.71
(iv)	IBRD (World Bank)*	50,625.12	27,153.83
(v)	European Investment Bank	33.76	-
(vi)	Kreditanstalt für Wiederaufbau (KFW)*	28,218.61	34,331.92
	<b>SUB-TOTAL (C)</b>	<b>1,010,037.51</b>	<b>1,017,815.46</b>
	<b>TOTAL (A)+(B)+(C)</b>	<b>2,917,339.83</b>	<b>2,925,117.78</b>

#Unsecured Bonds are Guaranteed by Government of India

410,000.00

410,000.00

\*Unsecured Term loans from other parties are Guaranteed by Government of India [including ₹ 1,10,000 Lac, ₹ 22,858.14 Lac and ₹ 4,184.94 Lac as on 31<sup>st</sup> March 2015 (₹ 10,000 Lac and ₹ 12,471.12 Lac as at 31<sup>st</sup> March 2014) being the amount due to LIC, ADB and KFW respectively within 1 year from the end of reporting period and shown as "Other Current Liabilities" in Note 9]. The amount of ₹ 1,10,000 Lac outstanding to LIC as at 31<sup>st</sup> March 2015 and shown in "Other Current Liabilities" in Note 9 includes the amount of ₹1,00,000 Lac for which notice for prepayment of Tranche II vide letter dated 23<sup>rd</sup> February 2015 has been given for prepayment on 22<sup>nd</sup> May 2015.

986,449.05

890,286.58

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

### TERMS OF REPAYMENT OF LONG TERM LOANS

#### i) Life Insurance Corporation of India

Tranche	Loan Amount (including current maturities of long term debt disclosed in Note 9) (₹ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
I	100000	8.56%	1.02.2013	1.08.2022	Semi-Annual	Equal installments of ₹ 5,000 lac every 6 months
II	100000	9.36%	22 <sup>nd</sup> May 2015*	22 <sup>nd</sup> May 2015*	Bullet basis	Entire loan amount on 22 <sup>nd</sup> May 2015*

\* The loan amount of ₹ 1,00,000 Lac for which notice vide letter dated 23<sup>rd</sup> February 2015 has been given for prepayment on 22<sup>nd</sup> May 2015. As per original repayment schedule the amount was repayable to LIC on 1<sup>st</sup> February 2027.

#### ii) National Small Savings Schemes Fund (NSSF)

Loan Amount (₹ in Lac)	Rate of Interest	Date of repayment	Frequency of repayment	Amt of repayment
150000	9.00%	31 <sup>st</sup> March 2023	Bullet basis	Entire loan amount of ₹ 150,000 lac

#### iii) 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	
IV	2500	6M USD LIBOR +30bps	15.12.2015	15.06.2035	Semi-Annual	Ballooning instalments starting from 0.827816% to upto
V	2400	6M USD LIBOR +40bps	15.12.2016	15.06.2036	Semi-Annual	5.550311% of loan amount
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
<b>Total</b>	<b>16000</b>					

#### iv) 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.

v) Kreditanstalt für Wiederaufbau (KfW)

Tranche	Loan Amount (including short term) as per Agreement (Euro in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
Portion-I	165.89	0.75%	30.06.2020	30.06.2050	Semi-Annual	- Euro 271,000 from 30.06.2020 to 30.12.2021 - Euro 272,000 from 30.06.2022 to 30.12.2049 and Euro 272581.03 on 30.06.2050
Portion-II	334.11	4.99%	30.06.2015	30.06.2020	Semi-Annual	- Euro 3,037,000 from 30.06.2015 to 30.06.2018 - Euro 3,038,000 from 30.12.2018 to 30.12.2019 and Euro 3,038,418.97 on 30.06.2020
<b>Total</b>	<b>500.00</b>					

vi) European Investment Bank

Loan Amount as per Agreement (Euro in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
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

# Annual Report

## 2014 - 2015

### Note 4 : DEFERRED TAX LIABILITIES (Net)

(₹ in Lac)

S. No.	PARTICULARS	Year Ended 31 <sup>st</sup> March 2015	Year Ended 31 <sup>st</sup> March 2014
<b>(I)</b>	<b>Deferred tax Liability on account of:</b>		
(i)	Special Infrastructure Reserve created under section 36(1)(viii) of Income Tax Act, 1961	26,067.96	19,193.59
(ii)	Depreciation	-	6.42
(iii)	Deduction claimed for standard loan assets	1,484.95	1,484.95
	<b>Deferred Tax Liability</b>	<b>27,552.91</b>	<b>20,684.96</b>
<b>(II)</b>	<b>Deferred tax Assets on account of:</b>		
(i)	Depreciation	21.89	-
(ii)	Interest credited to Sundry Liabilities Account (Interest Capitalisation) offered for tax during current year	4,998.07	-
(iii)	Provision for Leave Encashment	12.41	-
(iv)	Provision for Leave Fare Concession	17.98	-
(v)	Provision for Sick Leave	6.67	-
(vi)	Expenses on which TDS not deducted	33.77	-
(vii)	Provision for Performance Linked Incentive to Whole-time Directors	25.13	-
(viii)	Provision for contingencies*	926.96	1,430.78
	<b>Deferred Tax Assets</b>	<b>6,042.88</b>	<b>1,430.78</b>
	<b>Deferred Tax Liability (Net)</b>	<b>21,510.03</b>	<b>19,254.18</b>

\* Created in respect of marked to market losses on derivatives

### Note 5 : OTHER LONG TERM LIABILITIES

(₹ in Lac)

S. No.	PARTICULARS	Year Ended 31 <sup>st</sup> March 2015	Year Ended 31 <sup>st</sup> March 2014
	<b>Others:</b>		
(i)	Rent adjustable account	-	55.57
(ii)	Security deposit received	6.20	6.00
(iii)	Sundry Liabilities Account (Interest Capitalisation)	19,094.41	-
	<b>TOTAL</b>	<b>19,100.61</b>	<b>61.57</b>

### Note 6 : LONG TERM PROVISIONS

(₹ in Lac)

S. No.	PARTICULARS	Year Ended 31 <sup>st</sup> March 2015	Year Ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>Provision for Employee Benefits [See note 24 (B) (6)]</b>		
(i)	Leave Encashment	116.14	82.71
(ii)	Sick Leave	62.80	43.77
(iii)	Leave Fare Concession	8.44	9.54
(iv)	Wage Revision [See note 24(B)(15)]	-	141.53
(v)	Performance Linked Incentive to Whole-time Directors	73.94	62.59
	<b>SUB-TOTAL (A)</b>	<b>261.32</b>	<b>340.14</b>
<b>(B)</b>	<b>Others [See note 24 (B) (6)]</b>		
(i)	Marked to market losses on derivatives	2,727.17	4,209.41
(ii)	Contingent Provisions against Standard Assets	6,369.78	5,611.02
(iii)	Provisions against Sub-standard Assets	5,767.12	19,133.56
(iv)	Provisions against Doubtful Assets	16,243.24	1,813.81
(v)	Provisions against Restructured Assets	20,717.80	11,617.30
	<b>SUB-TOTAL (B)</b>	<b>51,825.11</b>	<b>42,385.10</b>
	<b>TOTAL (A)+(B)</b>	<b>52,086.43</b>	<b>42,725.24</b>

#### Note 7 : SHORT TERM BORROWINGS

(₹ in Lac)

PARTICULARS	Year Ended 31 <sup>st</sup> March 2015	Year Ended 31 <sup>st</sup> March 2014
LOANS REPAYABLE ON DEMAND FROM BANKS* (Secured by pledge of fixed deposit receipts of ₹ 32,487.91 Lac (i 5,14,526.25 Lac as at 31st March 2014))	10,278.16	2,08,392.17
<b>TOTAL</b>	<b>10,278.16</b>	<b>2,08,392.17</b>

\* Net of debit balance of Nil as at 31<sup>st</sup> March 2015 (₹106.64 lac as at 31<sup>st</sup> March 2014).

#### Note 8 : TRADE PAYABLES

(₹ in Lac)

PARTICULARS	Year Ended 31 <sup>st</sup> March 2015	Year Ended 31 <sup>st</sup> March 2014
Miscellaneous Liabilities	28.53	58.29
<b>TOTAL</b>	<b>28.53</b>	<b>58.29</b>

#### Note 9 : OTHER CURRENT LIABILITIES

(₹ in Lac)

S. No.	PARTICULARS	Year Ended 31 <sup>st</sup> March 2015	Year Ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>Current maturities of long term debt (See footnotes of Note 3):</b>		
(i)	Life Insurance Corporation of India (LIC) #	110,000.00	10,000.00
(ii)	Asian Development Bank (ADB)	12,509.50	12,471.12
(ii)	Kreditanstalt für Wiederaufbau (KFW)	3,902.04	-
	<b>SUB-TOTAL (A)</b>	<b>126,411.54</b>	<b>22,471.12</b>
<b>(B)</b>	<b>Interest accrued but not due on borrowings</b>		
(i)	On bonds and term loans	73,157.97	72,510.99
	<b>SUB-TOTAL (B)</b>	<b>73,157.97</b>	<b>72,510.99</b>
<b>(C)</b>	<b>Income received in advance</b>		
(i)	Amount pending appropriation*	1,532.24	2,379.37
(ii)	Grants received from World Bank	77.42	84.49
	<b>SUB-TOTAL (C)</b>	<b>1,609.66</b>	<b>2,463.86</b>
<b>(D)</b>	<b>Other payables</b>		
(i)	Duties & Taxes payable	88.06	119.70
(ii)	PF deducted on behalf of employees/ whole time directors	18.14	14.19
(iii)	Unclaimed Interest on Bonds	2.25	1.38
(iv)	Commitment Charges payable	7.40	9.43
(v)	Payable to Employees/ Wholetime Directors	4.27	1.33
(vi)	Contribution towards gratuity fund payable to LIC	9.91	41.09
(vii)	Rent Adjustable Account	55.57	58.71
(viii)	Others	236.41	910.98
	<b>SUB-TOTAL (D)</b>	<b>422.01</b>	<b>1,156.81</b>
	<b>TOTAL (A)+(B)+(C)+(D)</b>	<b>201,601.18</b>	<b>98,602.78</b>

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

# The loan amount of ₹1,00,000 Lac for which notice vide letter dated 23<sup>rd</sup> February 2015 has been given for prepayment on 22<sup>nd</sup> May 2015. As per original repayment schedule the amount was repayable to LIC on 1<sup>st</sup> February 2027.

### Note 10 : SHORT TERM PROVISIONS

(₹ in Lac)

S. No.	PARTICULARS	Year Ended 31 <sup>st</sup> March 2015	Year Ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>Provision for Employee Benefits [See note 24 (B) (6)]</b>		
(i)	Leave Encashment	14.49	12.28
(ii)	Sick Leave	2.60	2.00
(iii)	Leave Fare Concession	0.81	0.72
(iv)	Wage Revision [See note 24(B)(15)]	276.95	-
	<b>SUB-TOTAL (A)</b>	<b>294.85</b>	<b>15.00</b>
<b>(B)</b>	<b>Others [See note 24 (B) (6)]</b>		
(i)	Contingent Provisions against Standard Assets	345.26	220.04
(ii)	Provisions against Sub-standard Assets	1,288.98	2,379.33
(iii)	Provisions against Doubtful Assets	1,736.77	316.38
(iv)	Provisions against Restructured Assets	1,182.73	275.92
	<b>SUB-TOTAL (B)</b>	<b>4,553.74</b>	<b>3,191.67</b>
	<b>TOTAL (A)+(B)</b>	<b>4,848.59</b>	<b>3,206.67</b>

**Note 11 : FIXED ASSETS**

(₹ in Lac)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 01.04.2014	Addition	Disposals/ Adjustments	As at 31.03.2015	As at 01.04.2014#	For the Period	Deductions/ Reversals	As at 31.03.2015	As at 31.03.2014
TANGIBLE ASSETS									
FURNITURE & FITTINGS	32.08	3.05	-	35.13	14.74	5.58	-	20.32	17.34
VEHICLES	81.21	13.95	19.09	76.07	34.26	30.39	12.70	51.95	46.95
OFFICE EQUIPMENTS	28.26	1.86	-	30.12	9.77	11.54	-	21.31	18.49
PLANT & MACHINERY	5.63	2.43	1.04	7.02	1.08	0.92	0.33	1.67	4.55
COMPUTER HARDWARE	239.90	37.99	-	277.89	93.87	143.92	-	237.79	146.03
TOTAL	387.08	59.28	20.13	426.23	153.72	192.35	13.03	333.04	233.36
Previous Year	222.76	190.03	25.71	387.08	108.79	59.34	17.62	150.51	113.97
INTANGIBLE ASSETS*									
COMPUTER SOFTWARE*	98.26	-	-	98.26	13.19	23.30	0.86	35.63	85.07
TOTAL	98.26	-	-	98.26	13.19	23.30	0.86	35.63	85.07
Previous Year	7.91	90.35	-	98.26	1.55	11.64	-	13.19	6.36

# As per Note 7 to Part C of Schedule II of the Companies Act 2013, carrying amount of the asset as on 1<sup>st</sup> April 2014 i.e. from the date this schedule comes into effect-

(a) shall be depreciated over the remaining useful life of the asset as per this Schedule;

(b) after retaining the residual value, (may be recognised) in the opening balance of retaining earnings where the remaining useful life of an asset is Nil.

Accordingly, amount of accumulated depreciation as on 1<sup>st</sup> April 2014 includes ₹3.21 lac transferred from Surplus in Statement of Profit and Loss in compliance with the Note 7 to Part C of Schedule II of the Companies Act 2013.

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

# Annual Report

## 2014 - 2015

### Note 12 : NON-CURRENT INVESTMENTS

(₹ in Lac)

S. No.	PARTICULARS	As at 31 <sup>st</sup> March 2015			As at 31 <sup>st</sup> March 2014		
		Number of Shares	Face Value		Number of Shares	Face Value(A)	
<b>(A)</b>	<b>TRADE INVESTMENTS</b>						
<b>(a)</b>	<b>Investment in Equity Instruments - Unquoted (Fully Paid) (See footnotes b,d and e)</b>						
	<b>Wholly owned Subsidiaries</b>						
(i)	India Infrastructure Finance Company (UK) Ltd.	500,00,000	US \$ 1	23,394.80	500,00,000	US \$ 1	23,394.80
(ii)	IIFCL Asset Management Company Ltd.	125,00,000	₹ 10	1,250.00	125,00,000	₹ 10	1,250.00
(iii)	IIFCL Projects Ltd.	5,00,000	₹ 10	50.00	5,00,000	₹ 10	50.00
				<b>24,694.80</b>			<b>24,694.80</b>
<b>(b)</b>	<b>Investment in Equity Instruments - Unquoted (Fully Paid) (See footnotes b,d and e)</b>						
	Delhi Mumbai Industrial Corridor Development Corporation Ltd.	41,00,000	₹ 10	411.03	41,00,000	₹ 10	411.03
				<b>411.03</b>			<b>411.03</b>
<b>(c)</b>	<b>Investment in Venture Capital Units (Unquoted) (Fully Paid)(See footnotes b,d &amp; e)</b>	Number of Units	Face Value		Number of Units	Face Value	
	IDFC Project Equity Domestic Investors Trust II (Fully Paid)	77,07,577	₹ 100	7,707.58	78,55,229	₹ 100	7,855.23
				<b>7,707.58</b>			<b>7,855.23</b>
<b>(d)</b>	<b>Investment in Bonds (Quoted) (Fully Paid) (See footnote a,c,d and e)</b>	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	500.31	50	₹10 lac	500.40
(iii)	11.00% PFC 2018	50	₹10 lac	514.26	50	₹10 lac	518.38
(iv)	11.25% PFC 2018	100	₹10 lac	1,036.23	100	₹10 lac	1,046.12
				<b>4,034.83</b>			<b>4,048.93</b>
	<b>SUB-TOTAL (A)</b>			<b>36,848.24</b>			<b>37,009.99</b>
<b>(B)</b>	<b>OTHER INVESTMENTS</b>	Number of Units	Face Value		Number of Units	Face Value	
<b>(a)</b>	<b>Investment in Government Securities (Unquoted) (See footnote b and d)</b>						
(I)	6.05% GOI 2019	20,00,000	₹ 100	1,980.00	20,00,000	₹ 100	1,980.00
(ii)	6.35% GOI 2020	75,00,000	₹ 100	6,834.51	75,00,000	₹ 100	6,834.51
(iii)	6.90% GOI 2019	20,00,000	₹ 100	1,952.09	20,00,000	₹ 100	1,952.09
(iv)	7.76% SL (Karnataka) 2019	5,00,000	₹ 100	507.81	5,00,000	₹ 100	509.80
(v)	7.85% SL (Andhra Pradesh) 2019	10,00,000	₹ 100	1,001.38	10,00,000	₹ 100	1,001.70
(vi)	8.27% SL (Kerala) 2019	10,00,000	₹ 100	1,004.94	10,00,000	₹ 100	1,006.17
(vii)	8.43% SL (West Bengal) 2019	15,00,000	₹ 100	1,548.25	15,00,000	₹ 100	1,560.47
(viii)	8.48% SL (Tamil Nadu) 2019	25,00,000	₹ 100	2,533.31	25,00,000	₹ 100	2,541.75
				<b>17,362.29</b>			<b>17,386.49</b>
<b>(b)</b>	<b>Investment in Bonds (Quoted) (Fully Paid) (See footnote a and d)</b>	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
				<b>965.92</b>			<b>965.92</b>
<b>(c)</b>	<b>Investment in Mutual Funds (Unquoted) (Fully Paid) (See footnote b and d)</b>	Number of Units	Face Value		Number of Units	Face Value	
	IIFCL Mutual Fund IDF Series I (Subscribed units of IIFCL Mutual Fund-Infrastructure Debt Fund Series- I managed by IIFCL Asset Management Company Limited as Strategic Investor as per SEBI (Mutual Funds) Regulation 1996)	1300	₹10 lac	13,000.00	1300	₹10 lac	13,000.00
				<b>13,000.00</b>			<b>13,000.00</b>
<b>(d)</b>	<b>Investment in Security Receipts (Unquoted) (Fully Paid) (See footnote b and d)</b>	Number of Security Receipts	Face Value				
	Investment in Edelweiss Asset Reconstruction Company Ltd.	42500	₹ 1000	425.00			-
	Investment in Asset Reconstruction Company (India) Ltd.	990420	₹ 1000	9,904.20			-
				<b>10,329.20</b>			-
	<b>SUB-TOTAL (B)</b>			<b>41,657.41</b>			<b>31,352.41</b>
	<b>TOTAL (A)+(B)</b>			<b>78,505.65</b>			<b>68,362.40</b>

**Footnotes:**

- (a) Aggregate amount of quoted investments:

Cost/ Book Value	5,000.75	5,014.85
Market Value	5,225.12	5,013.40

- (b) Aggregate amount of unquoted investments - Cost/ Book Value 73,504.88 63,347.54

- (c) During the financial year 2011-12, these investments were shifted from current investments to non- current investments with the approval of Board of Directors of the company at cost or fair value, whichever is lower as on closing of 31<sup>st</sup> March 2012 resulting in adjustment of diminution in value of investments amounting to ₹ 222 lac in carrying amount of these investments. Consequently, the amount of investment in bonds (Quoted)(fully paid) is stated net of diminution in value of investments on transfer from current investments to non- current investments in the year 2011-12, of ₹ 181.24 lac as on 31<sup>st</sup> March 2015 (₹ 222 lac as on 31<sup>st</sup> March 2014).

- (d) Refer Note 24(A)(5) for valuation of individual investments.

- (e) As per assurance given to the office of Comptroller & Auditor General of India during the course of obtaining its comments on financial statements for the year ended 31<sup>st</sup> March 2014, the company has requested Expert Advisory Committee of the Institute of Chartered Accountants of India to give opinion on practice of classifying investment in Subsidiary, Associate and Investment in bonds of Infrastructure NBFC - companies/banks as Trade Investment. ICAI vide letter dated 7<sup>th</sup> May 2015 provided opinion in the matter. As per the opinion, classification as Trade Investment would depend upon the consideration in the facts and circumstances of the company considering various factors mentioned in the opinion. It is submitted that IIFCL had classified Trade Investments after examining various factors mentioned in opinion of Expert Advisory Committee of ICAI.

# Annual Report

## 2014 - 2015

### Note 13: LONG TERM LOANS AND ADVANCES

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31st March 2015	Year ended 31st March 2014
(A)	<b>SECURITY DEPOSIT</b> (Unsecured, Considered good)	456.10	379.26
	<b>SUB-TOTAL (A)</b>	<b>456.10</b>	<b>379.26</b>
(B)	<b>LOANS AND ADVANCES TO RELATED PARTIES</b> <b>Secured, Considered good</b> Loan to employees*	12.43	-
	<b>SUB-TOTAL (B)</b>	<b>12.43</b>	<b>-</b>
(C)	<b>OTHER LOANS AND ADVANCES</b>		
(I)	<b>Secured, Considered good</b> <b>Infrastructure Loans (Standard Assets)</b>		
(i)	Direct Lending	1,754,336.36	1,690,005.63
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	9,944.34	10,100.16
(iii)	Takeout financing Scheme	668,238.21	331,435.78
	<b>Infrastructure Loans (Sub-standard Assets)</b>		
(i)	Direct Lending	18,162.72	70,981.99
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	183.43	113.43
(iii)	Takeout financing Scheme	5,490.50	-
	<b>Loan to employees</b>	214.46	190.14
(II)	<b>Unsecured, Considered good</b>		
(i)	Infrastructure Loans: Standard Assets Refinancing Scheme	64,300.00	1,83,839.58
(ii)	Advance recoverable from employees	9.89	5.28
(III)	<b>Doubtful</b> <b>Infrastructure Loans (Doubtful Assets)</b>		
(i)	Direct Lending	32,173.65	8,265.28
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	1,309.00	803.77
	<b>SUB-TOTAL (C)</b>	<b>2,554,362.56</b>	<b>2,295,741.04</b>
	<b>TOTAL (A) + (B) + (C)</b>	<b>2,554,831.09</b>	<b>2,296,120.30</b>

#### 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	1,478,417.63	1,166,979.68
Road and Airport (PPP)	Right to receive annuity and toll collections of the project Escrow account and all rights and titles and interest of borrower rank pari passu Hypothecation: First parri-passu charge by way of hypothecation of all the Borrower's movable assets.	1,156,822.94	1,037,289.28
Financial Institutions under Refinance Scheme	Unsecured	64,300.00	183,839.58
	<b>TOTAL#</b>	<b>2,699,540.57</b>	<b>2,388,108.54</b>

#The Infrastructure loan amount in Footnote giving particulars of security above includes ₹ 1,45,402.36 lac as on 31<sup>st</sup> March 2015 (₹ 92,562.92 lac as on 31<sup>st</sup> March 2014) being amount of loans due within a year and overdue amount which are shown in Note 18. Further, aggregate provisions of ₹ 52,561 Lac has been made against these advances till 31<sup>st</sup> March 2015 (₹ 41,367.36 Lac till 31<sup>st</sup> March 2014) as per RBI norms.

\*Pursuant to applicability of provisions of The Companies Act, 2013 w.e.f. 1<sup>st</sup> April 2014 and approval of the Board of Directors in the meeting held on 11<sup>th</sup> 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 as on 31<sup>st</sup> March 2015. The amount of loan was ₹ 14.53 lac as on 31<sup>st</sup> March 2015 (Nil as on 31<sup>st</sup> March 2014).

**Note 14: OTHER NON CURRENT ASSETS**

(₹ in Lac)

PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
Amortizable Shortfall in amount of provision due to sale of NPA's	5,633.18	-
<b>TOTAL</b>	<b>5,633.18</b>	<b>-</b>

**Note 15: CURRENT INVESTMENTS**

(₹ in Lac)

PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
Investment in Bonds (Quoted) (Fully Paid) 7.70% REC 2014	-	<div>Number of Bonds 100</div> <div>Face Value ₹10 lac</div> <div><b>959.23</b></div>
<b>TOTAL</b>	<b>-</b>	<b>959.23</b>

**Footnote:**

Aggregate amount of quoted investments:

- Cost/ Book Value	-	959.23
- Market Value	-	997.17

**Note 16 : CASH AND BANK BALANCES**

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>CASH AND CASH EQUIVALENTS</b>		
(i)	Balances with banks	8,806.87	988.36
(iii)	Cash on hand	0.35	0.17
(iv)	Fixed Deposits with banks (Unencumbered)	1,815.50	838.45
	Less: Bank book overdraft in current accounts	-	(0.02)
	<b>SUB-TOTAL (A)</b>	<b>10,622.72</b>	<b>1,826.96</b>
<b>(B)</b>	<b>OTHER BANK BALANCES</b>		
(i)	Earmarked balances with banks for unclaimed interest on bonds	1.38	1.38
(ii)	Earmarked balances with banks on account of grant received from World Bank	81.04	83.22
(iii)	Funds under remittance	13,252.45	-
(iv)	Fixed Deposits with banks (Unencumbered) (original maturity more than three and upto twelve months)	9,19,956.44	5,11,289.80
(vi)	<u>Fixed Deposits with banks (Encumbered):</u> (original maturity more than three and upto twelve months)		
(a)	Held as security against Interest Payment of Bonds	39,219.00	2,96,730.65
(b)	Pledged to avail overdraft facility from banks	32,487.91	5,14,526.25
	<b>SUB-TOTAL (B)</b>	<b>10,04,998.22</b>	<b>13,22,631.30</b>
	<b>TOTAL (A)+(B)</b>	<b>10,15,620.94</b>	<b>13,24,458.26</b>

# Annual Report

## 2014 - 2015

### Note 17: SHORT TERM LOANS & ADVANCES

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>Loans and advances to related parties (Unsecured, considered good)</b>		
(i)	Expenses Incurred on behalf of subsidiary companies	25.07	166.28
(ii)	Expenses Incurred on behalf of associate company i.e. Irrigation & Water Resources Finance Corporation Limited	0.19	-
(iii)	Loan to employees*	2.10	-
	<b>SUB-TOTAL (B)</b>	<b>27.36</b>	<b>166.26</b>
<b>(B)</b>	<b>Others</b>		
<b>(I)</b>	<b>Secured, considered good</b>		
	Loan to employees	41.80	36.41
<b>(II)</b>	<b>Unsecured, considered good</b>		
(i)	Security deposit	602.20	602.20
(ii)	Advances recoverable from employees	12.83	1.91
(iii)	Advance Tax paid (Net)	4,830.37	633.65
(iv)	Income Tax Recoverable	911.35	325.94
(v)	Service Tax Recoverable (CENVAT)	10.61	145.68
(vi)	Prepaid Expenses	23.78	29.88
(vii)	Other advances	15.08	35.08
	<b>SUB-TOTAL (C)</b>	<b>6,448.02</b>	<b>1,810.75</b>
	<b>TOTAL (A)+(B)+(C)</b>	<b>6,475.38</b>	<b>1,977.01</b>

\* Pursuant to applicability of provisions of The Companies Act, 2013 w.e.f. 1<sup>st</sup> April 2014 and approval of the Board of Directors in the meeting held on 11<sup>th</sup> 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 as on 31<sup>st</sup> March 2015. The amount of loan was ₹ 14.53 lac as on 31<sup>st</sup> March 2015 (Nil as on 31<sup>st</sup> March 2014).

**Note 18: OTHER CURRENT ASSETS**

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
	<b><u>Secured &amp; Considered Good</u></b>		
<b>(I)</b>	<b>Infrastructure Loans: Standard Assets (See Footnote in Note 13)</b>		
(i)	Direct lending	97,913.78	58,243.96
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	1,332.35	1,315.12
(iii)	Takeout financing Scheme	37,248.58	22,580.92
<b>(II)</b>	<b>Infrastructure Loans: Sub-standard Assets (See Footnote in Note 13)</b>		
(i)	Direct lending	4,188.75	8,819.24
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	9.85	21.80
(iii)	Takeout financing Scheme	1,129.00	-
	<b>Doubtful</b>		
<b>(III)</b>	<b>Infrastructure Loans: Doubtful Assets (See Footnote in Note 13)</b>		
(i)	Direct lending	3,416.60	1,400.00
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	163.45	181.88
	<b>SUB-TOTAL (A)</b>	<b>1,45,402.36</b>	<b>92,562.92</b>
<b>(B)</b>	<b>Interest accrued and due on loans and advances</b>	31,650.03	24,080.57
	<b>SUB-TOTAL (B)</b>	<b>31,650.03</b>	<b>24,080.57</b>
<b>(C)</b>	<b>Interest accrued but not due on:</b>		
(i)	Fixed Deposits with Banks	35,201.08	54,295.33
(ii)	Bonds	144.01	207.93
(iii)	Government Securities	204.89	204.88
(iv)	Loans & Advances	24,875.80	10,823.74
	<b>SUB-TOTAL (C)</b>	<b>60,425.78</b>	<b>65,531.88</b>
<b>(D)</b>	<b>Others</b>	7,681.48	1,199.60
	<b>SUB-TOTAL (D)</b>	<b>7,681.47</b>	<b>1,199.60</b>
	<b>TOTAL (A)+(B)+(C)+(D)</b>	<b>2,45,159.65</b>	<b>1,83,374.97</b>

### Note 19: REVENUE FROM OPERATIONS

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>Interest</b>		
(i)	Interest on Loans and Advances under Direct Lending	220,678.29	202,088.43
(ii)	Interest on Loans under PMDO Scheme	773.87	1,273.34
(iii)	Interest on Loans and Advances under Refinancing Scheme	11,395.46	40,537.47
(iv)	Interest on Loans and Advances under Takeout Financing Scheme	42,889.13	32,000.32
(v)	Penal Interest	772.32	539.75
(vi)	Interest on Government Securities	1,273.66	1,273.66
(vii)	Interest on Bonds	499.88	563.75
(viii)	Interest on Deposits with Banks	119,920.38	110,045.62
	<b>SUB-TOTAL (A)</b>	<b>398,202.99</b>	<b>388,322.34</b>
<b>(B)</b>	<b>Other Financial Services</b>		
(i)	Upfront Fee	1,333.98	831.97
(ii)	Processing fee	280.42	102.06
(iii)	Pre-Payment Charges	544.02	27.38
(iv)	Commission Received	138.00	171.20
(v)	Commitment Charges	0.26	3.20
(viii)	Other Charges	239.80	221.82
	<b>SUB-TOTAL (B)</b>	<b>2,536.48</b>	<b>1,357.63</b>
	<b>TOTAL (A) + (B)</b>	<b>400,738.47</b>	<b>389,679.97</b>

### Note 20: OTHER INCOME

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
	<b>Other Non-Operating Income</b>		
(i)	Gain on Swap Deals	4,022.18	1,916.24
(ii)	Grants received	120.80	119.18
(iii)	Amounts/ Provisions written back	1,276.59	3.04
(iv)	Miscellaneous Income	18.69	15.58
	<b>TOTAL</b>	<b>5,438.26</b>	<b>2,054.04</b>

## Note 21: FINANCE COSTS

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>Interest Expense:</b>		
(i)	Interest on Bonds & Debentures	1,58,539.70	1,60,786.00
(ii)	Interest on Bank Borrowings	5,739.42	10,815.77
(iii)	Interest on loan from NSSF	13,500.00	13,500.00
(iv)	Interest on loan from LIC	16,281.87	17,068.69
(v)	Interest on loan from ADB	3,556.64	3,272.11
(vi)	Interest due to net settlement of swap transactions on ADB Loan	29,791.51	25,361.38
(vii)	Interest on loan from IBRD (World Bank)	161.68	79.48
(viii)	Interest due to net settlement of swap transactions on IBRD (World Bank) Loan	1,249.61	777.44
(ix)	Interest on loan from KFW	1,326.45	1,145.27
(x)	Interest due to net settlement of swap transactions on KFW Loan	490.94	410.55
	<b>SUB-TOTAL (A)</b>	<b>230,637.82</b>	<b>233,216.69.79</b>
<b>(B)</b>	<b>Other Borrowing Costs:</b>		
(i)	Guarantee Fees to Govt. of India	3,940.08	5,633.97
(ii)	Commitment charges	262.83	109.34
(iii)	Bond Servicing Expenses	192.23	169.34
(iv)	Upfront Fees on Borrowings	33.76	-
(v)	Bond Issue Expenses	-	3,786.05
	<b>SUB-TOTAL (B)</b>	<b>4,428.90</b>	<b>9,698.70</b>
<b>(C)</b>	<b>Net loss on foreign currency transactions and translations</b>	<b>8,846.53</b>	<b>17,778.71</b>
	<b>SUB-TOTAL (C)</b>	<b>8,846.53</b>	<b>17,778.71</b>
	<b>TOTAL (A) + (B) + (C)</b>	<b>243,913.25</b>	<b>260,694.10</b>

## Note 22: EMPLOYEE BENEFITS EXPENS

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
(i)	Salaries and Wages	914.58	708.96
(ii)	Contribution to provident and other funds	75.89	91.89
(iii)	Staff Welfare Expenses	333.08	226.34
	<b>TOTAL</b>	<b>1,323.55</b>	<b>1,027.19</b>

### Note 23: OTHER EXPENSES

(₹ in Lac)

S. No.	PARTICULARS	Year Ended 31 <sup>st</sup> March 2015	Year Ended 31 <sup>st</sup> March 2014
(i)	Power and Fuel	14.27	11.21
(ii)	Lease Rent	707.49	608.18
(iii)	Insurance	1.07	1.33
(iv)	Professional Fees	201.18	125.00
(v)	Rates and Taxes	60.27	40.41
(vi)	Amortization of Premium Paid on non-current securities	38.31	52.76
(vii)	Net loss on foreign currency transactions and translations	-	2,120.63
(viii)	Loan Amount Written Off [See note 24(B)(23)]	23,834.62	-
(ix)	Establishment and Other Expenses (including auditors' remuneration) [See note 24(B)(18)]	992.47	845.27
	<b>TOTAL</b>	<b>25,849.68</b>	<b>3,804.79</b>

## **Note 24: SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH 2015**

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- NBFC) to India Infrastructure Finance Company Limited (IIFCL) on 9<sup>th</sup> 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**

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 31<sup>st</sup> March 2014.

#### **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. However, Upfront fee (Non-refundable) received from project companies after in-principle sanction of loans to prospective borrowers is considered as income on realization basis.

Further, upfront fee expenses in respect of loans sanctioned to the company is considered as expense on accrual basis, where loan documents have been executed.

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.

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 above ₹ 5,000/- are included in their regular heads of accounts are separately disclosed under 'Other notes to the financial statement'. Prior period income/expense of ₹ 5000/- or below is charged to their regular heads of account.

2.7. Expenditure incurred in raising of bonds is charged to the statement of Profit and Loss in the year of allotment of bonds.

#### **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 Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as amended from time to time. The salient features of these norms are as under:

##### **3.1 Income Recognition**

a. Interest is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.

b. 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.

### 3.2 “Non-Performing Asset” means:

- a. An asset, in respect of which interest has remained overdue for a period of six months or more
- b. A term loan inclusive of unpaid interest, when the installment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more.

Pursuant to Reserve Bank of India notification no. DNBR. 009/ CGM (CDS) -2015 Systemically Important Non- Banking Financial (Non Deposit Accepting) dated 27<sup>th</sup> March 2015, it is provided that the period of of six months or more stipulated in sub clause (a) to (b) shall be five months or more for the financial year ending March 31, 2016, four months or more for the financial year ending March 31, 2017 and three months or more for the financial year ending March 31, 2018 and thereafter.

### 3.3 Asset Classification

All advances are classified as:-

- a. “Standard assets” means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
- b. “Sub-standard assets” means an asset which has been classified as non-performing asset for a period not exceeding 18 months.

Pursuant to Reserve Bank of India notification no. DNBR. 009/ CGM (CDS) -2015 Systemically Important Non- Banking Financial (Non Deposit Accepting) dated 27<sup>th</sup> March 2015 it is provided that the period 'not exceeding 18 months' stipulated in this sub- clause shall be 'not exceeding 16 months' for the financial year ending 31<sup>st</sup> March 2016; 'not exceeding 14 months' for the financial year ending 31<sup>st</sup> March 2017; and 'not exceeding 12 months' for the financial year ending 31<sup>st</sup> March 2018 and thereafter.

- c. “Doubtful asset” means a term loan or any other asset which remains sub-standard asset for a period of exceeding 18 months.

Pursuant to Reserve Bank of India notification no. DNBR. 009/ CGM (CDS) -2015 Systemically Important Non- Banking Financial (Non Deposit Accepting) dated 27<sup>th</sup> March 2015 it is provided that the period 'not exceeding 18 months' stipulated in this sub- clause shall be 'not exceeding 16 months' for the financial year ending 31<sup>st</sup> March 2016; 'not exceeding 14 months' for the financial year ending 31<sup>st</sup> March 2017; and 'not exceeding 12 months' for the financial year ending 31<sup>st</sup> March 2018 and thereafter.

- d. “Loss Asset” means:

- (i) an asset which has been identified as loss asset by the company or its internal or external auditor to the extent it is not written off by the company.
- (ii) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

### 3.4 Provisioning

- (i) Standard Assets: General Provision is made at 0.25% of outstanding amount of loans, including on interest accrued but not due at the year end.

Pursuant to Reserve Bank of India notification no. DNBR. 009/ CGM (CDS) -2015 Systemically Important Non- Banking Financial (Non Deposit Accepting) dated 27<sup>th</sup> March 2015 it is provided that provision for standard assets at 0.25 per cent by the end of March 2015; 0.30 per cent by the end of March 2016; 0.35 per cent by the end of March 2017 and 0.40 per cent by the end of March 2018 and thereafter.

- (ii) Sub-standard assets - A general provision of 10 percent of total outstanding amount is made.
- (iii) Doubtful assets:-
  - (a) 100 percent provision to the extent to which the advance is not covered by the realizable value of the security to which the company has a valid recourse is made.
  - (b) In addition to item (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20 percent to 50 percent of secured portion i.e. estimated realizable value of the outstanding) is made on the following basis :

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

- (iv) Loss Assets
 

The entire asset is written off, 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 RBI vide Master Circular dated 1<sup>st</sup> July 2014 regarding Non-Banking Financial (Non Deposit Accepting) Companies Prudential Norms higher provision on restructured standard advances would be 5 per cent in respect of new restructured standard accounts (flow) with effect from January 24, 2014 and increase in a phased manner for the stock of restructured standard accounts as on January 23, 2014 as under:
  - \* 2.75 per cent - with effect from March 31, 2014
  - \* 3.50 per cent - with effect from March 31, 2015 (spread over the four quarters of 2014-15)
  - \* 4.25 per cent - with effect from March 31, 2016 (spread over the four quarters of 2015-16)
  - \* 5 percent - with effect from March 31, 2017 (spread over the four quarters of 2016-17)

(vi) 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

- Issues in the infrastructure sub sector in conjunction with regulatory environment and the anticipated changes in the regulations, policies, guidelines etc.
- 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 will range from 10% to 100% taking into consideration the factors mentioned above.

### 3.5 Restructured loan Assets

- Loans are subjected to restructuring and/or rescheduling and/or renegotiation of terms under the following stages:
  - before commencement of commercial production/operation;
  - after commencement of commercial production/operation but before the asset has been classified as sub-standard;
  - after commencement of commercial production/operation and the asset has been classified as sub-standard or doubtful.

- Treatment of restructured loans

- Standard loan:** The rescheduling or restructuring or renegotiation of the installments of principal alone, at any of the aforesaid first two stages does not cause a standard asset to be re-classified in the sub-standard category, if the project is re-examined and found to be viable by the Board of Directors.

Provided that rescheduling or renegotiation or restructuring of interest element at any of the foregoing first two stages does not cause an asset to be downgraded to sub-standard category subject to the condition that the amount of interest foregone, if any, on account of adjustment in the element of interest, is either written off or 100 percent provision is made there against.

- Sub-standard asset:** A sub-standard asset continues to remain in the same category in case of restructuring or rescheduling or renegotiation of the installments of principal until the expiry of one year and the amount of interest foregone, if any, on account of adjustment, including adjustment by way of write off of the past interest dues, in the element of interest, is written off or 100 percent provision made there against.

- Diminution in fair value of advances:**

Pursuant to Reserve Bank of India (RBI) notification no.DNBR. 009/ CGM (CDS) -2015 Systematically Important Non- Banking Financial (Non Deposit Accepting) dated 27<sup>th</sup> March 2015 it is provided that reduction in the rate of interest and / or reschedulement 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 debit to Profit & Loss Account. Such provision is required to be held in addition to the provisions as per existing provisioning norms prescribed by RBI, and in an account distinct from that for normal provisions.

The erosion in the fair value of the advance is computed as the difference between the fair value of the loan before and after restructuring. Fair value of the loan before restructuring will be computed as the present value of cash flows representing the interest at the existing rate charged on the advance before restructuring and the principal, discounted at a rate equal to the NBFC's bare lending rate i.e. the interest rate applicable to the borrower as per the loan agreement had the loan

been serviced without any default, as applicable to the concerned borrower, as on the date of restructuring. Fair value of the loan after restructuring will be computed as the present value of cash flows representing the interest at the rate charged on the advance on restructuring and the principal, discounted at a rate equal to the NBFC's bare lending rate as applicable to the borrower as on the date of restructuring.

- (iv) Income Recognition norms for FITL accounts: Pursuant to Reserve Bank of India master circular dated 1<sup>st</sup> July 2014 regarding 'Revised Regulatory Framework of NBFC' Income recognition norms for conversion of unpaid interest in to 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 subsequently 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.

### 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 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. Foreign Currency Loan liability to the extent not hedged, and Loan granted in foreign currency.
  - b. Incomes or Expenses accrued but not due on foreign currency loans granted and foreign currency borrowings respectively.
  - c. Contingent Liability in respect of Letter of Credit issued in foreign currency.
- 6.3. (a) Foreign Currency Loan liability, to the extent hedged is translated in Indian currency at the spot exchange rates prevailing on the date of hedging transactions.  
 (b) The difference in foreign currency loan amount translated at spot exchange rate prevailing on time of hedging and on the date of repayment of loan is recognized as gain or loss in the year of repayment.
- 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 AND DEPRECIATION

- 8.1. Fixed assets are carried at cost less accumulated depreciation.
- 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.
- 8.4. 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. Depreciation on individual assets having cost ₹ 5000/-or less is charged at 100%.
- 8.5. Permanent improvement in leasehold premises is depreciated over the remaining lease term or its useful life, whichever is shorter.
- 8.6. 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 over a period of 4 years.

## **9. RETIREMENT BENEFITS**

- 9.1. The contribution towards Provident Fund deducted from remuneration of employees and employer contribution thereon is deposited with Regional Provident Fund Commissioner (RPFO).
- 9.2. The employee benefits obligations i.e., leave encashment, sick leave and leave travel concession, has been provided for the period up to date of reporting on the actuarial valuation of same.
- 9.3. 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.
- 9.4. 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.

## **10. 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.

## **11. DERIVATIVE ACCOUNTING**

- 11.1. 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.
- 11.2. Hedging taken on foreign currency loans is adjusted on FIFO basis after adjusting for the Loans given in foreign currency (i.e. natural hedge).
- 11.3. The accounting of the derivative transactions is as under:-
  - a. Interest Rate Swap which hedges interest bearing assets or liability is accounted for like the hedge of the asset or liability.
  - b. The swap that is accounted for like a hedge is accounted for on accrual basis except the swap designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In that case the swap is marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability.
- 11.4. 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.
- 11.5. 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.
- 11.6. 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 counterparty respectively as per the hedging contract is recognized as gain or loss at the time of repayment of such loan.

### **12. 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.

## 24.(B) OTHER NOTES TO THE FINANCIAL STATEMENTS

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

₹ in lac

	Particulars	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>Contingent liabilities:</b>		
	<b>(a) Claims against the company not acknowledged as debt:</b>		
	Demand of Income Tax dues for Assessment Year 2008-09 made by the Income Tax Deptt. vide order dated 7 <sup>th</sup> March 2014.	159.00	159.00
	<b>(b) Guarantees</b>	Nil	Nil
	<b>(c) Other money for which the company is contingently liable:</b>		
	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)	10,178.82	26,379.81
<b>(B)</b>	<b>Commitments:</b>		
	<b>(a) Estimated amount of contracts remaining to be executed on capital account and not provided for:</b>		
	Estimated amount of contracts remaining to be executed on capital account (net of advances)	203.18	203.81
	<b>(b) Uncalled liability on shares and other investments partly paid:</b>		
	Uncalled liability on account of capital commitment in respect of Venture Capital Units of IDFC Project Equity Domestic Investors Trust II	765.89	929.14
	<b>(c) Other commitments :</b>		
	Estimated amount of contracts under Corporate Social Responsibility (CSR) remaining to be executed (net of advances)	3,199.00	125.35

2.(a) Expenditure in foreign currency during the year ended 31<sup>st</sup> March 2015 on account of interest and other matters:

₹ in lac

PARTICULARS	For Year Ended 31 <sup>st</sup> March 2015	For Year Ended 31 <sup>st</sup> March 2014
<b>Expenditure in Foreign Currencies (Actual outgo)</b>		
- Interest on borrowings	4,967.19	4,583.22
- Commitment Charges	266.72	144.73
- Foreign Traveling	11.91	17.13
- Other Expenses	21.57	48.35
<b>TOTAL</b>	<b>5,267.39</b>	<b>4,793.43</b>

(b) Earnings in foreign currency (Actual Receipt excluding interest received under IRS derivative contracts):

₹ in lac

Particulars	For Year Ended 31 <sup>st</sup> March 2015	For Year Ended 31 <sup>st</sup> March 2014
- Interest	171.78	190.82
- Grants Received	113.74	187.50
<b>TOTAL</b>	<b>285.52</b>	<b>378.32</b>

3. 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 issued by the Institute of Chartered Accountants of India.

4. As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

### **(A) Managerial Remuneration and related party disclosures**

#### **(i) Key Managerial Personnel**

##### **Whole Time Directors**

- |                            |   |
|----------------------------|---|
| - Shri S.B Nayar           | - Chairman and Managing Director                                      |
| - Shri Sanjeev Kaushik     | - Whole Time Director and Deputy Managing Director*                   |
| - Shri S.K Goel            | - Ex –Chairman and Managing Director                                  |
| - Dr. Harsh Kumar Bhanwala | - Ex- Executive Director & Officiating Chairman and Managing Director |

\*Govt. of India vide letter dated 28<sup>th</sup> January 2015 appointed Shri Sanjeev Kaushik as Executive Directors of IIFCL from the date of taking charge i.e. 2<sup>nd</sup> February 2015.

Subsequently, the Board of Directors of Company vide resolution passed in Board meeting held on 12<sup>th</sup> May 2015 has approved the proposal to change designation of Shri Sanjeev Kaushik as 'Whole Time Director and Deputy Managing Director' in place of 'Executive Director'.

##### **Other than Directors**

- |                       |                                |
|-----------------------|--------------------------------|
| - Shri Rajeev Mukhija | - Chief General Manager-CFO    |
| - Smt. Manjari Mishra | - Assistant General Manager-CS |

**(ii) Directors**

- |                           |                                       |
|---------------------------|---------------------------------------|
| - Shri H. S. Kumar        | - Ex-Part Time Non- Official Director |
| - Prof. V. Venkata Ramana | - Ex-Part Time Non- Official Director |
| - Shri V. K. Bhasin       | - Part Time Non- Official Director    |
| - Shri J. Venkateshwarlu  | - Part Time Non- Official Director    |

**(iii) Wholly owned Subsidiary Company:**

- India Infrastructure Finance Company (UK) Limited
- IIFCL Projects Ltd. and
- IIFCL Asset Management Company Ltd.

**(iv) Associate Companies:**

Irrigation and Water Resources Finance Corporation Limited (IWRFL)

B) Transactions during the year ended 31<sup>st</sup> March 2015 (Previous year ended on 31<sup>st</sup> March 2014) with related parties:

₹ in lac

S.No.	Particulars	For Year Ended 31 <sup>st</sup> March 2015	For Year Ended 31 <sup>st</sup> March 2014
<b>(a)</b>	<b>Managerial Remuneration (Whole time directors)</b>		
	<b>(i) Shri S. B. Nayar (Tenure from 12<sup>th</sup> December 2013)</b>		
	Remuneration	33.64	10.54
	Perquisite	1.62	1.06
	Provision for Performance linked incentive	10.00	2.50
	Leave encashment, Sick Leave, PF & Gratuity	4.71	1.71
	<b>(ii) Shri Sanjeev Kaushik (Tenure from 2<sup>nd</sup> February 2015)</b>		
	Remuneration	4.32	-
	Perquisite	0.01	-
	Provision for Performance linked incentive	1.35	-
	<b>(iii) Shri S.K. Goel ( Ex- Chairman and Managing Director, Tenure upto 23<sup>rd</sup> June 2013)</b>		
	Remuneration	-	8.68
	Perquisite	-	1.42
	Provision for Performance linked incentive	-	2.50
	Leave encashment, Sick Leave, PF & Gratuity	-	1.08
	<b>(iv) Shri Harsh Kumar Bhanwala (Executive Director holding charge of Chairman and Managing Director, Tenure upto 12<sup>th</sup> December 2013)</b>		
	Remuneration	-	23.63
	Perquisite	-	0.18
	Provision for Performance linked incentive	-	6.09
	Leave encashment, Sick Leave, PF & Gratuity	-	2.45
<b>(b)</b>	<b>Managerial Remuneration (Other than directors)</b>		
	<b>(i) Shri Rajeev Mukhija (Chief General Manager- CFO)#</b>		
	Remuneration	30.20	-
	<b>(ii) Smt. Manjari Mishra (Assistant General Manager-CS)*</b>		
	Remuneration	5.01	-

# Annual Report

## 2014 - 2015

# Pursuant to applicability of relevant provisions of the Companies Act, 2013 w.e.f. 1<sup>st</sup> April 2014, the Board of Directors in the meeting held on 11<sup>th</sup> August 2014 ratified the proposal that Chief General Manager- Chief Financial Officer is considered as Key Managerial Person as per provisions of the Companies Act, 2013. Accordingly, remuneration ₹ 20.93 lac paid to him during F.Y. 2013-14 is not considered as managerial remuneration paid to related party.

\*Joined IIFCL on 10<sup>th</sup> November 2014.

<b>(c)</b>	<b>Rent received/ recoverable from subsidiaries/ associate companies</b>		
	IIFCL Projects Ltd.	15.50	33.21
	IIFCL Asset Management Company Ltd	69.03	47.62
	Irrigation and Water Resources Finance Corporation Limited	35.18	57.60
<b>(d)</b>	<b>Expenses recovered/recoverable from subsidiaries/associate companies</b>		
	Irrigation and Water Resources Finance Corporation Limited	1.44	90.95
<b>(e)</b>	<b>Amounts recovered/recoverable from subsidiaries:</b>		
	IIFCL Projects Ltd.	1.24	28.18
	IIFCL Asset Management Company Ltd	202.08	83.61
<b>(f)</b>	<b>Amounts payable to subsidiary:</b>		
	IIFCL Projects Ltd.	62.92	-
<b>(g)</b>	<b>Sitting fee paid to Part Time Non- Official Directors \$</b>		
	Shri Hari Santosh Kumar (Ex- Part Time Non Official Director)	2.50	-
	Prof. V. Venkata Ramana (Ex- Part Time Non Official Director)	3.17	-
	Shri V. K. Bhasin	2.80	-
	Shri J. Venkateshwarlu	2.57	-
	<b>(ii) Conveyance reimbursement to Part Time-Official Directors</b>		
	Prof. V.Venkata Ramana (Ex-Part Time Non Official Director)	0.27	-
	Shri J. Venkateswarlu	0.27	-

\$ Pursuant to applicability of the Companies Act, 2013 w.e.f. 1<sup>st</sup> April 2014, Part Time Non Official Directors are considered as related party during year ended 31<sup>st</sup> March 2015. However, sitting fee of ₹ 7.90 lakh and conveyance reimbursement of ₹ 0.48 lakh aggregating ₹ 8.38 lakh paid to Non-Official Director during Financial Year 2013-14 is not considered as managerial remuneration paid to related party.

**(C) Balances outstanding**

₹ in lac

S.No.	Particulars	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>i)</b>	<b>Remuneration &amp; other benefits</b>		
	<b>Key Managerial Person</b>		
	Provision for Performance Linked Incentive to Whole time Directors	57.82	46.47
	Leave Encashment (provision)	3.63	2.39
	Gratuity (provision)	0.95	0.74
	Provident fund	0.20	0.18
<b>ii)</b>	<b>Investment in equity shares :</b>		
	<b>Wholly owned subsidiaries :</b>		
	(a) IIFC (UK ) Ltd.	23,394.80	23,394.80
	(b) IIFCL Projects Ltd.	50.00	50.00
	(c) IIFCL Asset Management Company Ltd	1,250.00	1,250.00
	<b>Amount /Rent recoverable from subsidiaries/ associate</b>		
	(a) IIFCL Projects Ltd.	0.36	Nil
	(b) IIFCL Asset Management Co. Ltd.	24.36	163.87
	(c) Irrigation and Water Resources Finance Corporation Limited	0.19	Nil
	(d) IIFC (UK) Ltd.	0.35	2.38
	<b>Amount payable to subsidiary</b>		
	IIFCL Projects Ltd.	62.92	Nil

**5 Investment in Venture Capital Units**

During the year ended 31<sup>st</sup> March 2015, the company has invested ₹ 163.25 lac ( ₹ 1,971.79 lac as at 31st March 2014) in Venture Capital Units of IDFC Project Equity Domestic Investors Trust II promoted by the company along-with IDFC, Citibank (cumulative amount of investment by the company is ₹ 9,234.11 lac). Out of total commitment of ₹ 10,000 lac, the company has 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 current year a sum of ₹ 310.90 lac ( ₹ 176.80 lac during year ended 31<sup>st</sup> March 2014) including tax paid ₹ 97.20 lac (Nil during year ended 31<sup>st</sup> March 2014) in respect of redemption of venture capital units.

# Annual Report

## 2014 - 2015

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

(₹ in lac)

Particulars	For the Year Ended 31 <sup>st</sup> March 2015	For the Year Ended 31 <sup>st</sup> March 2014
<b>Income Tax (Net)</b>		
Opening Balance	(633.65)	919.70
Addition during the period	44,055.32	35,133.91
Excess Provision written back during the period	-	(17.48)
Amount paid/ adjusted during the period	48,252.04	36,669.78
<b>Closing Balance</b>	<b>(4,830.37)</b>	<b>(633.65)</b>
<b>Interest on Income Tax</b>		
Opening Balance	-	91.38
Addition during the period	-	-
Excess Provision written back during the period	-	2.99
Amount paid/ adjusted during the period	-	<b>88.39</b>
<b>Closing Balance</b>	<b>-</b>	<b>-</b>
<b>Proposed Wage Revision</b>		
Opening Balance	141.53	37.29
Addition during the period	135.42	104.24
Amount Paid/ Transferred to current liabilities	-	-
<b>Closing Balance</b>	<b>276.95</b>	<b>141.53</b>
<b>Leave Fare Concession</b>		
Opening Balance	10.26	8.90
Addition during the period	52.35	26.44
Amount paid/adjusted during the period	53.35	25.08
<b>Closing Balance</b>	<b>9.26</b>	<b>10.26</b>
<b>Leave Encashment</b>		
Opening Balance	95.19	67.21
Addition during the period	51.81	52.17
Amount paid/adjusted during the period	16.37	21.38
<b>Closing Balance</b>	<b>130.63</b>	<b>95.19</b>
<b>Sick Leave</b>		
Opening Balance	45.77	25.40
Addition during the period	19.63	20.37
Amount paid/adjusted during the period	-	-
<b>Closing Balance</b>	<b>65.40</b>	<b>45.77</b>
<b>Performance Linked Incentive to Whole Time Directors</b>		
Opening Balance	62.59	51.50
Addition during the period	11.35	11.09
Amount paid/adjusted during the period	-	-
<b>Closing Balance</b>	<b>73.94</b>	<b>62.59</b>
<b>Marked to Market Losses on Derivatives</b>		
Opening Balance	4,209.41	5,680.75
Addition during the period	1,482.24	(1,471.34)
Amount paid/adjusted during the period	-	-
<b>Closing Balance</b>	<b>2,727.17</b>	<b>4,209.41</b>
<b>Contingent Provision against Standard Assets</b>		
Opening Balance	5,831.06	6,048.51
Addition during the period	883.99	(217.45)
<b>Closing Balance</b>	<b>6,715.05</b>	<b>5,831.06</b>
<b>Provision against Sub-standard Assets</b>		
Opening Balance	21,512.90	2,361.92
Addition during the period	6,978.05	19,150.98
Provision write back on account of NPA write off	(21,434.86)	-
<b>Closing Balance</b>	<b>7,056.09</b>	<b>21,512.90</b>
<b>Provision against Restructured Assets</b>		
Opening Balance	11,893.21	176.94
Addition during the period	10,007.32	11,716.27
<b>Closing Balance</b>	<b>21,900.53</b>	<b>11,893.21</b>
<b>Provision against Doubtful Assets</b>		
Opening Balance	2,130.19	-
Addition during the period	16,371.86	2,130.19
Provision write back on account of NPA write off	(522.04)	-
<b>Closing Balance</b>	<b>17,980.01</b>	<b>2,130.19</b>

**7. Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits " (AS-15)**  
**As per AS-15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given:**

- I) 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

The valuation method used is Projected Unit Credit Method.

**Actuarial Assumptions for Gratuity Plan:**

	2014-15	2013-14
Mortality rate	LIC ( 1994-96)	LIC ( 1994-96)
Withdrawal rate	1 % to 3 % depending on age	1 % to 3 % depending on age
Discount rate (p.a.)	8%	8%
Salary escalation (p.a.)	6%	6%

As per IRDA circular no. IRDA/ACTL/REG/CIR/123/06/2013 dated 28<sup>th</sup> 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:

		2014-15	2013-14
<b>A</b>	<b>MEMBERSHIP DATA</b>		
i	Number of members	46	50
ii	Average Age	39.22	38.98
iii	Average Monthly Salary	0.81	0.80
iv	Average Past Service	4.78	3.72
<b>B</b>	<b>RESULTS OF VALUATION</b>		
i	Present Value of Past Service Benefit	120.38	97.31
ii	Current Service Cost	13.22	18.56
iii	Total Service Gratuity	450.06	477.10
iv	Accrued Gratuity	173.14	139.89
v	LCSA	276.92	337.21
vi	LC Premium	0.74	0.92
vii	Service Tax @12.36%	0.09	0.11
<b>C</b>	<b>RECOMMENDED CONTRIBUTION RATE</b>		
i)	Fund Value as on renewal date	132.52	75.82
ii)	Additional Contribution for existing fund	-	21.49
iii)	Current Service Cost	1.08	18.56
	<b>TOTAL AMOUNT PAYABLE [(C(ii)+ C(iii)+B(vi)+B(vii))]</b>	<b>1.91</b>	<b>41.09</b>
<b>D</b>	<b>FUND BALANCE</b>		
i	Opening Balance	82.21	53.62
ii	Amount credited towards the Fund	40.04	22.20
iii	Amount paid as Claim	-	-
iv	Interest Credited for the year	10.27	6.39
	<b>Closing Balance</b>	<b>132.52</b>	<b>82.21</b>

# Annual Report

## 2014 - 2015

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

		2014-15	2013-14
<b>A)</b>	<b>MEMBERSHIP DATA</b>		
i)	Number of members	31	9
ii)	Average Age	32.32	31.50
iii)	Average Monthly Salary	0.58	0.52
iv)	Average Past Service	0.61	0.60
<b>B)</b>	<b>RESULTS OF VALUATION</b>		
i)	Present Value of Past Service Benefit	4.55	1.42
ii)	Current Service Cost	6.64	1.92
iii)	Total Service Gratuity	257.82	73.84
iv)	Accrued Gratuity	6.75	2.12
v)	LCSA	251.07	71.71
vi)	LC Premium	0.42	0.12
vii)	Service Tax @12.36%	0.04	0.02
<b>C)</b>	<b>RECOMMENDED CONTRIBUTION RATE</b>		
i)	Fund Value as on renewal date	3.67	1.42
ii)	Additional Contribution for existing fund	0.88	-
iii)	Current Service Cost	6.63	1.92
	<b>TOTAL AMOUNT PAYABLE [(C(ii)+ C(iii)+B(vi)+B(vii))]</b>	<b>7.99</b>	<b>3.48</b>
<b>D)</b>	<b>FUND BALANCE</b>		
i)	Opening Balance	-	-
ii)	Amount credited towards the Fund	3.58	-
iii)	Amount paid as Claim	-	-
iv)	Total Mortality /Pol Admin /Fund Management Charges for the period along with Service Tax thereon	0.16	-
v)	Interest Credited for the year	0.25	-
	<b>Closing Balance</b>	<b>3.67</b>	<b>-</b>

### II) OTHER EMPLOYEE BENEFITS (UNFUNDED)

Actuarial assumptions for other employee benefits (unfunded)

		2014-15	2013-14
	<b>Economic Assumptions:</b>		
i	Discounting Rate	8.00	8.50
ii	Future salary Increase	5.50	6.00
iii	Expected Rate of return on plan assets	0.00	0.00
	<b>Demographic Assumptions:</b>		
i	Retirement Age (Years)	60	60
ii	Mortality Table		IALM (2006 - 08)
iii	Ages	<b>Withdrawal Rate (%)</b>	<b>Withdrawal Rate (%)</b>
	Up to 30 Years	3.00	3.00
	From 31 to 44 years	2.00	2.00
	Above 44 years	1.00	1.00

**A) EARNED LEAVE LIABILITY:** The earned leave due to an employee is the period which the employee has earned, diminished by the period of leave actually taken by the employee. It is earned at one-eleventh part of duty.

<b>1. Change in present value of obligation</b>		
a) Present value of obligation as the beginning	92.60	53.94
b) Acquisition adjustment	-	-
c) Interest Cost	7.87	4.31
d) Past service cost	-	-
e) Current service cost	36.04	29.68
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	(15.31)	(10.45)
i) Actuarial (gain) / loss	7.90	15.12
j) Present value of the defined benefit obligation as at 31/03/2015	129.10	92.60
<b>2. Change in the fair value of plan assets</b>		
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	-	-
<b>3. Fair value of plan assets</b>		
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	(129.10)	(92.60)
h) Excess of actual over estimated return of plan assets	-	-
<b>4. Actuarial gain /loss recognized</b>		
a) Actuarial gain/ (loss) for the period - obligation	(7.90)	(15.12)
b) Actuarial gain/ (loss) for the period – plan assets	-	-
c) Total (gain) / loss for the period	(7.90)	(15.12)
d) Actuarial (gain) / loss recognized in the period	(7.90)	(15.12)
e) Unrecognized actuarial (gains) / losses at the end of the period	-	-
<b>5. The amount recognized in balance sheet and statement of profit and loss</b>		
a) Present value of obligation as at the end of the period	129.10	92.60
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(129.10)	(92.60)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(129.10)	(92.60)
<b>6. Expense recognized in the statement of profit and loss</b>		
a) Current service cost	36.04	29.68
b) Past service cost	-	-
c) Interest cost	7.87	4.31
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	7.90	15.12
h) Expenses recognized in the statement of profit and loss	51.81	49.11

**B) 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.

<b>1. Change in present value of obligation</b>		
a) Present value of obligation as the beginning	10.26	8.90
b) Acquisition adjustment	-	-
c) Interest Cost	0.82	0.71
d) Past service cost	-	-
e) Current service cost	3.49	5.69
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	(53.35)	(25.07)
i) Actuarial (gain) / loss	48.04	20.03
j) Present value of the defined benefit obligation as at 31/03/2014	9.26)	10.26
<b>2. Change in the fair value of plan assets</b>		
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	-	-
<b>3. Fair value of plan assets</b>		
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	(9.26)	(10.26)
h) Excess of actual over estimated return of plan assets	-	-
<b>4. Actuarial gain /loss recognized</b>		
a) Actuarial gain/ (loss) for the period - obligation	(48.04)	(20.03)
b) Actuarial gain/ (loss) for the period – plan assets	-	-
c) Total (gain) / loss for the period	48.04	20.03
d) Actuarial (gain) / loss recognized in the period	48.04	20.03
e) Unrecognized actuarial (gains) / losses at the end of the period	-	-

<b>5. The amount recognized in balance sheet and statement of profit and loss</b>		
a) Present value of obligation as at the end of the period	9.26	10.26
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(9.26)	(10.26)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(9.26)	(10.26)
<b>6. Expense recognized in the statement of profit and loss</b>		
a) Current service cost	3.49	5.69
b) Past service cost	-	-
c) Interest cost	0.82	0.71
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	48.04	20.03
h) Expenses recognized in the statement of profit and loss	52.35	26.43

**C) 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.

<b>1. Change in Present value of obligation</b>		
a) Present value of obligation as the beginning	45.77	25.40
b) Acquisition adjustment	-	-
c) Interest Cost	3.89	2.03
d) Past service cost	-	-
e) Current service cost	17.99	14.51
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	-	-
i) Actuarial (gain) / loss	(2.25)	(3.83)
j) Present value of the defined benefit obligation as at the end of period	65.40	45.77

<b>2. Change in the fair value of plan assets</b>		
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	-	-
<b>3. Fair value of plan assets</b>		
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	(65.40)	(45.77)
h) Excess of actual over estimated return of plan assets	-	-
<b>4. Actuarial gain /loss recognized</b>		
a) Actuarial gain/ (loss) for the period - obligation	2.25	(3.83)
b) Actuarial gain/ (loss) for the period – plan assets	-	-
c) Total (gain) / loss for the period	(2.25)	3.83
d) Actuarial (gain) / loss recognized in the period	(2.25)	3.83
e) Unrecognized actuarial (gains) / losses at the end of the period	-	-
<b>5. The amount recognized in balance sheet and statement of profit and loss</b>		
a) Present value of obligation as at the end of the period	65.40	45.77
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(65.40)	(45.77)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(65.40)	(45.77)
<b>6. Expense recognized in the statement of profit and loss</b>		
a) Current service cost	17.99	14.51
b) Past service cost	-	-
c) Interest cost 3	3.89	2.03
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	(2.25)	3.83
h) Expenses recognized in the statement of profit and loss	19.63	20.37

1.2) In respect of Executive Director:

₹ in lac

	Gratuity	Leave encashment	Sick Leave
Expenses recognized in Statement of Profit & Loss	0.21	1.24	0.87
Amount recognized in Balance Sheet	0.40	2.10	0.87

8. In terms of Accounting Standard 20 issued by the Institute of Chartered Accountants of India, Earning per share (Basic & Diluted) is worked out as under:

	For Year Ended 31.03.15		For Year Ended 31.03.14	
Particulars	Shares	Amount ₹ in lac	Shares	Amount ₹ in lac
Nominal Value of share (₹)	10/-		10/-	
Number of Equity Share (No. in lac)	39,000.00		33,000.00	
Weighted Average Number of Equity Shares (No. in lac)	35,317.81		30,238.36	
Net Profit (after tax)		75,339.88		52,142.48
Earning Per Share (Basic) (₹)		2.13		1.72
Earning Per Share (Diluted) (₹)		2.13		1.72

9. During the year, the company has created net deferred tax liability of ₹ 2,255.85 lac during year ended 31<sup>st</sup> March 2015 (increase in deferred tax liability of ₹ 6,867.95 lac net of deferred tax asset by ₹ 4,612.10 lac) (Previous year ended 31<sup>st</sup> March 2014 the company has created net deferred tax liability of ₹ 6,226.59 lac (increase in deferred tax liability of ₹ 5,725.91 lac net of deferred tax asset by (₹ 500.68) lac).
10. 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 31<sup>st</sup> March, 2015. Hence the company has no outstanding liability towards Micro, Small and Medium Enterprises and other information to be prescribed under this act is Nil (Previous Year Nil).
11. 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 31<sup>st</sup> March 2015, there were no events or change in circumstances, which indicate any impairment in the assets (Previous Year Nil).

**12. Derivative Transactions**

- (a) During the year 2007-08, the company had entered into two interest rate swap (IRS) transactions of notional principal amounts of ₹ 5000 lac each (equivalent to notional principal of JPY 2,73,23.62 lac) which will mature on 19<sup>th</sup> 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 1JPY= ₹ 0.3658 in one deal and 1 JPY= ₹ 0.3662 in second deal) and receive interest @ 8.82% p.a. on notional principal amounts. The company has provided for entire Mark-to-market loss, as computed by the counter party banks and confirmed by other valuer, on the above swap transactions amounting to ₹ 2,727.17 lac as at 31<sup>st</sup> March 2015 ( ₹ 4,209.41 lac as at 31<sup>st</sup> March 2014) which includes profit by way of write back of provisions is ₹ 1,482.24 lac for the year ended 31<sup>st</sup> March 2015 (profit by way of write back of provision of ₹ 336.14 lac for the year ended 31<sup>st</sup> March 2014)

- (b) Notional principal amount of ₹ 2,000 lac out of the two interest rate swap (IRS) transactions referred in note 12 (a) above, was unwound during the year ended 31<sup>st</sup> March 2014. Consequently, the aggregate notional principal amounts of two interest rate swap (IRS) transactions referred in note 12 (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:

Institution	Amount of composite contracts i.e. Interest Rate Swap cum forward exchange contracts
<b>Asian Development Bank (ADB)</b>	
31 <sup>st</sup> March 2015 (31 <sup>st</sup> March 2014)	USD 9,486.92 lac (USD 9,752.49 lac)
31 <sup>st</sup> March 2015 (31 <sup>st</sup> March 2014)	₹ 4,70,453.50 lac (₹ 4,80,860.88 lac)
<b>Kreditanstalt für Wiederaufbau (KfW)</b>	
31 <sup>st</sup> March 2015 (31 <sup>st</sup> March 2014)	Euro 254.74 lacs (Euro 254.74 lacs)
31 <sup>st</sup> March 2015 (31 <sup>st</sup> March 2014)	₹ 15,562.94 lac (₹ 15,562.94 lac)
<b>IBRD World Bank</b>	
31 <sup>st</sup> March 2015 (31 <sup>st</sup> March 2014)	USD 344.88 lac (USD 344.88 lac)
31 <sup>st</sup> March 2015 (31 <sup>st</sup> March 2014)	₹ 18,023.11 lac (₹ 18,023.11 lac)

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 31<sup>st</sup> March 2015 amounts to ₹ 1,27,418.65 lac (Gross gain of ₹ 1,30,595.38 lac less Gross loss ₹ 3,176.73 lac ) and M2M gain as on 31<sup>st</sup> March 2014 amounts to ₹ 1,36,602.17 lac (Gross gain of ₹ 1,38,447.96 lac less Gross loss ₹ 1,845.79 lac).

The M2M losses on Cross Currency Swaps (CCS) is not being accounted for in the books of accounts as the underlying liability designated with swap is also not carried at lower of cost or market value in the financial statements and the M2M loss relating only to CCS cannot be computed separately and provided for as required by the announcement of ICAI on 'Accounting for Derivatives' as the company had entered into Cross currency swaps (Principal and Interest) for hedging and the interest payable to counter-parties also includes amount of premium, if any, which has not been mentioned/ identified separately in the said contracts.

During the financial year ended 31<sup>st</sup> March 2012, the company has also 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 in this regard which is awaited.

- (d) The company has made provisions as required under the applicable law or accounting standard for material foreseeable losses on long term contracts except M2M losses on Cross Currency(CCS).
- (e) Unhedged position of foreign currency loans is as under:

Institution	Amount of Unhedged Foreign Currency Loans
<b>Asian Development Bank (ADB)#</b>	
31st March 2015 (31st March 2014)	USD 4,125.46 lac (USD 2,682.16 lac)
31st March 2015 (31st March 2014)	₹ 2,58,216.02 lac (₹ 1,61,197.20 lac)
<b>Kreditanstalt für Wiederaufbau (KFW)</b>	
31st March 2015 (31st March 2014)	Euro 245.26 lac (Euro 227.30 lac)
31st March 2015 (31st March 2014)	₹ 16,557.87 lac (₹ 18,769.30 lac)
<b>IBRD World Bank</b>	
₹ 31st March 2015 (31st March 2014)	USD 520.88 lac (USD 151.93 lac)
31st March 2015 (31st March 2014)	₹ 32,602.00 lac (₹ 9,130.72 lac)

# Unhedged amount of foreign currency loan from ADB includes Nil (USD 151.31 lac i.e ₹ 9,093.56 lac as on 31<sup>st</sup> March 2014) being foreign currency loan given to a borrower in India to the extent of which risk of foreign currency exchange rate fluctuation is hedged naturally.

- (f) 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:

Exchange Rates	As on 31.03.2015	As on 31.03.2014
USD/INR	62.5908	60.0998
EURO/INR	67.5104	82.5765

### 13. 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 4A of Companies Act 1956 vide notification no S.O.143(E)(F.NO.3/5/2008) Dated 14<sup>th</sup> 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 11<sup>th</sup> February 2013.

- b) In respect of publicly placed bonds:

The company issued Tax Free Bonds of the face value of ₹ 1000 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 totalling ₹ 10,12,482.32 through public issue.

As per the circular no 04/2013 dated 11<sup>th</sup> February 2013 issued by Ministry of Company Affairs', Government of India require the financial institution within the meaning of section 4A of the Companies Act, 1956 to create Debenture Redemption Reserve equal to 25% of the value of debentures issued through public issue, the company has created bond redemption reserve of ₹ 28,390.03 lac up to 31<sup>st</sup> March 2015 (₹ 9,924.83 lac up to 31<sup>st</sup> March 2014 as per circular no. 9/2002 dated 18th April 2002).

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. However, the company has given term loans amounting to ₹ 26,54,638.23 lac as on 31<sup>st</sup> March 2015 (₹ 25,22,120.52 lac as on 31<sup>st</sup> March 2014 which are repayable beyond seven years).

14. As per Accounting Standard-11 (AS-11) i.e. The effects of changes in Foreign Exchange Rates”, foreign currency loan taken (to the extent hedged) and outstanding forward exchange contracts should be restated at the exchange rates prevailing at the reporting date and differences should be taken to profit and loss statement whereas the company has restated the above loans at the date of inception of the forward contract and difference taken to profit & loss statement as stated in Accounting Policy mentioned at note 24 (A) 6.3. In view of the above, loan liability and foreign currency receivable account as on 31st March 2015 would have been higher by ₹ 1,27,418.65 lac (higher by ₹ 1,36,602.17 lac as on 31<sup>st</sup> March, 2014). However, there would be no impact on the profit for the period as loss on account of increase in foreign currency borrowings due to adverse fluctuation in foreign currency exchange rate is fully offset due to gain on principal amount of borrowings hedged by the company.
15. The pay revision of the employees of the company is due w.e.f. 1st November 2012. Pending revision of pay, a provision of ₹ 276.95 lac has been made for the period 1st November 2012 to 31<sup>st</sup> March 2015 (provision of ₹ 141.53 lac for the period 1st November 2012 to 31<sup>st</sup> March 2014) on estimated basis taking base of 24% increase in last revision made from 1st November 2007 for next 5 years.
16. (a) As per the Office Memorandum of Government of India dated 23<sup>rd</sup> April, 2007, the company was regulated directly by the Government of India and under a “sui-generis” regulatory regime. Accordingly, an Oversight Committee was constituted by the Government of India. Consequent upon Union Cabinet approval in its meeting held on 13<sup>th</sup> October 2011 to bring the Company under regulatory oversight of Reserve Bank of India by registering it as an Non-Banking Finance Company-Infrastructure Finance Company (NBFC-IFC) conveyed by Department of Financial Services, Ministry of Finance vide letter date 24<sup>th</sup> October 2011, the company was required to initiate the process of registering it as an NBFC-IFC. Meanwhile, Department of Financial Services vide letter dated 23<sup>rd</sup> January 2012 requested the Reserve Bank of India to create a special category of NBFC- IFC which are wholly owned by Government and whose borrowings are backed by sovereign guarantee and such NBFCs be subjected to far lower Capital to Risk Weighted Asset Ratio (CRAR) than normal NBFC. In this regard, Department of Financial Services, Ministry of Finance, Government of India vide email dated 9<sup>th</sup> October 2012 informed that Reserve Bank of India is not in favour of creation of separate category of NBFC based on ownership. Accordingly, IIFCL has made request to Reserve Bank of India for registration as NBFC- IFC on 7<sup>th</sup> March 2013. Subsequently, RBI issued Certificate of registration dated

9<sup>th</sup> 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 Govt. 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 12<sup>th</sup> December 2006. It is submitted that, in compliance with the requirement vide abovesaid RBI notification dated 12<sup>th</sup> December 2006, company vide letter dated 21<sup>st</sup> November 2014 to RBI has submitted roadmap to comply with various elements of RBI Regulation w.e.f. 1<sup>st</sup> January 2015 inter-alia mentioning that IIFCL was already complying with the prudential norms for income recognition, asset classification and provisioning applicable to it.
- (c) The company has restructured/ rescheduled 36 loan accounts up to 31<sup>st</sup> March 2015 having outstanding balance of ₹ 4,37,868.69 lac as on 31<sup>st</sup> March 2015 (₹ 3,29,276.05 in 26 loan accounts as on 31<sup>st</sup> March 2014) and there is no shortfall in value of security in these accounts as on 31<sup>st</sup> March 2015. Refer note 24(A)(3.4)(v)
- (d) RBI vide Circular dated 17<sup>th</sup> June 2013 has advised that its circular on 'Prudential guidelines on restructuring of advances by banks / financial institutions' dated 30<sup>th</sup> May 2013 shall apply mutatis mutandis to the financial institutions.

Accordingly, as per said circular, it has been decided to increase the provision in respect of new restructured standard accounts (flow) to 5 per cent with effect from June 1, 2013 and in a phased manner for the stock of restructured standard accounts as on March 31, 2013 as under:

- 3.50 per cent – with effect from March 31, 2014 (spread over the four quarters of 2013-14)
- 4.25 per cent – with effect from March 31, 2015 (spread over the four quarters of 2014-15)
- 5.00 per cent - – with effect from March 31, 2016 (spread over the four quarters of 2015-16)

IIFCL made provisions on restructured loan assets up to year ended 31<sup>st</sup> March 2014 as per above said RBI circular dated 17<sup>th</sup> June 2013 for making provision on restructured loan assets applicable to financial institutions. However, IIFCL vide letter dated 21<sup>st</sup> November 2014 submitted roadmap for compliance with various elements of RBI Regulations applicable to NBFC's w.e.f. 1<sup>st</sup> January 2015. Accordingly, in compliance with RBI circular dated 27<sup>th</sup> March 2015 regarding 'Revised Regulatory Framework for NBFCs'. IIFCL made provision on restructured loan assets as per accounting policy stated at note no. 24(A)(3.4)(v) during year ended 31<sup>st</sup> March 2015.

- (e) Pursuant to Accounting policy no. 24(A) (3.4(vi)), reasons for adopting accelerated provisioning in 8 cases is as under:

#### **i. Raipur Expressways Limited**

The toll based road project involves four laning of Raipur to Aurang section of NH-6 (km 239.000 to km 282.000) in the state of Chattisgarh on BOT basis. The Concessioning Authority is NHAI. The concession period is 25 years from appointed date i.e. from 11<sup>th</sup> April 2006. As the COD was not achieved as on 31<sup>st</sup> March 2015 and considerable concession period has been lapsed, the possibility of 100% recovery is less. Hence provisioning of 30% has been made as against the required provisioning of 20% as per RBI norms.

#### **ii. Gwalior Jhansi Expressways Ltd**

The annuity based road project involves four laning and strengthening of 80.127 km stretch from Gwalior to Jhansi on NH-75 as Build, Operate and Transfer basis. The Concessioning Authority is NHAI. The project is at standstill since 2012. Further, all the efforts towards substitution by lenders in the past have failed. As the lenders have no recourse in this project as the substitution rights are also exhausted, a provision of 100% has been made and legal action has been initiated.

### **iii. KMPExpressway Ltd.**

The toll based road project involves development of 4/6 lane Kundli-Manesar-Palwal Expressway, in the State of Haryana on Build, Operate and Transfer Basis. The Concessioneing authority is Haryana State Industrial Development Corporation Limited (HSIIDC). The work remains suspended since Quarter-2 of FY2013. A provision of 30% has been made in the account as against required provisioning of 20% as per RBI norms on account of withdrawal by HSIIDC for payment of works consideration amount and HSIIDC going for fres bidding without considering the lender's due. The lenders have filed an Intervention Application in Honorable Supreme Court, against action of HSIIDC.

### **iv. Abhijeet Hazaribagh Toll Road Limited**

The toll based road project involves 4 laning for Barhi – Hazaribagh Section from Km 0.000 to Km 40.500 of NH-33 in state of Jharkhand on Design, Build, Finance, Operate and Transfer (DBFOT) Toll Basis under NHDP Phase-III. Lenders have agreed for a proposal for harmonious substitution and One Time Settlement (OTS) of existing concessionaire with the new concessionaire for payment of 60% of the Principal Outstanding. Therefore, the balance amount which would be required to be written off has been provisioned.

### **v. JAS Infrastructure & Power Ltd**

The project involves development of 1320 MW (2x660 MW) coal based thermal power project in Banka District, Bihar. IIFCL has disbursed only ₹ 1,413 lac of its sanctioned loan amount of ₹ 52,500 lac in this project. There is no progress in the project since 2013 and the promoter group is under financial crunch. Also the possibility of resolution in the account in near future is less. In view of this provision of 50% has been created in the said account as against required provisioning of 10% as per RBI norms.

### **vi. Abhijeet Toll Road (Karnataka) Ltd.**

The toll based road project involves Improvement to two-laned Chikkanayakanahalli-Tiptur-Hasan Road consisting of total length of 76.221km in the State of Karnataka on Build Operate and Transfer Basis. The Concessioneing Authority is Karnataka Road Development Corporation Limited. The project has been terminated by the Concessionaire and the developer has gone ahead with arbitration. However, the Concessioneing Authority is yet to appoint arbitrator. Also the group is under financial crunch and the chances of recovery in near future is limited. In view of this, a provision of 50% has been made as against required provisioning of 10% as per RBI norms.

### **vii. Maadurga Thermal Power Co. Ltd**

The project involves development of 2x30 MW Thermal Power Plant at village Bainchua at a distance of around 22 km from Cuttack, Orissa. Although the main plant is partly completed, there is problem in evacuation facility and coal linkage. There is no material progress in the project for almost 2 years. Joint recovery action is under discussion with lenders. Hence provisioning of 50% has been made as against required provisioning of 10% as per RBI norms.

### **viii. Transstroy Karnataka Kerala Kannur Tollways Pvt. Ltd.**

The toll based road project involves four laning of Karnataka/Kerala Border-Kannur section from Km 17.200 to Km 143.823 of NH-14 in the State of Kerala under NHDP Phase-III on Design Build Finance Operate and Transfer pattern. The project has been mutually terminated due to non-availability of Right of Way. As the concession has been terminated, there is uncertainty of recovery of dues in near future and hence provisioning of 100% has been made as against required provisioning of 10% as per RBI norms. As the account is sub-standard and unsecured, IIFCL has made provision of 100%.

### 17. Provisions of Accounting Standard (AS-19)

- 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	For the Year Ended 31.3.2015	For the Year Ended 31.3.2014
Total of future minimum lease payments (Gross Investment)	665.03	1,551.74
Present value of lease payments	644.08	1,432.92
10 Year G-Sec Yield	7.74%	8.83%
<b>Maturity profile of total of future minimum lease payments</b>		
Not later than one year	665.03	886.71
Later than one year but not later than five year	-	665.03
Later than five year	-	-
<b>Total</b>	<b>665.03</b>	<b>1,551.74</b>

### 18. Payment to Auditors:

(₹ in lac)

S.No.	Particulars	For the Year Ended 31.3.2015	For the Year Ended 31.3.2015
1.	Audit Fee	7.50	7.50
2.	Taxation Matters	1.50	1.50
3.	Certification work	2.35	4.70
4.	Audit of Accounts for issue of bonds		
	(a) For half year ended September respective financial year	-	5.10
	(b) Verification of restated accounts for 5 years	-	12.00
	<b>TOTAL</b>	<b>11.35</b>	<b>30.80</b>

# Annual Report

## 2014 - 2015

19. Prior Period Income & Expenses which have been included under the regular heads in Statement of Profit and Loss are as under:

₹ in lac

Period	For the Year Ended 31.3.2014	For the Year Ended 31.3.2015
<b>Income</b>		
Income on Loans & Advances	(2,564.94)	(1,983.94)
Penal Interest	(9.61)	(21.47)
Other Charges	-	(6.78)
Excess provision written back	-	-
<b>Total</b>	<b>(2,574.55)</b>	<b>(2,012.19)</b>
<b>Expenditure</b>		
Interest on Loans	-	(69.18)
Bond service/ issue expenses	18.55	(0.09)
Professional Fees	-	(1.23)
Establishment and other expenses	(6.88)	1.08
Depreciation	(0.86)	0.16
Lease Rent	1.58	-
Staff welfare expenses	2.30	-
Premium paid on HTM securities	-	14.45
<b>Total</b>	<b>14.69</b>	<b>(54.81)</b>
<b>Net impact on current year profit</b>	<b>(2,589.24)</b>	<b>(1,957.38)</b>

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 Deptt. vide order dated 7 <sup>th</sup> March 2014. The appeal is yet to be heard. No communication received from Income Tax Deptt. during F.Y. 2014-15.
2012-13 & 2013-14	Return(s) submitted on due date(s). Notice for proceedings is awaited.

21. During the year, the company has sent letters requesting submission of confirmation of balances to Statutory Auditors by borrowers as on 28<sup>th</sup> February 2015 and banks, parties etc. as on 31<sup>st</sup> March 2015. Some of the balances appearing under Infrastructure Loans, borrowings and other debit and credit balances as on 31<sup>st</sup> March 2015 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 31<sup>st</sup> March 2015, borrowers with outstanding balance aggregating ₹ 24,85,905.96 lac as on 28<sup>th</sup> February 2015 representing 92.77% of outstanding amount (including 22 borrowers aggregating ₹ 1,84,287.61 lac i.e. 6.87% that confirmed outstanding balance as at 31<sup>st</sup> March 2015). Banks and other parties with material outstanding amounts have also give confirmations of outstanding amount of debit/credit as on 31<sup>st</sup> March 2015.

22. During the current year, the company has allotted 6,000 lac number of equity share of ₹ 10 each (previous year ₹ 4,000 lac number of equity share of ₹ 10 each) aggregating to ₹ 60,000 lac to Government of India. Accordingly, issued and paid up equity share capital has increased from ₹ 3,30,000 lac to ₹ 3,90,000 lac.
23. During the year ended 31<sup>st</sup> March 2015 the bank has assigned financial assets having a net book value of ₹ 34,541.26 lacs to Asset Reconstruction Companies. The company has in terms of the DBOD.BP.BC.No. 98/21.04.132/2013-14 dated 26<sup>th</sup> February 2014 and RBI master circular DBOD.BP.BC.No.RBI/2014-15/74 on prudential norms on income recognition and assets classification dated 1<sup>st</sup> July 2014 spread over the net short fall of ₹ 15,021.81 lac over a period of eight quarters. Consequently, an amount of ₹ 1,877.73 lac has been charged off during the year ended 31<sup>st</sup> March 2015.
24. Disclosures pertaining to the Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities issued by ICAI on 15<sup>th</sup> May 2015:
- a) Breakup of various heads of expenses included in CSR expenditure is as follows:

₹ In Lac

S.No.	Name of the Organization	Project Details	Expenditure incurred
1	National Safai Karamcharis Finance & Development Corporation (NSKFDC)	Skill Development Training Programmes for poor and unemployed Youths of Safai Karamcharis, Scavengers & their Dependents.	5.00
2	Artificial Limbs Manufacturing Corporation of India (ALIMCO)	To provide aids and appliances to Persons with Disabilities.	7.50
3	Swachh Vidyalaya Abhiyaan	Contribution to Swachh Bharat Kosh of the Government of India.	500.00
4	ITCOT Consultancy and Services Ltd.	Special placement linked skill training programme for youths conducted in the backward districts.	57.30
5	Central Electronics Ltd.	Social upliftment by providing basic needs of energy (lighting) and drinking water.	91.58*
6	National Scheduled Tribes Finance and Development Corporation	Skill upgradation and economic empowerment of tribal handloom artisans.	15.00
7	Himachal Consultancy Organisation Limited	Village adoption	41.89*
8	Clean Ganga Fund	Lump sum contribution to the Clean Ganga Fund with an objective of rejuvenating the river.	500.00
9	Target Olympic Podium (TOP) Scheme	Identification of athletes who are potential medal winners in Olympics and provide support to them for preparation of	1,000.00
10	Sulabh International Social Service Organisation	Olympics Construction of toilet complexes in schools	180.07*
11	India Habitat Centre	Solar Power Generating Plant on the rooftops of the building in the campus of India Habitat Centre.	25.00*
<b>GRAND TOTAL</b>			<b>2,423.34</b>

a) Additional disclosure relating to CSR expenditure is as follows:

- i) Gross amount required to be spent by the company during the year: ₹ 2,210.78 lac
- ii) Amount spent during the year on:

₹ in lac

S.No.	Particulars	In Cash	Yet to be paid in Cash#	Total
(i)	Construction/Acquisition of and Asset*	311.64	Nil	311.64
(ii)	On Purpose other than (i) Above	2,111.70	Nil	2,111.70
	<b>Total</b>	<b>2,423.34</b>	Nil	<b>2,423.34</b>

Footnotes to Note no. 23 (a) & 23 (b):

\* Construction/Acquisition of any Asset includes installation of solar household lightening. Further, out of expenditure of ₹ 41.89 Lac incurred, asset worth ₹ 15 Lac has been created.

# The entire amount of the CSR expenditure accrued during the FY2014-15 was remitted by IIFCL upto 31<sup>st</sup> March, 2015

### 25. Changes in Accounting Policies

The details along with the financial impact of changes made in Significant Accounting Policies No. (s) 3.4 (v), 3.5 (b)(iii), 3.5 (b)(iv) and 8.4 is given below:

- a) Accounting Policy No. 3.4(v) on provisioning of restructured loan assets has been modified in line with RBI Master Circular dated 1<sup>st</sup> July 2014 regarding Non-Banking Financial (Non Deposit Accepting) Companies Prudential Norms. Due to this change in accounting policy, profit before tax for the year ended 31<sup>st</sup> March 2015 is higher by ₹ 2,323.86 lac.
- b) Accounting Policy No. 3.5.b (iii) on diminution in the fair value of restructured loan accounts has been modified in alignment with RBI notification no. DNBR. 009/ CGM (CDS) -2015 Systemically Important Non- Banking Financial (Non Deposit Accepting) dated 27<sup>th</sup> March 2015. Due to this change in accounting policy, profit before tax for the year ended 31<sup>st</sup> March 2015 is lower by ₹ 4,241 lac.
- c) Accounting Policy No. 3.5.b (iv) on Income recognition norms for FITL accounts has been adopted in accordance with 'Revised Regulatory Framework of NBFC' Income recognition norms for conversion of unpaid interest in to Funded Interest Term Loan (FITL), Debt or Equity instruments on restructuring of advances. Due to change in this accounting policy, the profit before tax for the year ended 31<sup>st</sup> March 2015 is lower by ₹ 19,094.41 lac.
- d) Accounting Policy No. 8.4 on depreciation of the fixed assets has been modified in alignment with Schedule II of Companies Act, 2013 which has become applicable from 1<sup>st</sup> April 2014. Due to this change in accounting policy, profit before tax for the year ended 31<sup>st</sup> March 2015 is lower by ₹ 143.33 lac. Further, an amount of written down value of ₹ 3.21 lac as on 31<sup>st</sup> March 2014 in respect of fixed assets, where useful life of such assets was Nil as at 1<sup>st</sup> April 2014, has been transferred from the Surplus in Statement of Profit and Loss in compliance with the Note 7 to Part C of Schedule II of the Companies Act, 2013.

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

(₹ in lac)

Particulars	Current Year		Previous Year	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
<b>Liabilities side:</b>				
<b>(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:</b>				
(a) Debentures : Secured	14,97,302.32	-	14,97,302.32	-
: Unsecured	4,10,000.00	-	4,10,000.00	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	11,36,449.05	-	10,40,286.58	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans (short term bank loan)	10,278.16	-	208,392.17	-

(₹ in lac)

Assets side:	Amount outstanding	
	Current Year	Previous year
<b>(2) Break-up of Loans and Advances including bills receivables [Other than those included in (4) below]:</b>		
(a) Secured	26,35,240.57	22,04,268.97
(b) Unsecured	64,300.00	1,83,839.58
<b>(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
(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	-	-
<b>(4) Break-up of Investments:</b>		
<b>Current Investments:</b>		
<b>1. Quoted:</b>		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	959.23
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
<b>2. Unquoted:</b>		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
<b>Long Term investments:</b>		
<b>1. Quoted:</b>		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	5,000.75	4,932.02
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-

# Annual Report

## 2014 - 2015

(₹ in lac)

(v) Others (please specify)	-	-
<b>2. Unquoted:</b>		
(i) Shares: (a) Equity	25,105.83	25,105.83
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	13,000.00	13,000.00
(iv) Government Securities	17,362.29	17,386.49
(v) Others (advance against equity share capital) (Investment in venture capital units)	7,707.58	7,855.23
(iv) Investment in security receipts	10,329.20	-
<b>Total</b>	<b>27,78,046.22</b>	<b>24,52,415.33</b>

(₹ in lac)

<b>(5) Borrower group-wise classification of assets financed as in (2) and (3) above:</b>				
	Category	Amount net of provisions (Current Year)		
		Secured	Unsecured	Total
1.	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2.	Other than related parties	26,35,240.57	64,300.00	26,99,540.57
	<b>Total</b>	<b>26,35,265.57</b>	<b>64,300.00</b>	<b>26,99,540.57</b>
		Amount net of provisions (Previous Year)		
		Secured	Unsecured	Total
1.	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2.	Other than related parties	22,04,269.10	1,83,839.58	23,88,108.68
	<b>Total</b>	<b>22,04,269.10</b>	<b>1,83,839.58</b>	<b>23,88,108.68</b>

**(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)**

(₹ in lac)

Category		Amount net of provisions (Current Year)		
		Secured	Unsecured	Total
1.	Related Parties			
	(a) Subsidiaries	-	24,694.80	24,694.80
	(b) Companies in the same group	-	13,000.00	13,000.00
	(c) Other related parties	-	-	-
2.	Other than related parties	-	411.03	411.03
Category		Amount net of provisions (Previous Year)		
		Secured	Unsecured	Total
1.	Related Parties			
	(a) Subsidiaries	-	24,694.80	24,694.80
	(b) Companies in the same group	-	13,000.00	13,000.00
	(c) Other related parties	-	-	-
2.	Other than related parties	-	411.03	411.03

**(7) Other information**

(₹ in lac)

Particulars	Current year	Previous Year
<b>(i) Gross Non-Performing Assets</b>		
(a) Related parties	-	-
(b) Other than related parties	66,226.95	90,587.40
<b>(ii) Net Non-Performing Assets</b>	-	
(a) Related parties	-	-
(b) Other than related parties	41,190.85	66,944.31
<b>(iii) Assets acquired in satisfaction of debt</b>	Nil	Nil

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

**27.1 Capital**

(₹ in lac)

Particulars	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
Tier I Capital	6,66,411.73	5,78,100.07
Tier II Capital	6,715.05	5,831.06
<b>Total Capital</b>	<b>6,73,126.78</b>	<b>5,83,931.13</b>
Total Risk Weighted Assets	26,77,039.02	21,74,757.78
<b>Capital Ratios</b>		
Tier I Capital as Percentage of Total Risk Assets (%)	24.89	26.58
Tier II Capital as Percentage of Total Risk Assets (%)	0.25	0.27
<b>Total Capital (%)</b>	<b>25.14</b>	<b>26.85</b>

### 27.2 Investments

(₹ in lac)

	Particulars	Current Year	Previous Year
1	Value of investments	23,000.00	24,000.00
(i)	Gross value of investments	22,363.04	23,360.34
	(a) In India		
	(b) Outside India		
(ii)	Provisions for depreciation	-	-
	(a) In India		
	(b) Outside India		
(iii)	Net value of investments	22,363.04	23,360.34
	(a) In India		
	(b) Outside India		
2	Movements of provisions held towards depreciation of investments		
(i)	Opening balance	22,363.04	23,360.34
	Add: Provisions made during the year	-	-
	Less: Write off/Write back of excess provisions during the year	-	-
	Closing balance	22,363.04	23,360.34

### 27.3 Derivatives

#### 27.3.1 Forward Rate Agreement/ Interest Rate Swap

(₹ in lac)

	Particulars	Current Year	Previous Year
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	(2,727.17)	(4,209.41)

#### 27.3.2 Risk Exposure in Derivatives:

##### Qualitative Disclosure#

NBFCs are required to describe their risk management policies pertaining to derivatives with particular reference to the extent to which derivatives are used, the associated risks and business purposes served. In compliance of RBI guidelines dated 10<sup>th</sup> 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.
- # Details incorporated pursuant to submission of replies vide letter no. IIFCL/Audit/2015-16/6B/11201 dated 9<sup>th</sup> September 2015 and letter no. IIFCL/Audit/6B/2015-16/11360 dated 23<sup>rd</sup> September 2015 to Half Margins issued by the Audit Camp Party, office of the Comptroller & Auditor General of India (C&AG) during Phase III Audit of the Standalone and Consolidated Financial Statements of IIFCL for the year ended on 31<sup>st</sup> March 2015.

- b) IIFCL under takes derivative transaction for purpose of hedging and mitigating interest rate and currency risks (Market risk) arising on Foreign currency borrowings. The status of derivative transactions is reported to the Board of Directors and Executive Directors from time to time as outlined in the Resource and Treasury policy.
- 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) The derivative transactions of IIFCL are accounted on accrual basis and these transactions are not marked to market. However the MTM positions disclosed are those as informed by the respective counterparties and independently certified by third party. It may be mentioned here that During the financial year ended 31<sup>st</sup> March 2012, the company has sought the opinion of Expert Advisory Committee (EAC) of the Institute of Chartered accountant of India (ICAI) in the matter of restating foreign currency loans taken (to the extent hedged) and outstanding forward exchange contracts as per Accounting Standard-11 (AS-11) i.e. The Effects of Changes in Foreign Exchange Rates'. Accordingly, appropriate treatment of foreign currency loans taken (to the extent hedged) and outstanding forward exchange contracts would be carried out based on such opinion.

#### Quantitative Disclosures

(₹ in lac)

	Particulars	Current Year		Previous Year	
		Currency Derivatives	Interest Rate Derivative	Currency Derivatives	Interest Rate Derivative
(I)	Derivatives (Notional Principal Amount)	5,04,039.00	5,04,039.00	5,04,039.00	5,14,446.93
	For hedging	5,04,039.00	5,04,039.00	5,04,039.00	5,14,446.93
(ii)	Marked to Market positions(1)	1,27,418.64	1,27,418.64	1,27,418.64	1,36,602.17
	a. Asset (+)	1,30,595.38	1,30,595.38	1,30,595.38	1,38,447.96
	b. Liability(-)	-3,176.74	-3,176.74	-	-1,845.79
(iii)	Credit Exposures	-	-	-	-
(iv)	Unhedged Exposures	3,07,375.89	3,07,375.89		1,89,097.22

#### 27.4 Disclosures relating to Securitisation

##### Details of Financial Assets sold to Securitisation/ Reconstruction Company for Asset Reconstruction:

(₹ in lac)

Particulars	Current Year	Previous Year
(i) No. of Accounts	2	-
(ii) Aggregate value (net of provisions) of accounts sold to SC/ RC	27,173.81	-
(iii) Aggregate consideration	12,152.00	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	15,021.81	-

#### 27.5 Details of Non- performing Financial Assets sold:

(₹ in lac)

Particulars	Current Year	Previous Year
(i) No. of accounts sold	2	-
(ii) Aggregate outstanding	49,130.70	-
(iii) Aggregate consideration received	12,152.00	-

### 27.6 Asset Liability Management

#### Maturity pattern of certain items of assets and liabilities as at 31st March 2015:

(₹ 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 Year to 5 Years	Over 5 Years	Total
<b>Liabilities</b>									
<b>Borrowings</b>									
from banks	10,278.16	-	-	-	-	-	-	-	10,278.16
<b>Market Borrowings</b>	-	1,00,000	-	5,000.00	5,000.00	70,000	20,000	20,32,302.32	22,32,302.32
<b>Assets</b>									
<b>Receivables under financing activity</b>	27,680.89	5,660.29	21,724.65	35,314.78	54,841.75	2,63,468.63	4,22,266.42	18,68,583.16	26,99,540.57
<b>Investment</b>	-	-	-	5,78,057.94	4,13,605.41	-	23,000.00	10,329.20	10,24,992.55
<b>Foreign Currency assets</b>	-	-	-	-	-	-	-	-	-
<b>Foreign Currency liabilities</b>	9,175.05	-	-	10,366.32	-	51,572.50	67,338.46	6,72,996.71	8,11,449.05

Maturity pattern of certain items of assets and liabilities as at 31<sup>st</sup> March 2014:

(₹ 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
<b>Liabilities</b>									
<b>Borrowings from banks</b>	2,08,392.17	-	-	-	-	-	-	-	2,08,392.17
<b>Market Borrowings</b>	-	-	5,843.29	5,000.00	11,653.16	1,10,118.87	72,929.66	27,42,754.05	29,48,299.03
<b>Assets</b>									
<b>Receivables under financing activity</b>	7,511.15	1,633.51	11,467.14	24,928.96	55,763.45	2,39,587.08	4,76,878.51	24,85,438.82	33,03,208.62
<b>Investment</b>	12,607.84	30,934.20	60,473.34	1,40,926.30	1,93,516.22	3,09,478.31	29,222.41	13,800.00	7,90,958.62

## 27.7 Exposures

### 27.7.1 Exposure to Real estate sector

The Company does not have any direct or indirect exposure to the real estate sector as at 31st March 2015 (previous year Nil).

### 27.7.2 Exposure to Capital Market:

(₹ in lac)

	Particular	Current Year	Previous Year
(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 corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	7,707.58	7,855.23

### 27.8 Additional Disclosures Provisions and Contingencies

(₹ in lac)

Breakup of Provisions and Contingencies reflected in Statement of Profit & Loss		Current Year	Previous Year
(i)	Provision towards NPA	23,349.91	21,281.16
(ii)	Provision for income tax (including deferred tax)	46,311.15	41,343.03
(iii)	Provision for Standard Assets (including restructured accounts)	10,891.30	11,498.82

### 27.9 Concentration of Advances, Exposure and NPAs:

#### (i) Concentration of Advances

(₹ in lac)

	Current Year	Previous Year
Total Advances to twenty largest borrowers	10,90,396.67	10,17,831.15
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	39.92%	42.20%

#### (ii) Concentration of Advances

(₹ in lac)

	Current Year	Previous Year
Total Exposure to twenty largest borrowers	10,90,396.67	10,17,831.15
Percentage of Exposure to twenty largest borrowers/customers to Total Exposure of the NBFC on borrowers/customers	39.92%	42.20%

#### (iii) Concentration of Advances

(₹ in lac)

	Current Year	Previous Year
Total Exposure to top four NPAs accounts	41,617.99	70,432.64

#### (iv) Sector - wise NPAs

(₹ in lac)

S. No.	Sector	% of NPAs to Total Advances in that sector	
		Current Year	Previous Year
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	66,226.95	90,587.40
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

(v) **Movement of NPAs:**

(₹ in lac)

	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	1.53	2.80
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	90,587.40	23,619.29
	(b) Additions during the year	24,770.25	66,968.11
	(c) Reductions/write off during the year	49,130.70	-
	(d) Closing balance	66,226.95	90,587.40
(iii)	<b>Movement of Net NPAs</b>		
	(a) Opening balance	66,941.31	21,257.37
	(b) Additions during the year	8,791.16	45,683.94
	(c) Reductions during the year	34,541.62	-
	(d) Closing balance	41,190.85	66,941.31
(iv)	<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
	(a) Opening balance	23,643.09	2,361.92
	(b) Provisions made during the year	23,349.91	21,281.17
	(c) Write off/ write- back of excess provisions	21,956.90	-
	(d) Closing balance	25,036.10	23,643.09

**27.10 Customer Complaints**

		Current Year	Previous Year
(a)	No. of complaints pending at the beginning of the year	6	2
(b)	No. of complaints received during the year	1605	1127
(c)	No. of complaints redressed during the year	1611	1123
(d)	No. of complaints pending at the end of the year	0	6

27.11 India Infrastructure Finance Company Limited													
Disclosure of Restructured Accounts													
Type of Restructuring		Others ( ₹ In lakhs)					Total ( ₹ in lakhs)						
Asset Classification		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total		
Details													
1	Restyuctured Accounts as on 01.04.2014*	No. of borrowers	26.00	-	-	26.00	26.00	-	-	-	26.00	26.00	
		Amount outstanding	3,29,276.05	-	-	3,29,276.05	3,29,276.05	-	-	-	3,29,276.05	3,29,276.05	
		Provision thereon	11,893.21	-	-	11,893.21	11,893.21	-	-	-	11,893.21	11,893.21	
2	Fresh restructuring during the FY 2014-15	No. of borrowers	12.00	-	-	12.00	12.00	-	-	-	12.00	12.00	
		Amount outstanding	1,23,172.10	-	-	1,23,172.10	1,23,172.10	-	-	-	1,23,172.10	1,23,172.10	
		Provision thereon	10,010.77#	-	-	10,010.77	10,010.77	-	-	-	10,010.77	10,010.77	
3	Upgradations to restructured standard category during the FY 2014-15	No. of borrowers	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	

4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Down gradations of restructured accounts during the FY 2014-15	No. of borrowers	2.00	-	-	-	-	2.00	2.00	-	-	-	-	-	-	-	2.00
		Amount outstanding	14,579.49#	-	-	-	-	14,579.49	14,579.49	-	-	-	-	-	-	-	14,579.49
		Provision thereon	3.45	-	-	-	-	3.45	3.45	-	-	-	-	-	-	-	3.45
6	Write offs of restructured accounts during the FY 2014-15	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on 31.03.2015	No. of borrowers	36.00	-	-	-	-	36.00	36.00	-	-	-	-	-	-	-	36.00
		Amount outstanding	4,37,868.69	-	-	-	-	4,37,868.69	4,37,868.69	-	-	-	-	-	-	-	4,37,868.69
		Provision thereon	21,900.53	-	-	-	-	21,900.53	21,900.53	-	-	-	-	-	-	-	21,900.53

\*Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

#The amounts include further provision and balance o/s of ₹ 3,852.16 and ₹ 3,534.39 on original accounts as on 01.04.2014 respectively.

### 27. 12 Additional Disclosures

S.No.	Disclosure	Comment
(i)	Registration/ licence/authorization obtained from other financial regulator	None
(i)	Registration/ licence/authorization obtained from other financial regulator	AAA stable assigned by various Rating agencies for domestic bonds issued by company. International Credit Rating of the company for 2014-15 is S&P BBB – There is no migration of rating during current year 2014-15
(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	IFC (UK) Ltd. wholly owned subsidiary of company operates from London, United Kingdom and undertakes financing to infrastructure projects in India,

### 27. 13 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

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

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

As per our report of even date  
For K M Agarwal & Co.  
Chartered Accountants  
(Registration No. 000853N)

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

C.P Mishra  
(Partner)  
Membership  
No. 073009

Sanjeev Kaushik  
(Deputy Managing Director)  
DIN No. : 02842527

Manjari Mishra  
AGM- CS

S.B. Nayar  
(Chairman and Managing Director)  
DIN No. : 02175871

Rajeev Mukhija  
CGM- CFO)

Place : New Delhi  
Dated : 12.08.2015

**K. M. AGARWAL & CO.**  
CHARTERED ACCOUNTANTS

36, NETAJI SUBHASH MARG, DARYA GANJ, NEW DELHI - 110002  
E-mail : kmagarwal\_1969@rediffmail.com

**NON-BANKING FINANCIAL COMPANIES AUDITOR'S REPORT**

To

The Board of Director  
India Infrastructure Finance Company Limited  
8th Floor, HT house, Kasturba Gandhi Marg,  
New Delhi - 110001

As required by the Non-Banking Financial Companies Auditor's Report(Reserve Bank) directions 2008 issued by the Reserve Bank of India on the matters specified in Para 3 and 4 of the said directions to the extent applicable to the company, we report that :

1. The company is engaged in the business of Non-Banking Financial Institution and it has obtained a certificate of registration (COR) from Reserve Bank Of India under the provision of section 45-IA of the Reserve Bank Of India Act, 1934 vide registration no. N-14.03288 dated 09.09.2013.
2. The company is entitled to continue to hold such COR in terms of its asset/income pattern as on 31.03.2015
3. The Board of Directors has passed a resolution for non-acceptance of any public deposits during the year ended 31.03.2015.
4. The company has not accepted any public deposit during the year 2014-15.
5. 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 Govt. 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 12<sup>th</sup> December 2006. In compliance with the requirement, vide abovesaid RBI notification dated 12<sup>th</sup> December 2006 company vide letter dated 21<sup>st</sup> November 2014 to RBI has submitted roadmap to comply with various elements of RBI Regulation w.e.f. 1<sup>st</sup> January 2015 inter-alia mentioning that IIFCL was already complying with the prudential norms for income recognition, asset classification and provisioning applicable to it.
6. In terms of RBI Circular No. DNBS/PD/CC. No. 93/03.055.002/2006-07 dated 27<sup>th</sup> April, 2007, India Infrastructure Finance Company Limited Being a Government Company, is exempt from submitting NBS-7 to Reserve Bank of India.

**For K.M. Agarwal & Co.**  
**Chartered Accountants**  
**(Regn. No. 000853N)**

**(C.P. Mishra)**  
**Partner**  
**M. No. 073009**

**Place: New Delhi**  
**Date: 12<sup>th</sup> August, 2015**

### **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 31 MARCH 2015**

The preparation of financial statements of India Infrastructure Company Limited for the year ended 31 March 2015 in accordance with financial reporting framework prescribed under the companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 15 September 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of India Infrastructure Finance Company Limited for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to work 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 matter under section 143(6)(b) of the Act which has come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report:

#### **Balance Sheet**

##### **Assets – Long Term Provisions (Note 6)**

**Provisions against Restructured Assets: ₹ 207.18 core**

##### **Short Term Provisions (Note 10)**

**Provisions against Restructured Assets ; ₹ 11.83 Core**

In contravention to the Para 3.3 of Annexure IV of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank of Directors 2007 (amended up to October 2014), the Company did not classify the following loan assets as Non-Performing Assets (NPA):

The date of commencement of commercial operation of Indira Container Terminal Private Limited, Mumbai funded by the Company was in December 2010. This has been extended upto January 2016. In terms of above RBI prudential norms, the Project should have been classified as NPA even if it was regular as per records of recovery. Besides this, the project was also an NPA as per the records of recovery and the Company has also notionally adjusted (March 2015) Rs. 2.50 crore on account of interest on this loan asset which was not permitted as per RBI Prudential norms as well as its own Accounting policy 3.1.b. Further, there was an overdue of Rs. 6.67 crore on account of the interest for the year 2014-15. The Company has treated this loan asset as Standard Asset instead of NPA which has resulted in understatement of Provisions for Restructure Assets by Rs. 5.19 crore, overstatement of Income by Rs. 9.17 crore and Profit Before Tax by Rs. 14.36 crore.

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

(Tanuja S. Mittal)  
Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board- III  
New Delhi

Place: New Delhi

Date: 29<sup>th</sup> September 2015

# INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

Annual Interim Financial Report of Sub-project and Grants Pursuant to Loan Agreement between International Bank for Reconstruction and Development & India Infrastructure Final Company Limited

## COMPONENT 1 - ANNUAL INTERIM FINANCIAL (ANNUAL IFR) FOR THE YEAR ENDING 31<sup>ST</sup> MAR 2015

S. No.	Name of project	Nature of project (Solar /Road)	Date of approval by IIFCL's Board	Actual COD	Total project cost	Takeout by IIFCL	Payment Details by IIFCL (Chronological order)		Claims made till date		Current claim		Claims reimbursed by Bank till date	
							Amount	Date	Amount	IUFR Reference	Amount	Date	Amount	Date
1	Kakinada Seaport Limited (KSL)	Port Sector	5.06.2012	COD achieved on 5th October 2011	Phase I= INR 3293.90 Million	INR 2267.50 Million	1591.82 Million	05.10.2012	NIL	NA	INR 1325.24 Million	23.03.2015	NIL	
					Phase II INR 6462.0 Million		INR 666.83 Million	31.07.2012						
						Total	INR 2258.65 Million							
Note: Attachment 1. Copy of Bank statement of IIFCL evidencing payout to banker with relevant RTGS instruction issued to its Bank.														

For K.M. Agarwal & co.  
(Chartered Accountants)  
(Regn. No. 000853N)

(C.P. Mishra)  
Partner  
(Membership No. 073009)

Place : New Delhi  
Date : 29<sup>th</sup> June, 2015

### Component II - DFID Annual Interim Financial Report (IFR) for World Bank Financed Capacity Building Activities for the period ending 31<sup>st</sup> March 2015

Amount in NR

	Claimable Amount			Expenditure Forecast			Claim Details			Amount Disbursed	Authorised Allocation		Remarks
	For the Quarter Ending March 2015	For the Year Ending March 2015	% eligible	Cumulative	For the Quarter Ending March 2015	For the Year Ending March 2015	Quarter Ending September 2015	Quarter Ending September 2015	Total for 2 quarters	Current Claim	Cumulative amount claimed till date	Cumulative	
	C	D	F=B*D	G=C*D	Hc=Ha+Hb	Ia	Ib	J	K	L	M		
Opening Balance in DFID Ledger	20,83,262	84,48,708											
Add-Fund Received	-	-											
1. DFID / RETFs	11373889	11373889		61012889									
2. Other receipts (Bank interest etc)	-	-		243899									
<b>Total Funds Received</b>	<b>13457161</b>	<b>19822597</b>		<b>61256783</b>									
Less: Category Wise Expenditure													
<b>I. Ineligible expenditure (Refer Audit Report for 2011-12)</b>													
Conviat on training fees	-	-		-12000									
Expense relating to IDF Grant	-	-		-136755									
<b>Sub Total</b>	<b>-</b>	<b>-</b>		<b>-148755</b>									
<b>II. Consultants Services</b>													
Environment safeguard Management	565272	1441680	100%	3654919									
Social Safeguard Management	457837	1368565	100%	5323157									
Domain Expert to head ESMU	-	-	100%	1609641									
Procurement Capacity	1015744	3011272	100%	10558430									
Hiring of a consulting firm to review sub-project from Procurement, technical, legal perspectives	346406	346406	100%	762486									
IM&E Framework and GAAP Monitoring and indicators	-	-	100%	-									
Periodic social audits	-	-	100%	-									
Business Plan for IPL	1720000	1720000	100%	4300000									
Software for MIS tracking system	323393	323393	100%	1314417									
Hiring of a consultants to review sub projects E&S Safeguards for Take out Financing	-	-	100%	323393									
Risk Assessment (Extension of earlier assignment)	-	-	-	-									
Implementation of ISO 27001 based ISMS	-	-	-	-									
Customization/Update of MIS for ESMU	-	-	-	-									
IPL Expert	-	-	-	-									
IDF Expert	-	-	-	-									
Procurement Consultant Communication Strategy	-	-	-	-									
<b>Sub Total</b>	<b>2362246</b>	<b>8211316</b>		<b>27846443</b>									
<b>III. Goods</b>													
Hardware for MIS tracking system	-	-	100%	1423889									
<b>IV. Workshops and Training</b>													
Training programs for building staff skills	3352400	3447906	100%	20688029									
<b>V. Incremental Operating Costs</b>													
Advertisement	-	259139	100%	2023088									
Travelling expenses	-	151118	100%	1662499									
Bank charges	284	897	100%	19374									
<b>Sub Total</b>	<b>284</b>	<b>421154</b>		<b>3704961</b>									
<b>Total Expenditure (I+II+III+IV+V)</b>	<b>5714930</b>	<b>12080376</b>		<b>53514567</b>									
Closing Balance in DFID Ledger	7742221	7742221		7742221									

Place : New Delhi  
Date : 29<sup>th</sup> June, 2015

**K. M. AGARWAL & CO.**  
CHARTERED ACCOUNTANTS

36, NETAJI SUBHASH MARG, DARYA GANJ, NEW DELHI - 110002  
E-mail : kmagarwal\_1969@rediffmail.com

**INDEPENDENT AUDITOR'S REPORT**

**To The Members of India Infrastructure Finance Company Limited**

This Revised Report is issued, in supersession of our earlier Audit Report dated 12<sup>th</sup> August, 2015, at the instance of Comptroller & Auditor General (C&AG) of India in order to make it more clarificatory. Further, we confirm that there is no change in the true and fair view of the consolidated financial statements as expressed in our earlier report.

**Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated financial statements of India Infrastructure Finance Company Limited ("the Holding company") and its subsidiaries (the Holding company and its subsidiaries together referred to as "the group") which comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> march 2015, the Consolidated statement of Profit and Loss, the Consolidated Cash flow Statement for the year ended, and the summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

**Management's Responsibility for the Consolidated Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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

### **Basis for Qualified Opinion**

1. *As per accounting standard-11 (AS-11) i.e. "The Effects of Changes in Foreign Exchange Rates, foreign currency loans taken (to the extent hedged) and outstanding forward exchange contracts should be restated at the exchange rates prevailing at the reporting date and difference should be taken to the Statement of Profit and Loss whereas the company has restated these foreign currency loans as on date of inception of the forward contracts and difference taken to Statement of Profit and Loss statement as stated in Note no 25(B) (14). Had the company complied with AS-11, loan liability and foreign currency receivable account as on 31st March, 2015 would have been higher by Rs. 127418.65 lacs (Rs. 136602.17 lacs as on March, 31, 2014) each. However there would be no impact on the profit for the year ended March, 31, 2015 as the loss on principal amount of hedged foreign currency loan is totally offset by the gain on the forward exchange contracts.*
2. *As stated by the management in note no 25(B) (12) (c), the mark to market (M2M) gain on composite contracts (Interest Rate Swaps cum forward exchange contracts) as on March, 31, 2015 amounted to Rs. 127418.65 lacs (Rs. 136602.17 lacs as on March, 31, 2014) and the net M2M loss/gain relating to interest rate swaps cannot be computed separately.*

*As per the announcement issued by the Institute of Chartered Accountants of India regarding Accounting for Derivatives, keeping in view the principle of prudence as enunciated in AS-1. Disclosure of accounting policies; the entity is required to provide for losses in respect all outstanding derivative contracts at the balance sheet date by marking them to market except in respect of forward contracts which are to be accounted for in accordance with provisions of AS-11, the Effect of Changes in Foreign Exchange Rates. In our opinion, the company has not ascertained and provided for such mark to market loss, if any on these outstanding derivative contracts i.e. Interest Rate Swaps.*

### **Qualified Opinion**

*In our opinion and to the best of our information and according to the explanations given to us, except for effects of the matter described in paragraph 1 above and possible effects of the matters described in paragraph 2 in the 'Basis for Qualified Opinion' paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, its profit and its cash flow for the year ended on that date.*

### **Other Matters**

- a) *We did not audit the financial statements of the three subsidiary companies i.e. India Infrastructure Finance Company (UK) Limited and IIFCL Projects Limited and IIFCL Asset Management Co. Limited, whose financial statements reflected total assets of Rs. 84416.26 lacs as at March 31, 2015, total revenues of Rs. 33417.66 lacs and net cash flows amounting to Rs. 293.37 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.*
- b) *There are changes in accounting policies viz., (i) provision on restructured loan and advances (ii) Diminution in fair value of loan and advances (iii) Income recognition norms for FITL accounts (iv) Depreciation of the fixed assets and the impact of the same on the financial statements have been disclosed vide note no- 25(B) 24.*

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors Report) order 2015 ("the Order") issued by the Central Government of India in terms of subsection (11) of section 143 of the Act, we give in the Annexure-1 a statement on the matters Specified in paragraph 3 and 4 of the order to the extent applicable.
2. As required by section 143(3) of the Act, we report that:-
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial statements.
  - b. *Except for effects of the matter described in Basis for Qualified Opinion paragraph 2 above*, in our opinion proper books as required by law relating to preparation aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of other auditors.
  - c. The Consolidated Balance Sheet, 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 effect of matters described in the basis for qualified opinion paragraph 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 matters described in the Basis of Qualified Opinion paragraph 2 above, in our opinion, may have an adverse effect on the functioning of the Group.
  - f. The requirement of sub section (2) of section 164 of the Companies Act, 2013 relating to disqualification of the Directors are not applicable to the Holding Company & its subsidiary companies being a Government Company except IIFC (UK) LIMITED incorporated with ROC of England and Wales at London under the UK Companies act 1985 (now Companies act 2006) in terms of notification no G.S.R.463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs.

- g. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014.
- i. The Company does not have any pending litigation which would impact its financial position.
  - ii. The Company has made provision as required under the applicable law or accounting standards for material foreseeable losses on long term contracts except for M2M losses on Cross Currency Swaps (CCS). Refer note no 25(B) (11) (d) to the financial statements.
  - iii. There were no amounts which required to be transferred by the Company to the Investor Educations and Protection Fund.
3. The Directions/ Sub Directions issued by C & AG under section 143(5) of Companies Act, 2013 have been verified during the audit of annual accounts of the company for the year 2014-15 and compliance to the direction is enclosed at Annexure I.

**For K.M. Agarwal & Co.**  
**Chartered Accountants**  
**FRN No. 000853N**

**(C.P. Mishra)**  
**Partner**  
**M. No. 073009**

**Place : New Delhi**  
**Date : 15<sup>th</sup> September, 2015**

**ANNEXURE-1 TO THE AUDITOR'S REPORT TO THE MEMBERS OF  
INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED**

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

Our reporting on the order includes subsidiaries companies incorporated in India/ outside India on which auditors have reported on in accordance with the order. Our report in respect of these subsidiaries is based solely on the reports of their auditors.

- (i) In respect of its fixed assets of Holding company & subsidiary companies incorporated in India/ outside India:
  - a.) The respective companies have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b.) As explained to us, the fixed assets were physically verified by the management of the respective companies during the year at reasonable intervals. No material discrepancies were noticed on such verification.
- (ii) In respect of inventories of the Holding company & its subsidiary companies incorporated in India/ outside India does not require it to hold inventories as such clause 3(ii) of Companies (Auditors Report) order 2015 is not applicable to the respective company.
- (iii) The Holding company & subsidiary companies incorporated in India/ outside India have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a) and (b) of the order are not applicable to the respective company.
- (iv) In our opinion and the opinion of the other auditors and according to the information and explanation given to us, there are adequate internal control systems in subsidiary companies incorporate in India/outside India, commensurate with the size of the respective companies and the nature of their business for the purchase of fixed assets and for sale of services. Further, during the course of our and the other auditor's audit no continuing failure to correct major weakness in the internal control system has been observed.
- (v) According to the information and explanations given to us, the Holding company & subsidiary companies incorporated in India/ outside India have not accepted any deposit from the public. Therefore, the provisions of clause (v) of paragraph 3 of the CARO 2015 are not applicable to the respective company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub section (i) of section 148 of the Companies Act, 2013.
- (vii) (a.) According to the information and explanation given to us and the other auditor, in respect of statutory dues of the Holding company & subsidiary companies incorporated in India/ outside India on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Service Tax and other statutory dues as applicable with the appropriate authorities.
- (b.) According to the information and explanations given to us there are no dues outstanding on account of Income Tax/Service Tax that have not been deposited on account of dispute except Income Tax demand of Rs. 159.00 lac for assessment year 2008-09 against which an appeal has been filed before commissioner of Income Tax (Appeals).
- (c) As no amount is required to be transferred to investors education and protection fund, this clause is not applicable.
- (viii) The Holding company & subsidiary companies incorporated in India/ outside India does not have consolidated accumulated losses as on March, 31 2015. The respective company has not incurred cash losses for the financial year ended March, 31 2015 and in the immediately preceding financial year.
- (ix) According to information and explanations given to us and the other auditor, and on the basis of examination of the books of account, the Holding company & subsidiary companies incorporated in India/ outside India have not defaulted in repayment of dues to any financial institution or bank or bond holders.
- (x) In our opinion and according to information and explanation given to us, the Holding company & subsidiary companies incorporated in India/ outside India have not given any guarantees for loan taken by others from bank or financial institutions during the year. Accordingly, this clause of the Order is not applicable to the company.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us and the other auditor, term loans availed by the Holding company & subsidiary companies incorporated in India/ outside India were, prima facie, applied by the respective companies during the year for the purpose for which loans were obtained except for temporary deployment in deposits with banks pending application.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us and the other auditor, no fraud on or by the Holding company & subsidiary companies incorporated in India/ outside India and was noticed or reported during the year.

**For K.M. Agarwal & Co.**  
**Chartered Accountants**  
**FRN No. 000853N**

**(C.P. Mishra)**  
**Partner**  
**M. No. 073009**

**Place : New Delhi**  
**Date : 15<sup>th</sup> September, 2015**

### Annexure-2

Directors indicating the areas to be examined by the Statutory Auditors during the course of audit of Consolidated annual accounts of India Infrastructure Company Limited for the year 2014-15 issued by the Comptroller & Auditors General of India under Section 143(5) of the Companies Act, 2013.

Sr. No.	Directors	Auditor's impression/comments*
(1)	If the company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	None of the group companies selected for disinvestment.
(2)	Please report whether there are any cases of waiver/write off of debts / loans / interest etc., if yes, the reason there for and the amount involved.	<p>We are informed that there are no cases of waiver/write off of debts/loans/interest etc. during the year ended 31<sup>st</sup> March, 2015. However, IIFCL has incurred loss on sale of NPAs to Asset Reconstruction Companies which has been accounted for as per applicable RBI directions (Refer not no. 25 (B) (23).</p> <p>Further IIFCL Projects Limited has written off Rs. 5.62 Lac (inclusive of Service Tax) during the financial year 2014-15 as bad debts being not recoverable.</p>
(3)	Whether proper records are maintained for inventories lying with third parties & asset received as gift from Govt. or other authorities.	Not Applicable
(4)	A report on age-wise analysis of pending legal/arbitration cases including the reason of pendency and existence/effectiveness of monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	<p>There are two pending litigations for IIFCL details of which are given below:</p> <p>1) Writ Petition No. 439/2013 before the Hon'ble Bombay High Court is as under:</p> <p>Petitioner : Indian Council for Investor Opposite Party : Union of India and another's including IIFCL Date of filing : 18<sup>th</sup> March, 2013 Status : Pre admission (no further Development) Next Date of hearing : 24<sup>th</sup> August, 2015 No prayer for any compensation/ relief before the court against IIFCL</p> <p>2) DRT Petition No. DRT II Delhi 399/2014 filed by Punjab National Bank for Gwalior Jhansi Expressway Limited:</p> <p>Petitioner : PNB and other including IIFCL Opposite Party : Gwalior Jhansi Expressway Limited And another's Date of filing : 17<sup>th</sup> September, 2014 Date of listing : 24<sup>th</sup> November, 2014 Status : Written statement Filed by the opposite Party Next date of hearing : 18<sup>th</sup> September, 2015 This is a petition filed by Leaders (including IIFCL) for recovery of the dues. There no pending legal/arbitration cases in case of other group companies. In the opinion of management there are no financial implications on the Financial Statements.</p>

\* The above Auditor's impression/comment do not includes comments/impression of IIFC (UK) Limited as no such comments have been received from their Statutory Auditor.

**INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)**  
**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2015**  
**CIN No. U67190DL2006GOI144520**

(₹ in Lac)

Particulars	Note No.	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
a) Share capital	1	390,000.00	3,30,000.00
b) Reserves and Surplus	2	3,49,339.77	2,88,247.52
<b>SUB-TOTAL (1)</b>		<b>7,39,339.77</b>	<b>6,18,247.52</b>
<b>(2) Non-current liabilities</b>			
a) Long-term borrowings	3	42,31,746.63	36,34,896.42
b) Deferred tax liabilities (Net)	4	21,493.30	19,246.08
c) Other long term liabilities	5	27,299.24	7,045.16
d) Long-term provisions	6	57,246.92	45,809.19
<b>SUB-TOTAL (2)</b>		<b>43,37,786.09</b>	<b>37,06,996.85</b>
<b>(3) Current liabilities</b>			
a) Short-term borrowings	7	10,278.16	208,392.17
b) Trade payables	8	3,249.37	1,283.01
c) Other current liabilities	9	2,02,338.73	99,132.54
d) Short-term provisions	10	5,551.31	4,167.67
<b>SUB-TOTAL (3)</b>		<b>2,21,417.57</b>	<b>3,12,975.39</b>
<b>TOTAL (1)+(2)+(3)</b>		<b>52,98,543.43</b>	<b>46,38,219.76</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets	11		
(i) Tangible assets		216.63	255.57
(ii) Intangible assets		64.73	85.07
(iii) Capital Work in Progress		30.01	30.01
(b) Non-current investments	12	53,810.85	43,667.60
(c) Long term loans and advances	13	35,11,148.08	29,33,040.41
(d) Other non-current assets	14	5,633.18	-
<b>SUB-TOTAL (1)</b>		<b>35,70,903.48</b>	<b>29,77,078.66</b>
<b>(2) Current assets</b>			
(a) Current Investments	15	-	959.23
(b) Trade Receivables	16	192.08	51.58
(c) Cash and Bank Balances	17	14,44,110.28	14,65,857.42
(d) Short term loans and advances	18	6,500.45	1,860.61
(e) Other current assets	19	2,76,837.14	1,92,412.26
<b>SUB-TOTAL (2)</b>		<b>17,27,639.95</b>	<b>16,61,141.10</b>
Significant accounting policies and other notes to the financial statements	25		
<b>TOTAL (1)+(2)</b>		<b>52,98,543.43</b>	<b>46,38,219.76</b>

Notes from 1 to 25 form integral part of Accounts.

In terms of our Report of even date

For K M Agarwal & Co

Chartered Accountants

(Firm Regn. No: 000853N)

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

C P Mishra

Partner

Membership No.: 073009

Sanjeev Kaushik  
(Deputy Managing Director)  
DIN No.: 02842527

S.B. Nayar  
(Chairman & Managing Director)  
DIN No.: 02175871

Place: New Delhi  
Dated: 12.08.2015

Manjari Mishra  
(AGM & Company Secretary)

Rajeev Mukhiya  
(Chief General Manager-CFO)

# Annual Report

## 2014 - 2015

**INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)**  
**STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015**  
**CIN No. U67190DL2006GOI144520**

(₹ in Lac)

S. No.	PARTICULARS	Note No.	Year ended 31st March 2015	Year ended 31st March 2014
<b>I</b>	<b>Revenue from operations</b>	20	4,34,028.61	4,13,894.74
<b>II</b>	<b>Other Income</b>	21	5,566.78	2,174.36
<b>III</b>	<b>Total Revenue (I+II)</b>		<b>4,39,595.39</b>	<b>4,16,069.10</b>
<b>IV</b>	<b>Expenses</b>			
	Finance Costs	22	2,52,638.40	2,65,426.95
	Employee Benefits Expense	23	1,997.97	1,384.04
	Provision for Loan Assets	25(B)(5)	14,252.63	34,820.91
	Marked to Market Losses on Derivatives	25(B)(12)(a)	(1,482.24)	(336.14)
	Depreciation and amortisation expense	11	235.96	77.27
	CSR Expenditure	25(B)(23)	2,423.34	207.43
	Other Expenses	24	26,291.19	4,224.90
	<b>Total Expenses</b>		<b>2,96,357.25</b>	<b>3,05,805.36</b>
<b>V</b>	<b>PROFIT BEFORE EXCEPTIONAL AND EXTRA ORDINARY ITEMS AND TAX (III-IV)</b>		1,43,238.14	1,10,263.74
<b>VI</b>	<b>Exceptional Items</b>		-	-
<b>VII</b>	<b>PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V+VI)</b>		<b>1,43,238.14</b>	<b>1,10,263.74</b>
<b>VIII</b>	<b>Extraordinary Items</b>		-	-
<b>IX</b>	<b>PROFIT BEFORE TAX (VII-VIII)</b>		<b>1,43,238.14</b>	<b>1,10,263.74</b>
<b>X</b>	<b>Tax Expense:</b>			
(1)	Current Tax			
	- Current Year		(48,976.88)	(39,470.66)
	- Earlier Year		(16.30)	10.12
(2)	Deferred Tax			
	- Current Year	4	(2,247.22)	(6,227.76)
	- Earlier Year		-	6.85
<b>XI</b>	<b>Profit for the year from continuing operations (IX-X)</b>		<b>91,997.74</b>	<b>64,582.29</b>
<b>XII</b>	<b>Earnings per equity share (face value of ₹ 10/- each)</b>	25(B)(8)		
(1)	Basic		2.60	2.14
(2)	Diluted		2.60	2.14
	Significant accounting policies and other notes to the financial statements	25		

Notes from 1 to 25 form integral part of Accounts.

In terms of our Report of even date

For K M Agarwal & Co  
Chartered Accountants  
(Firm Regn. No: 000853N)

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

C P Mishra  
Partner  
Membership No.: 073009

Sanjeev Kaushik  
(Deputy Managing Director)  
DIN No.: 02842527

S.B. Nayar  
(Chairman & Managing Director)  
DIN No.: 02175871

Place: New Delhi  
Dated: 12.08.2015

Manjari Mishra  
(AGM & Company Secretary)

Rajeev Mukhija  
(Chief General Manager-CFO)

**INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015**  
**CIN No. U67190DL2006GOI144520**

(₹ in Lac)

PARTICULARS	Year ended 31st March 2015	Year ended 31st March 2014
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
(i) Net Profit before Tax	1,43,238.14	1,10,263.74
Adjustments for:		
(ii) Depreciation and amortisation expense	235.96	77.27
(iii) Provision/write offs	36,648.93	34,537.53
(iv) Provisions/ Amounts written back	(99.84)	(3.04)
(v) Foreign Exchange Fluctuation Loss / (Profit) on borrowings	8,847.93	17,779.61
(vi) Loss on sale of fixed assets	1.30	0.81
(vii) Income tax for previous year adjusted on submission of return	(16.30)	-
(viii) Adjustment of carrying amount of fixed assets (applying transitional provisions)	(13.99)	-
(ix) Interest accrued and due on loans and advances	(7,569.45)	(5,217.55)
(x) Interest accrued but not due on borrowings	979.93	16,737.39
(xi) Stamp Duty on issue of Share Capital	60.00	40.00
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1,82,312.61</b>	<b>1,74,215.76</b>
(i) Cash Flow From Lending of Funds	(6,74,216.38)	(2,38,189.68)
(ii) Sale of/ (Addition) to Investments	(9,171.88)	-
(iii) (Increase)/decrease in Trade Receivables	(140.50)	316.21
(iv) (Increase)/decrease in Current Assets, Loans and Advances	(10,691.63)	(14,395.61)
(v) (Increase)/decrease in other bank balances	30,836.27	(3,33,069.04)
(vi) Increase/(decrease) in other non- current and current liabilities	658.20	1,457.83
<b>CASH FLOW FROM OPERATIONS BEFORE TAX</b>	<b>(4,80,413.31)</b>	<b>(4,09,664.53)</b>
(i) Taxes paid (Net)	(53,500.02)	(39,534.50)
(ii) Increase/(decrease) in non- current liabilities	20,179.71	2,933.46
<b>NET CASH FROM OPERATIONS</b>	<b>(5,13,733.62)</b>	<b>(4,46,265.57)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
(i) (Purchase of)/ Sale for Fixed Assets	(177.98)	(95.23)
(ii) Investments in Subsidiary Company and Venture Capital Units	163.25	(1,971.79)
(iii) Redemption of Investments in Venture Capital Units	(213.70)	176.80
(iv) Investments in IIFCL Mutual Fund	-	(13,000.00)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(228.43)</b>	<b>(14,890.22)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
(i) Proceeds from Issue of Share Capital	60,000.00	40,000.00
(ii) Proceeds from Long term Borrowings	5,88,002.28	13,16,558.94
(iii) Proceeds/ (Repayment) from Short term Borrowings	(1,98,114.01)	60,006.28
(iv) Proceeds from Current Maturities of Long term debt	1,03,940.42	(9,94,562.35)
(v) Securities Premium on Bonds	-	225.65
(vi) Stamp Duty on issue of Share Capital	(60.00)	(40.00)
(vii) Interim Dividend paid (including dividend distribution tax)	(33,903.45)	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>5,19,865.24</b>	<b>4,22,188.52</b>
<b>D EFFECT OF FOREIGN EXCHANGE TRANSLATION DIFFERENCE</b>	<b>3,185.94</b>	<b>4,868.51</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENT (A+B+C+D)</b>	<b>9,089.13</b>	<b>(34,098.76)</b>
Add: Opening Cash and Cash Equivalents	1,927.81	36,026.57
Closing Cash and Cash Equivalents	<b>11,016.94</b>	<b>1,927.81</b>
Closing Cash and Cash Equivalent Comprises of :-		
1 Cash in hand	0.44	0.17
2 Cheques on hand	-	0.90
3 Current Accounts	9,161.00	1,076.31
4 Fixed Deposit Accounts	40.00	12.00
5 Flexi Deposit Accounts	1,815.50	838.43
<b>TOTAL</b>	<b>11,016.94</b>	<b>1,927.81</b>

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 ₹ 30,836.27 lac (₹ 333,069.04 lac) as on 31st March 2014) includes ₹ 8,000 lac (₹ 2,89,090 lac as on 31st March 2014) on which lien has been marked for interest payment of bonds.
- Balance in current accounts includes ₹ 81.04 lac (₹ 83.22 lac as on 31st March 2014) on account of grant received from Work Bank to be utilized for Building Capacity and Strengthening Monitoring, which has been reflected in "Other bank balances".

**In terms of our Report of even date**

**For K M Agarwal & Co**  
**Chartered Accountants**  
**(Firm Regn. No: 000853N)**

**C P Mishra**  
**Partner**  
**Membership No.: 07300**

**Place: New Delhi**  
**Dated: 12.08.2015**

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

**Sanjeev Kaushik**  
**(Deputy Managing Director)**  
**DIN No.: 02842527**

**Manjari Mishra**  
**(AGM & Company Secretary)**

**S.B. Nayar**  
**(Chairman and Managing Director)**  
**DIN No.: 02175871**

**Rajeev Mukhija**  
**(CGM & Chief Financial Officer)**

### NOTES TO THE FINANCIAL STATEMENTS

#### Note 1 : SHARE CAPITAL

(₹ in Lac)

PARTICULARS	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>Authorized Share Capital</b> 5,000,000,000 equity shares of ₹ 10/- each	<b>5,00,000.00</b>	<b>5,00,000.00</b>
<b>Issued, Subscribed &amp; Fully Paid Equity Shares</b> 3,900,000,000 (3,300,000,000 as at 31 <sup>st</sup> March 2014) equity shares of ₹ 10/- each	<b>3,90,000.00</b>	<b>3,30,000.00</b>

#### Footnotes:

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

PARTICULARS	Year ended 31 <sup>st</sup> March 2015		Year ended 31 <sup>st</sup> March 2014	
	No. of Shares	₹ in Lac	No. of Shares	₹ in Lac
Shares outstanding at the beginning of the reporting period	3,30,00,00,000	3,30,000.00	2,90,00,00,000	2,90,000.00
Shares Issued during the reporting period	60,00,00,000	60,000.00	40,00,00,000	40,000.00
Shares outstanding at the end of the reporting period	3,90,00,00,000	3,90,000.00	3,30,00,00,000	3,30,000.00

- b) Entire equity share capital of the company is held by Government of India.

**Note 2 : RESERVES & SURPLUS**

(₹ in Lac)

S. No.	PARTICULARS	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
(a)	<b>CAPITAL RESERVE (PROFIT ON SALE OF NON CURRENT SECURITIES)</b> Opening Balance Add: Transfer from Surplus in Statement of Consolidated Profit and Loss <b>Closing Balance</b>	 585.14 - <b>585.14</b>	 601.99 (16.85) <b>585.14</b>
(b)	<b>SECURITIES PREMIUM ACCOUNT (ON BONDS)</b> Opening Balance Add: For the year <b>Closing Balance</b>	 235.50 - <b>235.50</b>	 9.85 225.65 <b>235.50</b>
(c)	<b>DEBENTURE/BOND REDEMPTION RESERVE</b> Opening Balance Add: Transfer from Surplus in Statement of Consolidated Profit and Loss <b>Closing Balance</b>	 9,924.83 18,465.21 <b>28,390.04</b>	 1,856.02 8,068.81 <b>9,924.83</b>
(d)	<b>OTHER RESERVES</b>		
(i)	<b>RESERVE FOR LOAN ASSETS (Footnote 1)</b> Opening Balance Less: Written back and transferred to Statement of Consolidated Profit and Loss during the current year <b>Closing Balance</b>	 - - -	 6,165.42 6,165.42 -
(ii)	<b>SPECIAL RESERVE U/S 36(1)(viii) OF INCOME TAX ACT, 1961 (Footnote 2)</b> Opening Balance Add: Transfer from Surplus in Statement of Consolidated Profit and Loss (Net) <b>Closing Balance</b>	 58,364.58 20,224.66 <b>78,589.24</b>	 41,717.27 16,647.31 <b>58,364.58</b>
(iii)	<b>STAFF WELFARE RESERVE (Footnote 3)</b> Opening Balance Less: Amount utilized during the year and transferred to Surplus in Statement of Consolidated Profit and Loss <b>Closing Balance</b>	 52.71 18.32 <b>34.39</b>	 62.49 9.78 <b>52.71</b>
(iv)	<b>CORPORATE SOCIAL RESPONSIBILITY RESERVE (Footnote 4)</b> Opening Balance Add: Transfer from Surplus in Statement of Consolidated Profit and Loss Less: Amount utilized during the year and transferred to Surplus in Statement of Consolidated Profit and Loss <b>Closing Balance</b>	 2,497.42 - - <b>2,497.42</b>	 1,657.86 1,046.99 207.43 <b>2,497.42</b>
(v)	<b>FOREIGN CURRENCY TRANSLATION DIFFERENCE RESERVE</b> [See note 25(A)(1.1 iv)] Opening Balance Add/ Less: Adjustments during the year <b>Closing Balance</b>	 11,820.42 3,011.95 <b>14,832.37</b>	 7,039.72 4,780.70 <b>11,820.42</b>
(e)	<b>SURPLUS IN STATEMENT OF CONSOLIDATED PROFIT AND LOSS</b> Opening Balance Add: Profit for the current year Add: Transfer from Reserve for Loan Assets Add: Transfer from Staff Welfare Reserve Add: Transfer from Corporate Social Responsibility Reserve Less: Transfer to Debenture Redemption Reserve Less: Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 Less: Transfer to Corporate Social Responsibility Reserve Less: Adjustment of carrying amount of fixed assets (applying transitional provisions) Less: Interim Dividend Less: Dividend Distribution Tax <b>Closing Balance</b>	 2,04,766.92 91,997.74 - 18.32 - 18,465.21 20,224.66 - 13.99 28,254.25 5,649.20 <b>2,24,175.67</b>	 1,59,565.11 64,582.29 6,165.42 9.78 207.43 8068.81 16,647.31 1,046.99 - - - <b>2,04,766.92</b>
	<b>TOTAL</b>	<b>3,49,339.77</b>	<b>2,88,247.52</b>

**Footnotes:**

- Reserve for Loan assets created @0.40% of outstanding amount of loan assets & retained since 31<sup>st</sup> March 2011 was written back as on 31<sup>st</sup> March 2014 as per assurance given during course of obtaining comments of the Office of Comptroller and Auditors General of India on audited financial statements of company for financial year 2013-14.
- 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.
- Staff Welfare Reserve created to promote, among the staff, sports, cultural and other welfare activities.
- IIFCL created CSR Reserve aggregating ₹ 2,810.25 lac till 31<sup>st</sup> March 2014 including ₹ 591.60 lac, ₹ 1,171.66 lac and ₹ 1,046.99 lac for FY 2011-12, FY 2012-13, and FY 2013-14 respectively in compliance with DPE guidelines issued vide F.No.15(3)/2007-DPE(GM)- dated 9<sup>th</sup> April 2010 later superseded by DPE guidelines F.No.15(13)/2013-DPE (GM) dated 21<sup>st</sup> October 2014. The amount was to be utilized for CSR activities as per CSR policy approved by the Board of Directors. IIFCL carried CSR Reserve of ₹ 2,497.42 lac as on 31<sup>st</sup> March 2014, net of ₹ 312.83 lac utilized during FY2012-13 and FY2013-14 respectively. Consequent upon observation vide Half Margin No. 1 issued by CAG during Phase II audit of Financial Statements of IIFCL for year ended 31<sup>st</sup> March 2015 that transferring amounts from and to CSR Reserve is not in accordance with the provisions of the Companies Act, 2013 and the Companies (CSR Policy) Rules, 2014, 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 3<sup>rd</sup> 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.

**Note 3: LONG TERM BORROWINGS**

(₹ in Lac)

S. No.	PARTICULARS	Year Ended 31 <sup>st</sup> March 2015	Year Ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>SECURED BONDS</b>		
(i)	500 9.36% Bonds of face value ₹ 10 lac each, redeemable on 27/07/2042	5,000.00	5,000.00
(ii)	10,500 9.41% Bonds of face value ₹ 10 lac each, redeemable on 27/07/2037	1,05,000.00	1,05,000.00
(iii)	13,34,080 (12,59,825 as at 31st March 2014) 8.55% Tax Free Bonds Tranche III Series 3A of face value ₹1000 each, redeemable on 27/03/2034	13,340.80	12,598.25
(iv)	13,38,526 (14,12,781 as at 31st March 2014) 8.80% Tax Free Bonds Tranche III Series 3B of face value ₹ 1000 each, redeemable on 27/03/2034	13,385.26	14,127.81
(v)	77,95,796 (75,43,989 as at 31st March 2014) 8.66% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2034	77,957.96	75,439.89
(vi)	57,07,190 (59,58,997 as at 31st March 2014) 8.91% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2034	57,071.90	59,589.97
(vii)	19,40,921 (18,68,982 as at 31st March 2014) 8.50% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2033	19,409.21	18,689.82
(viii)	25,07,682 (25,79,621 as at 31st March 2014) 8.75% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2033	25,076.82	25,796.21
(ix)	265 8.37% Tax Free Bonds Series VI of face value ₹ 10 lac each, redeemable on 30/08/2033	2,650.00	2,650.00
(x)	20 8.19% Tax Free Bonds Series V of face value ₹ 10 lac each, redeemable on 23/08/2033	200.00	200.00
(xi)	25,906 (20,400 as at 31st March 2014) 7.08% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2033	259.06	204.00
(xii)	2,07,259 (2,12,765 as at 31st March 2014) 7.58% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2033	2,072.59	2,127.65
(xiii)	1,00,40,286 (99,72,661 as at 31st March 2014) 7.40% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2033	1,00,402.86	99,726.61
(xiv)	15,23,938 (15,91,563 as at 31st March 2014) 7.90% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2033	15,239.38	15,915.63
(xv)	210 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
(xvi)	3,400 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
(xvii)	1,59,92,613 (1,59,58,486 as at 31st March 2014) 8.55% Tax Free Bonds Tranche III Series 2A of face value ₹ 1000 each, redeemable on 27/03/2029	1,59,926.13	1,59,584.86
(xviii)	27,99,742 (28,33,869 as at 31st March 2014) 8.80% Tax Free Bonds Tranche III Series 2B of face value ₹ 1000 each, redeemable on 27/03/2029	27,997.42	28,338.69
(xix)	28,22,366 (27,98,922 as at 31st March 2014) 8.48% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2029	28,223.66	27,989.22
(xx)	14,55,414 (14,78,858 as at 31st March 2014) 8.73% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2029	14,554.14	14,788.58
(xxi)	30,55,835 (30,35,330 as at 31st March 2014) 8.38% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2028	30,558.35	30,353.30
(xxii)	16,39,815 (16,60,320 as at 31st March 2014) 8.63% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2028	16,398.15	16,603.20
(xxiii)	11,297 8.48% Tax Free Bonds Series VII of face value ₹10 lac each, redeemable on 05/09/2028	1,12,970.00	1,12,970.00
(xxiv)	11,597 8.46% Tax Free Bonds Series VI of face value ₹ 10 lac each, redeemable on 30/08/2028	1,15,970.00	1,15,970.00
(xxv)	6,303 8.26% tax Free Bonds Series V of face value ₹ 10 lac each, redeemable on 23/08/2028	63,030.00	63,030.00
(xxvi)	3,50,340 (3,46,000 as at 31st March 2014) 7.02% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2028	3,503.40	3,460.00
(xxvii)	1,15,278 (1,19,618 as at 31st March 2014) 7.52% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2028	1,152.78	1,196.18

(₹ in Lac)

S. No.	PARTICULARS	Year Ended 31 <sup>st</sup> March 2015	Year Ended 31 <sup>st</sup> March 2014
(xxviii)	66,88,288 (66,42,074 as at 31st March 2014) 7.36% Tax Free Bonds of face value ₹1,000 each, redeemable on 22/01/2028	66,882.88	66,716.45
(xxix)	9,21,265 (9,67,479 as at 31st March 2014) 7.86% Tax Free Bonds of face value ₹ 1,000 each, redeemable at 22/01/2028	9,212.65	9,379.08
(xxx)	500 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
(xxxi)	1,000 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
(xxxii)	38,78,417 (38,58,714 as at 31st March 2014) 8.16% Tax Free Bonds Tranche III Series 1A of face value ₹ 1000 each, redeemable on 27/03/2024	38,784.17	38,587.14
(xxxiii)	13,01,996 (13,21,699 as at 31st March 2014) 8.41% Tax Free Bonds Tranche III Series 1B of face value ₹ 1000 each, redeemable on 27/03/2024	13,019.96	13,216.99
(xxxiv)	80,13,598 (79,57,885 as at 31st March 2014) 8.41% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2024	80,135.98	79,578.85
(xxxv)	42,05,636 (42,61,349 as at 31st March 2014) 8.61% Tax Free Bonds Series IV of face value ₹ 1000 each, redeemable on 22/01/2024	42,056.36	42,613.49
(xxxvi)	17,35,954 (17,26,340 as at 31st March 2014) 8.01% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2023	17,359.54	17,263.40
(xxxvii)	12,49,844 (12,59,458 as at 31st March 2014) 8.26% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 12/11/2023	12,498.44	12,594.58
(xxxviii)	50 8.11% Tax Free Bonds Series VII of face value ₹ 10 lac each, redeemable on 05/09/2023	500.00	500.00
(xxxix)	100 8.01% Tax Free Bonds Series VI of face value ₹ 10 lac each, redeemable on 30/08/2023	1,000.00	1,000.00
(xL)	19,21,155 (19,16,110 as at 31st March 2014) 6.86% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2023	19,211.55	19,161.10
(xLi)	1,04,482 (1,09,527 as at 31st March 2014) 7.36% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 26/03/2023	1,044.82	1,095.27
(xLii)	84,77,893 (84,51,720 as at 31st March 2014) 7.19% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2023	84,778.93	84,517.20
(xLiii)	11,87,099 (12,13,272 as at 31st March 2014) 7.69% Tax Free Bonds of face value ₹ 1,000 each, redeemable on 22/01/2023	11,870.99	12,132.72
(xLiv)	2,140 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
(xLv)	600 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
(xLvi)	1,30,407 8.30% Bonds of face value ₹ 1000 each, redeemable on 28/3/2026 with earliest buyback on 29/3/2018	1,304.07	1,304.07
(xLvii)	7,79,211 8.15% Bonds of face value ₹ 1000 each, redeemable on 28/3/2021 with earliest buyback on 29/3/2016	7,792.11	7,792.11
	<b>SUB-TOTAL (A)</b>	<b>14,97,302.32</b>	<b>14,97,302.32</b>
<b>B</b>	<b>UNSECURED BONDS^</b>		
(i)	10,000 8.55% Bonds of face value ₹ 10 lac each, redeemable on 03/11/2024 #	1,00,000.00	1,00,000.00
(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)	919 Interest linked to US\$ 6 months LIBOR Bonds of face value \$ 1 million each, subscribed by RBI, redeemable on 06/04/2024 #	5,75,209.45	-
(vii)	231 Interest linked to US\$ 6 months LIBOR Bonds of face value \$ 1 million each, subscribed by RBI, redeemable on 06/03/2024 #	1,44,584.75	1,38,830.54
(viii)	2,000 8.68% Bonds of face value ₹ 10 lac each, redeemable on 18/12/2023 #	20,000.00	20,000.00
(ix)	2,000 9.35% Bonds of face value ₹ 10 lac each, redeemable on 17/11/2023 #	20,000.00	20,000.00

# Annual Report

## 2014 - 2015

(₹ in Lac)

S. No.	PARTICULARS	Year Ended 31 <sup>st</sup> March 2015	Year Ended 31 <sup>st</sup> March 2014
(x)	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 #	1,00,145.28	96,159.68
(xi)	2,000 8.82% Bonds of face value ₹ 10 lac each, redeemable on 19/12/2022 #	20,000.00	20,000.00
(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 #	73,231.24	70,316.77
(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 #	76,986.68	73,922.75
(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 #	1,06,404.36	1,02,169.66
(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 #	81,368.04	78,129.74
(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 #	1,56,477.00	1,50,249.50
(xvii)	5,000 8.70% Bonds of face value ₹ 10 lac each, redeemable on 02/09/2016 #	50,000.00	50,000.00
	<b>SUB-TOTAL (B)</b>	<b>17,24,406.80</b>	<b>11,19,778.64</b>
<b>(C)</b>	<b>UNSECURED TERM LOANS FROM OTHER PARTIES (See footnote)</b>		
(i)	Life Insurance Corporation of India (LIC)*	65,000.00	1,75,000.00
(ii)	National Small Savings Schemes Fund (NSSF)	1,50,000.00	1,50,000.00
(iii)	Asian Development Bank (ADB)*	7,16,160.02	6,31,329.71
(iv)	IBRD (World Bank)*	50,625.12	27,153.83
(v)	European Investment Bank	33.76	-
(vi)	Kreditanstalt für Wiederaufbau (KFW)*	28,218.61	34,331.92
	<b>SUB-TOTAL (C)</b>	<b>10,10,037.51</b>	<b>10,17,815.46</b>
	<b>TOTAL (A)+(B)+(C)</b>	<b>42,31,746.63</b>	<b>36,34,896.42</b>

#Unsecured Bonds are Guaranteed by Government of India

17,24,406.80

11,19,778.64

\*Unsecured Term loans from other parties are Guaranteed by Government of India [including ₹ 1,10,000 Lac, ₹ 22,858.14 Lac and ₹ 4,184.94 Lac as on 31<sup>st</sup> March 2015 (₹ 10,000 Lac and ₹ 12,471.12 Lac as at 31<sup>st</sup> March 2014) being the amount due to LIC, ADB and KFW respectively within 1 year from the end of reporting period and shown as "Other Current Liabilities" in Note 9]. The amount of ₹ 1,10,000 Lac outstanding to LIC as at 31<sup>st</sup> March 2015 and shown in "Other Current Liabilities" in Note 9 includes the amount of ₹ 1,00,000 Lac for which notice for prepayment of Tranche II vide letter dated 23<sup>rd</sup> February 2015 has been given for prepayment on 22<sup>nd</sup> May 2015.

9,82,513.25

8,90,286.58

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

## TERMS OF REPAYMENT OF LONG TERM LOANS

### i) Life Insurance Corporation of India

Tranche	Loan Amount (including short term) (₹ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
I	100000	8.56%	1.02.2013	1.08.2022	Semi-Annual	Equal installments of ₹ 5,000 lac every 6 months
II*	100000	9.36%	22 <sup>nd</sup> May 2015*		Bullet basis	Entire loan amount on 22nd May 2015*

\* The loan amount of ₹ 1,00,000 Lac for which notice vide letter dated 23<sup>rd</sup> February 2015 has been given for prepayment on 22<sup>nd</sup> May 2015. As per original repayment schedule the amount was repayable to LIC on 1<sup>st</sup> February 2027.

### ii) National Small Savings Schemes Fund (NSSF)

Loan Amount (₹ in Lac)	Rate of Interest	Date of repayment	Frequency of repayment	Amt of repayment
150000	9.00%	31 <sup>st</sup> March 2023	Bullet basis	Entire loan amount of ₹ 150,000 lac

### iii) 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	
IV	2500	6M USD LIBOR +30bps	15.12.2015	15.06.2035	Semi-Annual	Ballooning instalments starting from 0.827816% to upto
V	2400	6M USD LIBOR +40bps	15.12.2016	15.06.2036	Semi-Annual	5.550311% of loan amount
VI	4000	6M USD LIBOR +40bps	15.03.2018	15.03.2033	Semi-Annual	Ballooning instalments starting from 2.173900% to upto
<b>Total</b>	<b>16000</b>					4.559913% of loan amount

### iv) 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 18<sup>th</sup> December 2013 giving details of cancellation of loan amount of \$ 10,000 lac.

v) Kreditanstalt für Wiederaufbau (KfW)

Tranche	Loan Amount (including short term) as per Agreement (Euro in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
Portion-I	165.89	0.75%	30.06.2020	30.06.2050	Semi-Annual	- Euro 271,000 from 30.06.2020 to 30.12.2021 - Euro 272,000 from 30.06.2022 to 30.12.2049 and Euro 272581.03 on 30.06.2050
Portion-II	334.11	4.99%	30.06.2015	30.06.2020	Semi-Annual	- Euro 3,037,000 from 30.06.2015 to 30.06.2018 - Euro 3,038,000 from 30.12.2018 to 30.12.2019 and Euro 3,038,418.97 on 30.06.2020
<b>Total</b>	<b>500.00</b>					

vi) European Investment Bank

Loan Amount as per Agreement (Euro in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of Repayment	Amt of repayment
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

**Note 4 : DEFERRED TAX LIABILITIES**

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(I)</b>	<b>Deferred tax Liability on account of:</b>		
(i)	Special Infrastructure Reserve created under section 36(1)(viii) of Income Tax Act, 1961	26,067.96	19,193.59
(ii)	Deduction claimed for standard loan assets	1,484.95	1,484.95
	<b>Deferred Tax Liability</b>	<b>27,552.91</b>	<b>20,678.54</b>
<b>(II)</b>	<b>Deferred tax Assets on account of:</b>		
(i)	Depreciation	21.89	(6.89)
(ii)	Interest credited to Sundry Liabilities Account (Interest Capitalisation) offered for tax during current year	4,998.07	-
(iii)	Provision for Leave Encashment	12.41	1.92
(iv)	Provision for Leave Fare Concession	17.98	-
(v)	Provision for Sick Leave	6.67	-
(vi)	Expenses on which TDS not deducted	33.77	-
(vii)	Provision for Performance Linked Incentive to Whole time Directors	25.13	6.65
(viii)	Disallowance under Income Tax Act	11.93	-
(ix)	Deferred Tax Assets of IAMCL	4.79	-
(x)	Provision for contingencies*	926.97	1,430.78
	<b>Deferred Tax Assets</b>	<b>6,059.61</b>	<b>1,432.46</b>
	<b>Deferred Tax Liability (Net)</b>	<b>21,493.30</b>	<b>19,246.08</b>

\* Created in respect of marked to market losses on derivatives

**Note 5 : OTHER LONG TERM LIABILITIES**

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(a)</b>	<b>Trade Payables</b>	8,198.63	6,983.59
<b>(b)</b>	<b>Others:</b>		
(i)	Rent adjustable account	-	55.57
(ii)	Security deposit received	6.20	6.00
(iii)	Sundry Liabilities Account (Interest Capitalisation) [See note 25(A)(4.5)(b)(iv)]	19,094.41	-
	<b>TOTAL</b>	<b>27,299.24</b>	<b>7,045.16</b>

### Note 6 : LONG TERM PROVISIONS

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>Provision for Employee Benefits [See note 25 (B) (5)]</b>		
(i)	Leave Encashment	121.50	85.10
(ii)	Sick Leave	62.80	43.77
(iii)	Leave Fare Concession	8.44	9.54
(iv)	Gratuity	3.51	1.32
(iv)	Wage Revision [See note 25(B)(15)]	-	142.24
(v)	Performance Linked Incentive to Wholetime Directors	73.94	62.59
	<b>SUB-TOTAL (A)</b>	<b>270.19</b>	<b>344.56</b>
<b>(B)</b>	<b>Others [See note 25 (B) (5)]</b>		
(i)	Marked to market losses on derivatives	2,727.17	4,209.41
(ii)	Contingent Provisions against Standard Assets	8,690.16	7,188.07
(iii)	Provisions against Sub-standard Assets	8,598.36	20,636.05
(iv)	Provisions against Doubtful Assets	16,243.24	1,813.81
(v)	Provisions against Restructured Assets	20,717.80	11,617.29
	<b>SUB-TOTAL (B)</b>	<b>56,976.73</b>	<b>45,464.63</b>
	<b>TOTAL (A)+(B)</b>	<b>57,246.92</b>	<b>45,809.19</b>

### Note 7 : SHORT TERM BORROWINGS

(₹ in Lac)

PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
LOANS REPAYABLE ON DEMAND FROM BANKS* (Secured by pledge of fixed deposit receipts of ₹ 32,487.91 Lac (₹ 5,14,526.25 Lac as at 31 <sup>st</sup> March 2014))	10,278.16	2,08,392.17
<b>TOTAL</b>	<b>10,278.16</b>	<b>2,08,392.17</b>
*Net of debit balance	-	106.64

### Note 8 : TRADE PAYABLES

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
(i)	Withholding Tax payable to borrowers	3,220.37	1,224.38
(ii)	Miscellaneous Liabilities	29.00	58.63
	<b>TOTAL</b>	<b>3249.37</b>	<b>1283.01</b>

**Note 9 : OTHER CURRENT LIABILITIES**

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>Current maturities of long term debt (See Note 3):</b>		
(i)	Life Insurance Corporation of India (LIC)	1,10,000.00	10,000.00
(ii)	Asian Development Bank (ADB)	12,509.50	12,471.12
(iii)	Kreditanstalt für Wiederaufbau (KFW)	3,902.04	-
	<b>SUB-TOTAL (A)</b>	<b>1,26,411.54</b>	<b>22,471.12</b>
<b>(B)</b>	<b>Interest accrued but not due on borrowings</b>		
(i)	On bonds and term loans	73,666.56	72,686.63
	<b>SUB-TOTAL (B)</b>	<b>73,666.56</b>	<b>72,686.63</b>
<b>(C)</b>	<b>Income received in advance</b>		
(i)	Amount pending appropriation	1,709.67	2,670.85
(ii)	Grants received from World Bank	77.42	84.49
	<b>SUB-TOTAL (C)</b>	<b>1,787.09</b>	<b>2,755.34</b>
<b>(D)</b>	<b>Other payables</b>		
(i)	Duties & Taxes payable	93.95	150.53
(ii)	PF deducted on behalf of employees/ whole time directors	18.14	14.19
(iii)	Unclaimed Interest on Bonds	2.25	1.38
(iv)	Commitment Charges payable	7.40	9.43
(v)	Payable to Employees/ Wholetime Directors	4.54	1.33
(vi)	Contribution towards gratuity fund payable to LIC	9.91	41.09
(vii)	Rent Adjustable Account	55.57	58.71
(viii)	Others	281.78	942.79
	<b>SUB-TOTAL (D)</b>	<b>473.54</b>	<b>1,219.45</b>
	<b>TOTAL (A)+(B)+(C)+(D)</b>	<b>2,02,338.73</b>	<b>99,132.54</b>

**Note 10 : SHORT TERM PROVISIONS**

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>Provision for Employee Benefits [See note 25 (B) (5)]</b>		
(i)	Leave Encashment	14.81	12.45
(ii)	Sick Leave	2.60	2.00
(iii)	Leave Fare Concession	9.70	1.38
(iv)	Gratuity	0.01	-
(v)	Wage Revision [See note 25(B)(15)]	294.87	-
	<b>SUB-TOTAL (A)</b>	<b>321.99</b>	<b>15.83</b>
<b>(B)</b>	<b>Others [See note 25 (B) (5)]</b>		
(i)	Provision for Income tax	605.36	960.16
(ii)	Contingent Provisions against Standard Assets	415.48	220.04
(iii)	Provisions against Sub-standard Assets	1,288.98	2,379.34
(iv)	Provisions against Doubtful Assets	1,736.77	<b>316.38</b>
(v)	Provisions against Restructured Assets	1,182.73	275.92
	<b>SUB-TOTAL (B)</b>	<b>5,229.32</b>	<b>4,151.84</b>
	<b>TOTAL (A)+(B)</b>	<b>5,551.31</b>	<b>4,167.67</b>

### Note 11 : FIXED ASSETS

(₹ in Lac)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 01.04.2014	Addition	Disposals/ Adjustments	As at 31.03.2015	As at 01.04.2014#	For the Period	Deductions/ Reversals^	As at 31.03.2015	As at 31.03.2014
TANGIBLE ASSETS									
FURNITURE & FITTINGS	60.70	42.12	(2.11)	104.93	43.35	9.48	(1.27)	54.10	17.35
VEHICLES	81.21	24.17	19.09	86.29	34.26	32.78	12.69	54.35	46.95
OFFICE EQUIPMENTS	28.33	2.64	-	30.97	9.85	11.73	-	21.58	18.48
PLANT & MACHINERY	5.63	2.43	1.04	7.02	1.09	0.92	0.33	1.68	4.54
COMPUTER HARDWARE	278.09	46.11	(1.23)	325.43	123.40	150.93	(1.14)	275.47	154.69
LEASEHOLD IMPROVEMENTS	-	75.09	(1.77)	76.86	-	7.51	(0.18)	7.69	-
TOTAL	453.96	192.56	15.02	631.50	211.95	213.35	10.43	414.87	242.01
Previous Year	280.13	194.09	20.26	453.96	146.64	65.47	13.72	198.39	133.49
INTANGIBLE ASSETS									
COMPUTER SOFTWARE*	98.26	2.27	-	100.53	13.19	23.46	0.85	35.80	85.07
TOTAL	98.26	2.27	-	100.53	13.19	23.46	0.85	35.80	85.07
Previous Year	7.91	90.35	-	98.26	1.55	11.64	-	13.19	6.36

# As per Note 7 to Part C of Schedule II of the Companies Act 2013, carrying amount of the asset as on 1<sup>st</sup> April 2014 i.e. from the date this schedule comes into effect-

(a) shall be depreciated over the remaining useful life of the asset as per this Schedule;

(b) after retaining the residual value, (may be recognised) in the opening balance of retaining earnings where the remaining useful life of an asset is Nil.

Accordingly, amount of accumulated depreciation as on 1<sup>st</sup> April 2014 includes ₹ 13.56 lac recognised in Surplus in Statement of Consolidated Profit and Loss in compliance with the Note 7 to Part C of Schedule II of the Companies Act 2013.

^ Depreciation deductions/ reversals Includes amount of accumulated depreciation of fixed assets of IIFC (UK) Ltd. as on 1<sup>st</sup> April 2014 amounting to ₹ 0.43 Lac (₹ 0.40 Lac pertaining to Furniture and Fittings and ₹ 0.03 Lac pertaining to Computer Hardware) recognised in Surplus in Statement of Consolidated Profit and Loss in compliance with the Note 7 to Part C of Schedule II of the Companies Act 2013.

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

# **Note 12 : NON-CURRENT INVESTMENTS**

(₹ in Lac)

S. No.	PARTICULARS	As at 31 <sup>st</sup> March 2015			As at 31 <sup>st</sup> March 2014		
		Number of Shares	Face Value		Number of Shares	Face Value	
<b>(A)</b>	<b>TRADE INVESTMENTS</b>						
<b>(a)</b>	<b><u>Investment in Equity Instruments-Unquoted (Fully Paid) (See footnotes b, d and e)</u></b>						
	Delhi Mumbai Industrial Corridor Development Corporation Ltd.	41,00,000	₹ 10	411.03	41,00,000	₹ 10	411.03
				411.03			411.03
<b>(b)</b>	<b><u>Investment in Venture Capital Units (Unquoted) (Fully Paid) (See footnotes b,d &amp; e)</u></b>	Number of Units	Face Value		Number of Units	Face Value	
	IDFC Project Equity Domestic Investors Trust II (Fully Paid)	77,07,577	₹ 100	7,707.58	78,55,229	₹100	7,855.23
				7,707.58			7,855.23
<b>(c)</b>	<b><u>Investment in Bonds (Quoted) (Fully Paid) (See footnote a,c,d and e)</u></b>	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	500.31	50	₹ 10 lac	500.40
(iii)	11.00% PFC 2018	50	₹ 10 lac	514.26	50	₹ 10 lac	518.38
(iv)	11.25% PFC 2018	100	₹ 10 lac	1036.23	100	₹ 10 lac	1,046.12
				4,034.83			4,048.93
	<b>SUB-TOTAL (A)</b>			<b>12,153.44</b>			<b>12,315.19</b>
<b>(B)</b>	<b>OTHER INVESTMENTS</b>	Number of Units	Face Value		Number of Units	Face Value	
<b>(a)</b>	<b><u>Investment in Government Securities (Unquoted) (See footnote b and d)</u></b>						
(i)	6.05% GOI 2019	20,00,000	₹ 100	1,980.00	20,00,000	₹ 100	1,980.00
(ii)	6.35% GOI 2020	75,00,000	₹ 100	6,834.51	75,00,000	₹ 100	6,834.51
(iii)	6.90% GOI 2019	20,00,000	₹ 100	1,952.09	20,00,000	₹ 100	1,952.09
(iv)	7.76% SL (Karnataka) 2019	5,00,000	₹ 100	507.81	5,00,000	₹ 100	509.80
(v)	7.85% SL (Andhra Pradesh) 2019	10,00,000	₹ 100	1,001.38	10,00,000	₹ 100	1,001.70
(vi)	8.27% SL (Kerala) 2019	10,00,000	₹ 100	1,004.94	10,00,000	₹ 100	1,006.17
(vii)	8.43% SL (West Bengal) 2019	15,00,000	₹ 100	1,548.25	15,00,000	₹ 100	1,560.47
(viii)	8.48% SL (Tamil Nadu) 2019	25,00,000	₹ 100	2,533.31	25,00,000	₹ 100	2,541.75
				17,362.29			17,386.49
<b>(b)</b>	<b><u>Investment in Bonds (Quoted) (Fully Paid) (See footnote a and d)</u></b>	Number of Value	Face Bonds		Number of Value	Face Bonds	
	8.83% Neyveli Lignite Corp. Ltd. 2019	100	₹ 10 lac	965.92	100	₹10 lac	965.92
				965.92			965.92
<b>(c)</b>	<b><u>Investment in Mutual Funds (Unquoted) (Fully Paid) (See footnote b and d)</u></b>	Number of Units	Face Value		Number of Units	Face Value	
	IIFCL Mutual Fund IDF Series I	1300	₹10 lac	13,000.00	1300	₹10 lac	13,000.00
				13,000.00			13,000.00
<b>(d)</b>	<b><u>Investment in Security Receipts (Unquoted) (Fully Paid) (See footnote b and d)</u></b>	Number of Security Receipts	Face Value				
	Investment in Edelweiss Asset Reconstruction Company Ltd.	42500	₹ 1000	425.00			-
	Investment in Asset Reconstruction Company (India) Ltd.	990420	₹ 1000	9,904.20			-
				10,329.20			-
	<b>SUB-TOTAL (B)</b>			<b>41,657.41</b>			<b>31,352.41</b>
	<b>TOTAL (A)+(B)</b>			<b>53,810.85</b>			<b>43,667.60</b>

### Footnotes:

- |     |   |           |           |
|-----|---|-----------|-----------|
| (a) | Aggregate amount of quoted investments:   |           |           |
|     | Cost/ Book Value  | 5,000.75  | 5,014.85  |
|     | Market Value  | 5,225.12  | 5,013.40  |
| (b) | Aggregate amount of unquoted investments  |           |           |
|     | - Cost/ Book Value  | 48,810.08 | 38,652.74 |
| (c) | During the financial year 2011-12, these investments were shifted from current investments to non- current investments with the approval of Board of Directors of the company at cost or fair value, whichever is lower as on closing of 31 <sup>st</sup> March 2012 resulting in adjustment of diminution in value of investments amounting to ₹ 222 lac in carrying amount of these investments. Consequently, the amount of investment in bonds (Quoted)(fully paid) is stated net of diminution in value of investments on transfer from current investments to non- current investments in the year 2011-12, of ₹ 181.24 lac as on 31st March 2015 (₹ 222 lac as on 31 <sup>st</sup> March 2014).  |           |           |
| (d) | Refer Note 25(A)(6) for valuation of individual investments.  |           |           |
| (e) | As per assurance given to the office of Comptroller & Auditor General of India during the course of obtaining its comments on financial statements for the year ended 31 <sup>st</sup> March 2014, the company has requested Expert Advisory Committee of the Institute of Chartered Accountants of India to give opinion on practice of classifying investment in Subsidiary ,Associate and Investment in bonds of Infrastructure NBFC - companies/banks as Trade Investment. ICAI vide letter dated 7 <sup>th</sup> May 2015 provided opinion in the matter. As per the opinion, classification as Trade Investment would depend upon the consideration in the facts and circumstances of the company considering various factors mentioned in the opinion. IIFCL would examine its own facts and circumstances and make disclosures from Financial Year 2015-16. |           |           |

**Note 13: LONG TERM LOANS AND ADVANCES**

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
(A)	<b>SECURITY DEPOSIT</b> (Unsecured, Considered good)	464.14	396.89
	<b>SUB-TOTAL (A)</b>	<b>464.14</b>	<b>396.89</b>
(B)	<b>LOANS AND ADVANCES TO RELATED PARTIES</b> <b>Secured, Considered good</b> Loan to employees*	12.43	-
	<b>SUB-TOTAL (B)</b>	<b>12.43</b>	<b>-</b>
(C)	<b>OTHER LOANS AND ADVANCES</b>		
(I)	<b>Secured, Considered good</b> <b>Infrastructure Loans (Standard Assets)</b>		
(i)	Direct Lending	26,82,332.87	23,13,848.42
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	9,944.34	10,100.16
(iii)	Takeout financing Scheme	6,68,238.20	3,31,435.78
	<b>Infrastructure Loans (Sub-standard Assets)</b>		
(i)	Direct Lending	46,475.17	84,041.68
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	183.43	113.43
(iii)	Takeout financing Scheme	5,490.50	-
	Loan to employees	214.46	190.14
(II)	<b>Unsecured, Considered good</b>		
(i)	Infrastructure Loans: Standard Assets Refinancing Scheme	64,300.00	1,83,839.58
(ii)	Advance recoverable from employees	9.89	5.28
(III)	<b>Doubtful</b> <b>Infrastructure Loans (Doubtful Assets)</b>		
(i)	Direct Lending	32,173.65	8,265.28
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	1,309.00	803.77
	<b>SUB-TOTAL (C)</b>	<b>35,10,671.51</b>	<b>29,32,643.52</b>
	<b>TOTAL (A) + (B) + (C)</b>	<b>35,11,148.08</b>	<b>29,33,040.41</b>

**Footnote:**

Sector	Particulars/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	24,62,807.60	18,12,425.53
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.	11,56,822.94	10,37,289.28
Financial Institutions under Refinance Scheme	Unsecured, Considered Good	64,300.00	1,83,839.58
	<b>TOTAL#</b>	<b>36,83,930.54</b>	<b>30,33,554.39</b>

# The Infrastructure loan amount in Footnote giving particulars of security above includes ₹1,73,483.38 lac as on 31<sup>st</sup> March 2015 (₹ 101,106.29 lac as on 31<sup>st</sup> March 2014) being amount of loans due within a year and overdue amount which are shown in Note 18. Further, aggregate provisions of ₹ 58,873.52 Lac has been made against these advances till 31<sup>st</sup> March 2015 (₹ 44,446.90 Lac till 31<sup>st</sup> March 2014) as per RBI norms.

\* Pursuant to applicability of provisions of The Companies Act, 2013 w.e.f. 1<sup>st</sup> 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 as on 31<sup>st</sup> March 2015. The amount of loan was ₹ 14.53 lac as on 31<sup>st</sup> March 2015 (Nil as on 31<sup>st</sup> March 2014).

# Annual Report

## 2014 - 2015

### Note 14: OTHER NON CURRENT ASSETS

(₹ in Lac)

PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
Amortizable Shortfall in amount of provision due to sale of NPA's	5,633.18	-
<b>TOTAL</b>	<b>5,633.18</b>	<b>-</b>

### Note 15: CURRENT INVESTMENTS

(₹ in Lac)

PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014		
Investment in Bonds (Quoted) (Fully Paid) 7.70% REC 2014	-	Number of Bonds 100	Face value ₹ 10 Lac	Amount 959.23
<b>TOTAL</b>	<b>-</b>	<b>959.23</b>		

#### Footnote:

Aggregate amount of quoted investments:

- Cost/ Book Value	-	959.23
- Market Value	-	997.17

### Note 16: TRADE RECEIVABLES

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
	<b>Unsecured, considered good:</b>		
	<b>Dues not exceeding six months</b>		
(i)	Management Fees and recoverable expenses (IIFCL Mutual Fund)	110.13	45.65
(ii)	Consultancy and Service Fees recoverable	81.96	5.93
	<b>TOTAL</b>	<b>192.08</b>	<b>51.58</b>

**Note 17: CASH AND BANK BALANCES**

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>CASH AND CASH EQUIVALENTS</b>		
(i)	Balances with banks	8,813.14	992.97
(ii)	Balances with Other Banks (held by Subsidiary Company in UK)	347.86	83.34
(iii)	Cash on hand	0.44	0.17
(iv)	Cheques on hand	-	0.90
(v)	Fixed Deposits with banks (Unencumbered)	40.00	12.00
(vi)	Flexi Deposits with banks	1,815.50	838.45
	Less: Bank book overdraft in current accounts	-	(0.02)
	<b>SUB-TOTAL (A)</b>	<b>11,016.94</b>	<b>1,927.81</b>
<b>(B)</b>	<b>OTHER BANK BALANCES</b>		
(i)	Earmarked balances with banks for unclaimed interest on bonds	1.38	1.38
(ii)	Earmarked balances with banks on account of grant received from World Bank	81.04	83.22
(iii)	Funds under remittance	13,252.45	-
(iv)	Fixed Deposits with banks (Unencumbered) (original maturity more than three and upto twelve months)	9,20,406.27	5,12,628.30
(v)	Fixed Deposits with banks (Unencumbered, held by Subsidiary Company in UK) (original maturity more than three and upto twelve months)	4,20,518.08	1,39,959.81
(vi)	Fixed Deposits with banks (Unencumbered) (original maturity more than twelve months)	1,071.68	-
(vii)	Fixed Deposits with banks (Unencumbered, held by Subsidiary Company in UK) (original maturity more than twelve months)	6,055.53	-
(viii)	<u>Fixed Deposits with banks (Encumbered):</u> (original maturity more than three and upto twelve months)		
(a)	Held as security against Interest Payment of Bonds	39,219.00	2,96,730.65
(b)	Pledged to avail overdraft facility from banks	32,487.91	5,14,526.25
	<b>SUB-TOTAL (B)</b>	<b>14,33,093.34</b>	<b>14,63,929.61</b>
	<b>TOTAL (A)+(B)</b>	<b>14,44,110.28</b>	<b>14,65,857.42</b>

**Note 18: SHORT TERM LOANS & ADVANCES**

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>Loans and advances to related parties (Unsecured, considered good)</b>		
(i)	Expenses Incurred on behalf of subsidiary companies	-	2.38
(ii)	Expenses Incurred on behalf of associate company i.e. Irrigation & Water Resources Finance Corporation Limited	0.19	-
(iii)	Loan to employees*	2.10	-
	<b>SUB-TOTAL (A)</b>	<b>2.29</b>	<b>2.38</b>
<b>(B)</b>	<b>Others</b>		
<b>(I)</b>	<b>Secured, considered good</b>		
	Loan to employees	41.80	36.41
<b>(II)</b>	<b>Unsecured, considered good</b>		
(i)	Security deposit	603.55	602.20
(ii)	Advances recoverable from employees	13.64	1.91
(iii)	Advance Tax paid (Net)	4,844.08	675.74
(iv)	Income Tax Recoverable	911.35	325.94
(v)	Service Tax Recoverable (CENVAT)	10.62	145.75
(vi)	Prepaid Expenses	42.58	30.03
(vii)	Other advances	30.54	40.25
	<b>SUB-TOTAL (B)</b>	<b>6,498.16</b>	<b>1,858.23</b>
	<b>TOTAL (A)+(B)</b>	<b>6,500.45</b>	<b>1,860.61</b>

\* Pursuant to applicability of provisions of The Companies Act, 2013 w.e.f. 1<sup>st</sup> April 2014 and approval of the Board of Directors in the meeting held on 11<sup>th</sup> 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 as on 31<sup>st</sup> March 2015. The amount of loan was ₹ 14.53 lac as on 31<sup>st</sup> March 2015 (Nil as on 31<sup>st</sup> March 2014).

**Note 19: OTHER CURRENT ASSETS**

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b><u>Secured &amp; Considered Good</u></b>		
<b>(I)</b>	<b>Infrastructure Loans: Standard Assets (See Footnote in Note 13)</b>		
(i)	Direct lending	1,25,994.80	64,822.06
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	1,332.35	1,315.12
(iii)	Takeout financing Scheme	37,248.58	22,580.92
<b>(II)</b>	<b>Infrastructure Loans: Sub-standard Assets (See Footnote in Note 13)</b>		
(i)	Direct lending	4,188.75	10,784.51
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	9.85	21.80
(iii)	Takeout financing Scheme	1,129.00	-
	<b>Doubtful</b>		
<b>(III)</b>	<b>Infrastructure Loans: Doubtful Assets (See Footnote in Note 13)</b>		
(i)	Direct lending	3,416.60	1,400.00
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	163.45	181.88
	<b>SUB-TOTAL (A)</b>	<b>1,73,483.38</b>	<b>1,01,106.29</b>
<b>(B)</b>	<b>Interest accrued and due on loans and advances</b>	31,650.02	24,080.57
	<b>SUB-TOTAL (B)</b>	<b>31,650.02</b>	<b>24,080.57</b>
<b>(C)</b>	<b>Interest accrued but not due on:</b>		
(i)	Fixed Deposits with Banks	37,662.13	54,581.47
(ii)	Bonds	144.01	207.93
(iii)	Government Securities	204.89	204.88
(iv)	Loans & Advances	26,011.24	11,031.52
	<b>SUB-TOTAL (C)</b>	<b>64,022.27</b>	<b>66,025.80</b>
<b>(D)</b>	<b>Others</b>	7,681.47	1,199.60
	<b>SUB-TOTAL (D)</b>	<b>7,681.47</b>	<b>1,199.60</b>
	<b>TOTAL (A)+(B)+(C)+(D)</b>	<b>2,76,837.14</b>	<b>1,92,412.26</b>

**Note 20: REVENUE FROM OPERATIONS**

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>Interest</b>		
(i)	Interest on Loans and Advances under Direct Lending	2,48,068.89	2,20,022.72
(ii)	Interest on Loans under PMDO Scheme	773.87	1,273.34
(iii)	Interest on Loans and Advances under Refinancing Scheme	11,395.46	40,537.47
(iv)	Interest on Loans and Advances under Takeout Financing Scheme	42,889.13	32,000.32
(v)	Penal Interest	772.32	539.75
(vi)	Interest on Government Securities	1,273.66	1,273.66
(vii)	Interest on Bonds	499.88	563.75
(viii)	Interest on Deposits with Banks	1,23,109.41	1,12,286.79
	<b>SUB-TOTAL (A)</b>	<b>4,28,782.62</b>	<b>4,08,497.80</b>
<b>(B)</b>	<b>Other Financial Services</b>		
(i)	Upfront Fee	3,076.78	4,428.88
(ii)	Processing fee	280.42	102.06
(iii)	Pre-Payment Charges	544.02	27.38
(iv)	Commission Received	199.65	426.10
(v)	Commitment Charges	372.76	89.41
(vi)	Consultancy and Service Fees	25.28	43.22
(vii)	Investment Management Fees	358.69	37.48
(viii)	Other Charges	388.39	242.41
	<b>SUB-TOTAL (B)</b>	<b>5,245.99</b>	<b>5,396.94</b>
	<b>TOTAL (A) + (B)</b>	<b>4,34,028.61</b>	<b>4,13,894.74</b>

**Note 21: OTHER INCOME**

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>Interest Income</b>		
	Interest on Deposits with Banks	126.07	122.35
	<b>SUB-TOTAL (A)</b>	<b>126.07</b>	<b>122.35</b>
<b>(B)</b>	<b>Other Non-Operating Income</b>		
(i)	Gain on Swap Deals	4,022.18	1,916.24
(ii)	Grants received	120.80	119.18
(iii)	Amounts/ Provisions written back	1,276.59	3.04
(iv)	Miscellaneous Income	21.14	13.55
	<b>SUB-TOTAL (B)</b>	<b>5,440.71</b>	<b>2,052.01</b>
	<b>TOTAL (A) + (B)</b>	<b>5,566.78</b>	<b>2,174.36</b>

## Note 22: FINANCE COSTS

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
<b>(A)</b>	<b>Interest Expense:</b>		
(i)	Interest on Bonds & Debentures	1,58,539.70	1,60,786.00
(ii)	Interest on Bank Borrowings	10,916.54	13,219.87
(iii)	Interest on loan from NSSF	13,500.00	13,500.00
(iv)	Interest on loan from LIC	16,281.87	17,068.69
(v)	Interest on loan from ADB	3,556.64	3,272.11
(vi)	Interest due to net settlement of swap transactions on ADB Loan	29,791.51	25,361.38
(vii)	Interest on loan from IBRD (World Bank)	161.68	79.48
(viii)	Interest due to net settlement of swap transactions on IBRD (World Bank) Loan	1,249.61	777.44
(ix)	Interest on loan from KFW	1,326.45	1,145.27
(x)	Interest due to net settlement of swap transactions on KFW Loan	490.94	410.55
	<b>SUB-TOTAL (A)</b>	<b>2,35,814.94</b>	<b>2,35,620.79</b>
<b>(B)</b>	<b>Other Borrowing Costs:</b>		
(i)	Guarantee Fees to Govt. of India	7,486.71	7,961.82
(ii)	Commitment charges	262.83	109.34
(iii)	Bond Servicing Expenses	192.23	169.34
(iv)	Upfront Fees on Borrowings	33.76	-
(v)	Bond Issue Expenses	-	3,786.05
	<b>SUB-TOTAL (B)</b>	<b>7,975.53</b>	<b>12,026.55</b>
<b>(C)</b>	<b>Net loss on foreign currency transactions and translations</b>	<b>8,847.93</b>	<b>17,779.61</b>
	<b>SUB-TOTAL (C)</b>	<b>8,847.93</b>	<b>17,779.61</b>
	<b>TOTAL (A) + (B) + (C)</b>	<b>2,52,638.40</b>	<b>2,65,426.95</b>

## Note 23: EMPLOYEE BENEFITS EXPENS

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
(i)	Salaries and Wages	1,492.01	1,042.10
(ii)	Contribution to provident and other funds	125.21	99.81
(iii)	Staff Welfare Expenses	380.75	242.13
	<b>TOTAL</b>	<b>1,997.97</b>	<b>1,384.04</b>

### Note 24.: OTHER EXPENSES

(₹ in Lac)

S. No.	PARTICULARS	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
(i)	Power and Fuel	14.27	11.21
(ii)	Lease Rent	860.34	762.04
(iii)	Insurance	2.92	1.73
(iv)	Professional Fees	140.80	130.79
(v)	Rates and Taxes	60.74	40.41
(vi)	Amortization of Premium Paid on non-current securities	38.31	52.76
(vii)	Net loss on foreign currency transactions and translations	-	2,120.63
(viii)	Loan/ Amount Written Off [See note 25(B)(22)]	23,840.23	-
(ix)	Establishment and Other Expenses	1,333.58	1,105.33
	<b>TOTAL</b>	<b>26,291.19</b>	<b>4,224.90</b>

**Note 25: SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE  
CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH 2015**

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- NBFC) to India Infrastructure Finance Company Limited (IIFCL) on 9<sup>th</sup> 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 CONSOLIDATED FINANCIAL STATEMENTS**

1.1 The Consolidated Financial Statements comprise the individual financial statements of India Infrastructure Finance Company Limited (the parent company) and audited 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 31<sup>st</sup> March 2015 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 average exchange rate during the period.
- 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 audited financial statements have been converted as per Generally Accepted Accounting Practices in India applied for preparing financial statements of the Parent Company.

2. 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 31<sup>st</sup> March 2014.

### 3. **RECOGNITION OF INCOME / EXPENDITURE**

- 3.1 Upfront fee income on loans granted is considered as income on accrual basis in cases where loan documents have been signed on allocated amount. However, Upfront fee (Non-refundable) received from project companies after in-principle sanction of loans to prospective borrowers is considered as income on realization basis.

Further, upfront fee expenses in respect of loans sanctioned to the company is considered as expense on accrual basis, where loan documents have been executed.

- 3.2 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.
- 3.3 Recoveries in borrower's accounts are appropriated as per the respective loan agreements.
- 3.4 Dividend is accounted on accrual basis when right to receive the dividend is established.
- 3.5 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.
- 3.6 The amount(s) of prior period items of income/expense above ₹ 5,000/- are included in their regular heads of accounts are separately disclosed under 'Other notes to the financial statement'. Prior period income/ expense of ₹ 5000/- or below is charged to their regular heads of account.
- 3.7 Expenditure incurred in raising of bonds is charged to the statement of Profit and Loss in the year of allotment of bonds.

### 4. **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 Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as amended from time to time. The salient features of these norms are as under:

#### 4.1 **Income Recognition**

- a. Interest is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.
- b. 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.

#### 4.2 **“Non-Performing Asset” means:**

- a. An asset, in respect of which interest has remained overdue for a period of six months or more.
- b. A term loan inclusive of unpaid interest, when the installment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more.

Pursuant to Reserve Bank of India notification no.DNBR. 009/ CGM (CDS) -2015 Systemically Important Non- Banking Financial (Non Deposit Accepting) dated 27<sup>th</sup> March 2015, it is provided that the period of six months or more stipulated in sub clause (a) to (b) shall be five months or more for the financial year ending March 31, 2016, four months or more for the financial year ending March 31, 2017 and three months or more for the financial year ending March 31, 2018 and thereafter.

#### 4.3 Asset Classification

All advances are classified as:-

- a. “Standard assets” means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
- b. “Sub-standard assets” means an asset which has been classified as non-performing asset for a period not exceeding 18 months.

Pursuant to Reserve Bank of India notification no.DNBR. 009/ CGM (CDS) -2015 Systemically Important Non- Banking Financial (Non Deposit Accepting) dated 27<sup>th</sup> March 2015 it is provided that the period 'not exceeding 18 months' stipulated in this sub- clause shall be 'not exceeding 16 months' for the financial year ending 31<sup>st</sup> March 2016; 'not exceeding 14 months' for the financial year ending 31<sup>st</sup> March 2017; and 'not exceeding 12 months' for the financial year ending 31<sup>st</sup> March 2018 and thereafter.

- c. “Doubtful asset” means a term loan or any other asset which remains sub-standard asset for a period of exceeding 18 months.

Pursuant to Reserve Bank of India notification no. DNBR. 009/ CGM (CDS) -2015 Systemically Important Non- Banking Financial (Non Deposit Accepting) dated 27<sup>th</sup> March 2015 it is provided that the period 'not exceeding 18 months' stipulated in this sub- clause shall be 'not exceeding 16 months' for the financial year ending 31<sup>st</sup> March 2016; 'not exceeding 14 months' for the financial year ending 31<sup>st</sup> March 2017; and 'not exceeding 12 months' for the financial year ending 31<sup>st</sup> March 2018 and thereafter.

- d. “Loss Asset” means:
  - (i) an asset which has been identified as loss asset by the company or its internal or external auditor to the extent it is not written off by the company.
  - (ii) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

#### 4.4 Provisioning

- (i) Standard Assets: General Provision is made at 0.25% of outstanding amount of loans, including on interest accrued but not due at the year end.

Pursuant to Reserve Bank of India notification no.DNBR. 009/ CGM (CDS) -2015 Systemically Important Non- Banking Financial (Non Deposit Accepting) dated 27<sup>th</sup> March 2015 it is provided that provision for standard assets at 0.25 per cent by the end of March 2015; 0.30 per cent by the end of March 2016; 0.35 per cent by the end of March 2017 and 0.40 per cent by the end of March 2018 and thereafter.

- (ii) Sub-standard assets - A general provision of 10 percent of total outstanding amount is made.

- (iii) Doubtful assets:-

- (a) 100 percent provision to the extent to which the advance is not covered by the realizable value of the security to which the company has a valid recourse is made.

- (b) In addition to item (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20 percent to 50 percent of secured portion i.e. estimated realizable value of the outstanding) is made on the following basis:

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

(iv) Loss Assets

The entire asset is written off, 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

RBI vide Master Circular dated 1<sup>st</sup> July 2014 regarding Non-Banking Financial (Non Deposit Accepting) Companies Prudential Norms higher provision on restructured standard advances would be 5 per cent in respect of new restructured standard accounts (flow) with effect from January 24, 2014 and increase in a phased manner for the stock of restructured standard accounts as on January 23, 2014 as under:

\* 2.75 per cent - with effect from March 31, 2014

\* 3.50 per cent - with effect from March 31, 2015 (spread over the four quarters of 2014-15)

\* 4.25 per cent - with effect from March 31, 2016 (spread over the four quarters of 2015-16)

\* 5 percent - with effect from March 31, 2017 (spread over the four quarters of 2016-17)

(vi) 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:

- Issues in the infrastructure sub sector in conjunction with regulatory environment and the anticipated changes in the regulations, policies, guidelines etc.
- 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 will range from 10% to 100% taking into consideration the factors mentioned above.

#### 4.5 Restructured loan Assets

- a. 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.
- b. Treatment of restructured loans
  - (i) **Standard loan:** The rescheduling or restructuring or renegotiation of the installments of principal alone, at any of the aforesaid first two stages does not cause a standard asset to be re-classified in the sub-standard category, if the project is re-examined and found to be viable by the Board of Directors.  
  
 Provided that rescheduling or renegotiation or restructuring of interest element at any of the foregoing first two stages does not cause an asset to be downgraded to sub-standard category subject to the condition that the amount of interest foregone, if any, on account of adjustment in the element of interest, is either written off or 100 percent provision is made there against.
  - (ii) **Sub-standard asset:** A sub-standard asset continues to remain in the same category in case of restructuring or rescheduling or renegotiation of the installments of principal until the expiry of one year and the amount of interest foregone, if any, on account of adjustment, including adjustment by way of write off of the past interest dues, in the element of interest, is written off or 100 percent provision made there against.
  - (iii) **Diminution in fair value of advances:** Pursuant to Reserve Bank of India (RBI) notification no.DNBR. 009/CGM (CDS) -2015 Systematically Important Non- Banking Financial (Non Deposit Accepting) dated 27<sup>th</sup> March 2015 it is provided that reduction in the rate of interest and / or reschedulement 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 debit to Profit & Loss Account. Such provision is required to be held in addition to the provisions as per existing provisioning norms prescribed by RBI, and in an account distinct from that for normal provisions.  
  
 The erosion in the fair value of the advance is computed as the difference between the fair value of the loan before and after restructuring. Fair value of the loan before restructuring will be computed as the present value of cash flows representing the interest at the existing rate charged on the advance before restructuring and the principal, discounted at a rate equal to the NBFC's bare lending rate i.e. the interest rate applicable to the borrower as per the loan agreement had the loan been serviced without any default, as applicable to the concerned borrower, as on the date of restructuring. Fair value of the loan after restructuring will be computed as the present value of cash flows representing the interest at the rate charged on the advance on restructuring and the principal, discounted at a rate equal to the NBFC's bare lending rate as applicable to the borrower as on the date of restructuring.
  - (iv) **Income Recognition norms for FITL accounts:** Pursuant to Reserve Bank of India master circular dated 1<sup>st</sup> July 2014 regarding 'Revised Regulatory Framework of NBFC' Income recognition norms for conversion of unpaid interest in to 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)".

### 5. TAXES ON INCOME

- 5.1 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.

- 5.2 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 subsequently enacted as on the Balance Sheet date.
- 5.3 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.

### 6. INVESTMENTS

#### 6.1 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.

#### 6.2 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.

#### 6.3 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.

## **7. FOREIGN EXCHANGE TRANSACTIONS**

- 7.1. Expenses and income in foreign currency are accounted for at the exchange rates prevailing on the date of transactions.
- 7.2. The following balances are translated in Indian currency at the exchange rates (RBI reference rates) prevailing on the date of closure of accounts:
  - a. Foreign Currency Loan liability to the extent not hedged, and Loan granted in foreign currency.
  - b. Incomes or Expenses accrued but not due on foreign currency loans granted and foreign currency borrowings respectively.
  - c. Contingent Liability in respect of Letter of Credit issued in foreign currency.
- 7.3. (a) Foreign Currency Loan liability, to the extent hedged is translated in Indian currency at the spot exchange rates prevailing on the date of hedging transactions.  
 (b) The difference in foreign currency loan amount translated at spot exchange rate prevailing on time of hedging and on the date of repayment of loan is recognized as gain or loss in the year of repayment.
- 7.4. 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.

## **8. ACCOUNTING FOR REVENUE GRANTS**

- 8.1. 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.
- 8.2. 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.
- 8.3. The unspent amount of grant at the year end, if any, is shown under Current Liabilities.

## **9. FIXED ASSETS AND DEPRECIATION**

- 9.1. Fixed assets are carried at cost less accumulated depreciation.
- 9.2. The gross value of fixed assets is reduced by amount of grants received for acquiring these assets. The grants are thus recognized in the Statement of Profit and Loss over the useful life of a depreciable asset by way of a reduced depreciation charge.
- 9.3. The additions to fixed assets are capitalized on the approval of bills/invoices.
- 9.4. 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. Depreciation on individual assets having cost ` 5000/-or less is charged at 100%.
- 9.5. Permanent improvement in leasehold premises is depreciated over the remaining lease term or its useful life, whichever is shorter.
- 9.6. 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 over a period of 4 years.

## **10. RETIREMENT BENEFITS**

- 10.1. The contribution towards Provident Fund deducted from remuneration of employees and employer contribution thereon is deposited with Regional Provident Fund Commissioner (RPFO).
- 10.2. The employee benefits obligations i.e., leave encashment, sick leave and leave travel concession, has been provided for the period up to date of reporting on the actuarial valuation of same.

10.3. 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.

10.4. 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.

### **11. 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.

### **12. DERIVATIVE ACCOUNTING**

12.1. 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.

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

12.3. The accounting of the derivative transactions is as under:-

- a. Interest Rate Swap which hedges interest bearing assets or liability is accounted for like the hedge of the asset or liability.
- b. The swap that is accounted for like a hedge is accounted for on accrual basis except the swap designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In that case the swap is marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability.

12.4. 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.

12.5. 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.

12.6. 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 counterparty respectively as per the hedging contract is recognized as gain or loss at the time of repayment of such loan.

### **13. 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.

## 25.(B) OTHER NOTES TO THE 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 ended on 31<sup>st</sup> March 2015. The financial statements of the subsidiary companies are also made for the year ended 31st March 2015.
2. Contingent liabilities and commitments (to the extent not provided for are as under:-

(₹ in lac)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>(A) Contingent liabilities:</b>		
<b>(a) Claims against the company not acknowledged as debt:</b>	159.00	159.00
- Demand of Income Tax dues for Assessment Year 2008-09 made by the Income Tax Deptt. vide order dated 7th March 2014.		
- Legal consultancy demand, disputed by the company (IAMCL). The Matter is under contention.	7.07	-
<b>(b) Guarantees</b>	Nil	Nil
<b>(c) Other money for which the company is contingently liable:</b>		
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)	63,568.20	1,19,092.91
<b>(B) Commitments:</b>		
<b>(a) Estimated amount of contracts remaining to be executed on capital account and not provided for:</b>		
Estimated amount of contracts remaining to be executed on capital account (net of advances)	203.18	203.18
<b>(b) Uncalled liability on shares and other investments partly paid:</b>		
Uncalled liability on account of capital commitment in respect of Venture Capital Units of IDFC Project Equity Domestic Investors Trust II	765.89	929.14
<b>(c) Other commitments :</b>		
Estimated amount of contracts under Corporate Social Responsibility (CSR) remaining to be executed (net of advances)	3,199.00	125.35

3. (i) As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

**A) Managerial Remuneration and related party disclosures**

**(i) Key Managerial Personnel**

**Whole Time Directors**

-Shri S.B Nayar	- Chairman and Managing Director
-Shri Sanjeev Kaushik	- Whole Time Director and Deputy Managing Director*
-Shri S.K Goel	- Ex-Chairman and Managing Director
-Dr. Harsh Kumar Bhanwala	- Ex-Executive Director & Officiating Chairman and Managing Director

\*Govt. of India vide letter dated 28<sup>th</sup> January 2015 appointed Shri Sanjeev Kaushik as Executive Directors of IIFCL from the date of taking charge i.e. 2<sup>nd</sup> February 2015

Subsequently, the Board of Directors of Company vide resolution passed in Board meeting held on 12<sup>th</sup> May 2015 has approved the proposal to change designation of Shri Sanjeev Kaushik as 'Whole Time Director and Deputy Managing Director' in place of 'Executive Director'.

**Other than Directors**

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

**(ii) Directors**

-Shri H. S. Kumar	- Ex-Part Time Non- Official Director
-Prof. V. Venkata Ramana	- Ex-Part Time Non- Official Director
-Shri V. K. Bhasin	- Part Time Non- Official Director
-Shri J. Venkateshwarlu	- Part Time Non- Official Director

**(iii) Wholly owned Subsidiary Company:**

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

**(iv) Associate Companies:**

Irrigation and Water Resources Finance Corporation Limited (IWREFCL)

**B) Transactions during the year ended 31<sup>st</sup> March 2015 (Previous year ended on 31<sup>st</sup> March 2014) with related parties:**

(₹ in lac)

S.No	Particulars	For Year Ended 31 <sup>st</sup> March 2015	For Year Ended 31 <sup>st</sup> March 2014
(a)	<b>Managerial Remuneration (Whole time directors)</b>		
	<b>(i) Shri S. B. Nayar (Tenure from 12<sup>th</sup> December 2013)</b>		
	Remuneration	33.64	10.54
	Perquisite	1.62	1.06
	Provision for Performance linked incentive	10.00	2.50
	Leave encashment, Sick Leave, PF & Gratuity	4.71	1.71
	<b>(ii) Shri Sanjeev Kaushik (Tenure from 2<sup>nd</sup> February 2015)</b>		
	Remuneration	4.32	-
	Perquisite	0.01	-
	Provision for Performance linked incentive	1.35	-
	<b>(iii) Shri S.K. Goel ( Ex- Chairman and Managing Director, Tenure upto 23<sup>rd</sup> June 2013)</b>		
	Remuneration	-	8.68
	Perquisite	-	1.42
	Provision for Performance linked incentive	-	2.50
	Leave encashment, Sick Leave, PF & Gratuity	-	1.08

<b>(iv) Shri Harsh Kumar Bhanwala (Executive Director holding charge of Chairman and Managing Director, Tenure upto 12<sup>th</sup> December 2013)</b>			
Remuneration	-	23.63	
Perquisite	-	0.18	
Provision for Performance linked incentive	-	6.09	
Leave encashment, Sick Leave, PF & Gratuity	-	2.45	
<b>(b) Managerial Remuneration (Other than directors)</b>			
<b>(i) Shri Rajeev Mukhija (Chief General Manager- CFO)#</b>			
Remuneration	30.20	-	
<b>(ii) Smt. Manjari Mishra (Assistant General Manager-CS)*</b>			
Remuneration	5.01	-	

# Pursuant to applicability of relevant provisions of the Companies Act, 2013 w.e.f. 1<sup>st</sup> April 2014, the Board of Directors in the meeting held on 11<sup>th</sup> August 2014 ratified the proposal that Chief General Manager- Chief Financial Officer is considered as Key Managerial Person as per provisions of the Companies Act, 2013. Accordingly, remuneration ₹20.93 lac paid to him during F.Y. 2013-14 is not considered as managerial remuneration paid to related party.

\*Joined IIFCL on 10<sup>th</sup> November 2014.

<b>(c)</b>	<b>Rent received/ recoverable associate companies</b>		
	Irrigation and Water Resources Finance Corporation Limited	35.18	57.60
<b>(d)</b>	<b>Expenses recovered/recoverable from associate companies:</b>		
	Irrigation and Water Resources Finance Corporation Limited	1.44	90.95
<b>(e)</b>	<b>Sitting fee paid to Part Time Non- Official Directors \$</b>		
	Shri Hari Santosh Kumar (Ex- Part Time Non Official Director)	2.50	-
	Prof. V. Venkata Ramana (Ex- Part Time Non Official Director)	3.17	-
	Shri V. K. Bhasin	2.80	-
	Shri J. Venkateshwarlu	2.57	-
	<b>(ii) Conveyance reimbursement to Part Time Non- Official Directors</b>		
	Prof. V. Venkata Ramana (Ex- Part Time Non Official Director)	0.27	-
	Shri J. Venkateshwarlu	0.27	-

\$ Pursuant to applicability of provisions of The Companies Act, 2013 w.e.f. 1<sup>st</sup> April 2014 Part Time Non Official Directors are considered as related party during year ended 31<sup>st</sup> March 2015. However, sitting fee of ₹7.90 lac & conveyance reimbursement of ₹ 0.48 lac aggregating ₹ 8.38 lac paid to Non- official Director during F.Y. 2013-14 is not considered as managerial remuneration paid to related party.

# Annual Report

## 2014 - 2015

### C) Balances outstanding

(₹ In lac)

S.No.	Particulars	As at 31st March 2015	As at 31st March 20154
i)	Remuneration & other benefits		
	Key Managerial Person		
1.	Provision for Performance Linked Incentive to Whole time Directors	57.82	46.47
2.	Leave Encashment (provision)	3.63	2.39
3.	Gratuity (provision)	0.95	0.74
4.	Provident fund	0.20	0.18
5.	Amount /Rent recoverable from associate		
6.	(c) Irrigation and Water Resources Finance Corporation Limited	0.19	Nil

3. (ii) Pursuant to the applicability of relevant provisions of the Companies Act, 2013 w.e.f. 1<sup>st</sup> 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 (₹ in Lac)	Amount (₹ in Lac)
	As on 31.3.2015	As on 31.3.2015	As on 31.3.2015	As on 31.3.2015
Parent				
India Infrastructure Finance Company Limited	91.92	6,79,618.36	81.89	75,339.88
<b>Subsidiaries</b>				
<b>Indian</b>				
1) IIFCL Projects Ltd.	0.04	261.61	0.21	190.15
2) IIFCL Asset Management Company Ltd.	0.19	1,440.79	0.17	159.14
<b>Foreign</b>				
IIFC(UK) Ltd.	11.19	82,713.86	17.73	16,308.57
Minority Interests in all subsidiaries	-		-	
<b>Associates (Investment as per equity method)#</b>				
Indian	-	Nil	-	Nil
Foreign	-	Nil	-	Nil
<b>Joint Ventures (as per proportionate consolidation/ investment as per equity method)</b>				
Indian	-	Nil	-	Nil
Foreign	-	Nil	-	Nil

- \* Aggregate of Net Assets reflected in financial statements of subsidiary companies is higher than net assets reflected in consolidated financial statements by ₹ 24,694.82 lac i.e. investment by parent company in subsidiary companies.
- # The Financial Statement of Irrigation and Water Resources Finance Co. Ltd. an associate company has not been consolidated as IIFCL does not hold any investment in this associate company.

**3. (iii) The salient features of the financial statements of subsidiaries as per Companies Act, 2013:#**

Name of Subsidiary	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Profit before Tax	Turnover	Provision for Tax	Profit after Tax	Share-holding
IIFCL Projects Ltd.	₹ in Lac	50.00	211.61	401.53	139.92	283.04	476.83	92.89	190.15	100%
IIFCL Asset Management Company Ltd.	₹ in Lac	1,250.00	190.79	1,565.15	124.36	237.25	476.58	78.11	159.14	100%
IIFC (UK) Ltd.	₹ in Lac	23,394.80	59,319.06	14,15,043.80	13,32,329.94	21,066.84	32,905.17	4,758.27	16,308.57	
	USD (in millions)	50.00	82.15	2,260.79	2,114.65	34.45	5,380.97	7.78	26.67	100%

- # Details incorporated pursuant to submission of replies vide letter no. IIFCL/Audit/2015-16/6B/11201 dated 9<sup>th</sup> September 2015 and letter no. IIFCL/Audit/6B/2015-16/11360 dated 23<sup>rd</sup> September 2015 to Half Margins issued by the Audit Camp Party, office of the Comptroller & Auditor General of India (C&AG) during Phase III Audit of the Standalone and Consolidated Financial Statements of IIFCL for the year ended on 31<sup>st</sup> March 2015.

**4 Investment in Venture Capital Units**

During the year ended 31<sup>st</sup> March 2015, the company has invested ₹ 163.25 lac (₹ 1,971.79 lac as at 31<sup>st</sup> March 2014) in Venture Capital Units of IDFC Project Equity Domestic Investors Trust II promoted by the company along-with IDFC, Citibank (cumulative amount of investment by the company is ₹ 9,234.11 lac). Out of total commitment of ₹10,000 lac, the company has 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 current year a sum of ₹ 310.90 lac (₹ 176.80 lac during year ended 31<sup>st</sup> March 2014) including tax paid ₹ 97.20 lac (Nil during year ended 31<sup>st</sup> March 2014) in respect of redemption of venture capital units.

**5. Disclosure under Accounting Standard 29 “Provisions, Contingent Liabilities and Contingent Assets (AS-29)”**

Particulars	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
<b>Income Tax (Net)</b>		
Opening Balance	960.16	942.74
Addition during the period	48,993.18	39,470.66
Excess Provision written back during the period	-	(10.12)
Amount paid/ adjusted during the period	54,797.42	39,443.12
Closing Balance	(4,844.08)	960.16
<b>Interest on Income Tax</b>		
Opening Balance	-	91.38
Addition during the period	-	-
Excess Provision written back during the period	-	2.99
Amount paid/ adjusted during the period	-	88.39
Closing Balance	-	-
<b>Proposed Wage Revision</b>		
Opening Balance	142.24	37.29

# Annual Report

## 2014 - 2015

Addition during the period	152.36	104.95
Closing Balance	294.87	142.24
<b>Leave Fare Concession</b>		
Opening Balance	10.92	8.90
Addition during the period	60.57	27.10
Amount paid/adjusted during the period	53.35	25.08
Closing Balance	18.14	10.92
<b>Leave Encashment</b>		
Opening Balance	97.55	67.21
Addition during the period	55.14	51.72
Amount paid/adjusted during the period	16.38	21.38
Closing Balance	136.31	97.55
<b>Sick Leave</b>		
Opening Balance	45.77	25.40
Addition during the period	19.63	20.37
Closing Balance	65.40	45.77
<b>Performance Linked Incentive to Whole Time Directors</b>		
Opening Balance	62.59	51.50
Addition during the period	11.35	11.09
Amount paid/adjusted during the period	-	-
Closing Balance	73.94	62.59
<b>Marked to Market Losses on Derivatives</b>		
Opening Balance	4,209.41	5,680.75
Addition during the period	1,482.24	(1,471.34)
Amount paid/adjusted during the period	-	-
Closing Balance	2,727.17	4,209.41
<b>Contingent Provision against Standard Assets</b>		
Opening Balance	7,408.11	6,999.34
Addition during the period	1,697.53	408.77
Closing Balance	9,105.64	7,408.11
<b>Provision against Sub-standard Assets</b>		
Opening Balance	23,015.39	2,361.92
Addition during the period	8,306.81	20,653.47
Provision write back on account of NPA write off	(21,434.86)	-
Closing Balance	9,887.34	23,015.39

<b>Provision against Restructured Assets</b>		
Opening Balance	11,893.21	176.94
Addition during the period	10,007.32	11,716.27
Closing Balance	21,900.53	11,893.21
<b>Provision against Doubtful Assets</b>		
Opening Balance	2,130.19	-
Addition during the period	16,371.86	2,130.19
Provision write back on account of NPA write off	(522.04)	-
Closing Balance	17,980.01	2,130.19

#### 6. Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits" (AS-15)

As per AS-15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below: (₹ In lac)

I) 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

The valuation method used is Projected Unit Credit Method.

#### Actuarial Assumptions for Gratuity Plan:

	2014-15	2013-14
Mortality rate	LIC ( 1994-96)	LIC ( 1994-96)
Withdrawal rate	1 % to 3 % depending on age	1 % to 3 % depending on age
Discount rate (p.a.)	8%	8%
Salary escalation (p.a.)	6%	6%

As per IRDA circular no. IRDA/ACTL/REG/CIR/123/06/2013 dated 28<sup>th</sup> 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:

	2014-15	2013-14
<b>A MEMBERSHIP DATA</b>		
i) Number of members	46	50
ii) Average Age	39.22	38.98
iii) Average Monthly Salary	0.81	0.80
iv) Average Past Service	4.78	3.72

# Annual Report

## 2014 - 2015

<b>B</b>	<b>RESULTS OF VALUATION</b>		
i)	Present Value of Past Service Benefit	120.38	97.31
ii)	Current Service Cost	13.22	18.56
iii)	Total Service Gratuity	450.06	477.10
iv)	Accrued Gratuity	173.14	139.89
v)	LCSA	276.92	337.21
vi)	LC Premium	0.74	0.92
vii)	Service Tax @12.36%	0.09	0.11
<b>C</b>	<b>RECOMMENDED CONTRIBUTION RATE</b>		
i)	Fund Value as on renewal date	132.52	75.82
ii)	Additional Contribution for existing fund	-	21.49
iii)	Current Service Cost	1.08	18.56
	<b>TOTAL AMOUNT PAYABLE [(C(ii)+ C(iii)+B(vi)+B(vii))]</b>	<b>1.91</b>	<b>41.09</b>
<b>D</b>	<b>FUND BALANCE</b>		
i	Opening Balance	82.21	53.62
ii	Amount credited towards the Fund	40.04	22.20
iii	Amount paid as Claim	-	-
iv	Interest Credited for the year	10.27	6.39
	<b>Closing Balance</b>	<b>132.52</b>	<b>82.21</b>

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

		2014-15	2013-14
<b>A)</b>	<b>MEMBERSHIP DATA</b>		
i)	Number of members	31	9
ii)	Average Age	32.32	31.50
iii)	Average Monthly Salary	0.58	0.52
iv)	Average Past Service	0.61	0.60
<b>B)</b>	<b>RESULTS OF VALUATION</b>		
i)	Present Value of Past Service Benefit	4.55	1.42
ii)	Current Service Cost	6.64	1.92
iii)	Total Service Gratuity	257.82	73.84
iv)	Accrued Gratuity	6.75	2.12
v)	LCSA	251.07	71.71
vi)	LC Premium	0.42	0.12
vii)	Service Tax @12.36%	0.04	0.02
<b>C)</b>	<b>RECOMMENDED CONTRIBUTION RATE</b>		
i)	Fund Value as on renewal date	3.67	1.42
ii)	Additional Contribution for existing fund	0.88	-
iii)	Current Service Cost	6.63	1.92
	<b>TOTAL AMOUNT PAYABLE [(C(ii)+ C(iii)+B(vi)+B(vii))]</b>	<b>7.99</b>	<b>3.48</b>
<b>D)</b>	<b>FUND BALANCE</b>		
i)	Opening Balance	-	-
ii)	Amount credited towards the Fund	3.58	-
iii)	Amount paid as Claim	-	-
iv)	Total Mortality /Pol Admin /Fund Management Charges for the period along with Service Tax thereon	0.16	-
v)	Interest Credited for the year	0.25	-
	<b>Closing Balance</b>	<b>3.67</b>	<b>-</b>

<b>II) OTHER EMPLOYEE BENEFITS (UNFUNDED)</b>		
Actuarial assumptions for other employee benefits (unfunded)		
	2014-15	2013-14
<b>Economic Assumptions:</b>		
i) Discounting Rate	8.00	8.50
ii) Future salary Increase	5.50	6.00
iii) Expected Rate of return on plan assets	0.00	0.00
<b>Demographic Assumptions:</b>		
i) Retirement Age (Years)	60	60
ii) Mortality Table	IALM (2006 - 08)	
iii) Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	3.00	3.00
From 31 to 44 years	2.00	2.00
Above 44 years	1.00	1.00
<b>A) EARNED LEAVE LIABILITY:</b> 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.		
<b>1. Change in present value of obligation</b>		
a) Present value of obligation as the beginning	92.60	53.94
b) Acquisition adjustment	-	-
c) Interest Cost	7.87	4.31
d) Past service cost	-	-
e) Current service cost	36.04	29.68
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	(15.31)	(10.45)
i) Actuarial (gain) / loss	7.90	15.12
j) Present value of the defined benefit obligation as at 31/03/2015	129.10	92.60
<b>2. Change in the fair value of plan assets</b>		
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	-	-

<b>3. Fair value of plan assets</b>		
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	(129.10)	(92.60)
h) Excess of actual over estimated return of plan assets	-	-
<b>4. Actuarial gain /loss recognized</b>		
a) Actuarial gain/ (loss) for the period - obligation	(7.90)	(15.12)
b) Actuarial gain/ (loss) for the period – plan assets	-	-
c) Total (gain) / loss for the period	(7.90)	(15.12)
d) Actuarial (gain) / loss recognized in the period	(7.90)	(15.12)
e) Unrecognized actuarial (gains) / losses at the end of the period	-	-
<b>5. The amount recognized in balance sheet and statement of profit and loss</b>		
a) Present value of obligation as at the end of the period	129.10	92.60
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(129.10)	(92.60)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(129.10)	(92.60)
<b>6. Expense recognized in the statement of profit and loss</b>		
a) Current service cost	36.04	29.68
b) Past service cost	-	-
c) Interest cost	7.87	4.31
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	7.90	15.12
h) Expenses recognized in the statement of profit and loss	51.81	49.11

**B) 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.

<b>1. Change in present value of obligation</b>		
a) Present value of obligation as the beginning	10.26	8.90
b) Acquisition adjustment	-	-
c) Interest Cost	0.82	0.71
d) Past service cost	-	-
e) Current service cost	3.49	5.69
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	(53.35)	(25.07)
i) Actuarial (gain) / loss	48.04	20.03
j) Present value of the defined benefit obligation as at 31/03/2014	9.26	10.26
<b>2. Change in the fair value of plan assets</b>		
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	-	-
<b>3. Fair value of plan assets</b>		
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	(9.26)	(10.26)
h) Excess of actual over estimated return of plan assets	-	-
<b>4. Actuarial gain /loss recognized</b>		
a) Actuarial gain/ (loss) for the period - obligation	(48.04)	(20.03)
b) Actuarial gain/ (loss) for the period – plan assets	-	-
c) Total (gain) / loss for the period	48.04	20.03
d) Actuarial (gain) / loss recognized in the period	48.04	20.03
e) Unrecognized actuarial (gains) / losses at the end of the period	-	-

<b>5. The amount recognized in balance sheet and statement of profit and loss</b>		
a) Present value of obligation as at the end of the period	9.26	10.26
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(9.26)	(10.26)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(9.26)	(10.26)
<b>6. Expense recognized in the statement of profit and loss</b>		
a) Current service cost	3.49	5.69
b) Past service cost	-	-
c) Interest cost	0.82	0.71
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	48.04	20.03
h) Expenses recognized in the statement of profit and loss	52.35	26.43
<p><b>C) SICK LEAVE:</b> Sick leave is a half leave pay. Where an employee has served the company for at least a period of three years, the employee may, on request, be permitted to avail of, during the full period of service of the employee, sick leave on leave pay upto a maximum of nine months, such leave on leave pay being entered in sick leave account of the employee as twice the period of leave availed of by the employee.</p>		
<b>1. Change in Present value of obligation</b>		
a) Present value of obligation as the beginning	45.77	25.40
b) Acquisition adjustment	-	-
c) Interest Cost	3.89	2.03
d) Past service cost	-	-
e) Current service cost	17.99	14.51
f) Curtailment cost / (credit)	-	-
g) Settlement cost / (credit)	-	-
h) Benefits paid	-	-
i) Actuarial (gain) / loss	(2.25)	(3.83)
j) Present value of the defined benefit obligation as at the end of period	65.40	45.77

<b>2. Change in the fair value of plan assets</b>		
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	-	-
<b>3. Fair value of plan assets</b>		
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	(65.40)	(45.77)
h) Excess of actual over estimated return of plan assets	-	-
<b>4. Actuarial gain /loss recognized</b>		
a) Actuarial gain/ (loss) for the period - obligation	2.25	(3.83)
b) Actuarial gain/ (loss) for the period – plan assets	-	-
c) Total (gain) / loss for the period	(2.25)	3.83
d) Actuarial (gain) / loss recognized in the period	(2.25)	3.83
e) Unrecognized actuarial (gains) / losses at the end of the period	-	-
<b>5. The amount recognized in balance sheet and statement of profit and loss</b>		
a) Present value of obligation as at the end of the period	65.40	45.77
b) Fair value of plan assets as at the end of period	-	-
c) Funded status	(65.40)	(45.77)
d) Excess of actual over estimated	-	-
e) Unrecognized actuarial (gains)/ losses	-	-
f) Net assets/ (liability) recognized in balance sheet	(65.40)	(45.77)
<b>6. Expense recognized in the statement of profit and loss</b>		
a) Current service cost	17.99	14.51
b) Past service cost	-	-
c) Interest cost	3.89	2.03
d) Expected return on plan assets	-	-
e) Curtailment cost / (credit)	-	-
f) Settlement cost / (credit)	-	-
g) Net actuarial (gain) / loss recognized in the period	(2.25)	3.83
h) Expenses recognized in the statement of profit and loss	19.63	20.37

1.2) In respect of Executive Director:

(₹ In lac)

	Gratuity	Leave encashment	Sick Leave
Expenses recognized in Statement of Profit & Loss	0.21	1.24	0.87
Amount recognized in Balance Sheet	0.40	2.10	0.87

7. 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 whereas the IIFCL Projects Limited is engaged in infrastructure project development & advisory activities and IIFCL Asset Management Company Limited (IAMCL) is set up to engage in management of Infrastructure Debt Funds (IDFs) through Mutual Fund route. As IAMCL is yet to start management of IDF, segment information is not furnished for the same. Segment information as required by Accounting Standard 17 issued by the Institute of Chartered Accountants of India is furnished below:

(₹ In lac)

	Financing	Advisory Services	Investment Management Fee	Total
<b>Segment Reporting Revenue</b>				
Revenue from Operation	4,33,644.64	25.28	358.69	4,34,028.61
Less: Inter segment Revenue	-	-	-	-
Total Operating Income	4,33,644.64	25.28	358.69	4,34,028.61
<b>Segment Results</b>				
Profit Before Tax	1,43,158.78	157.89	237.25	1,43,238.14
Tax				51,240.40
Profit After Tax				91,997.74
<b>Segment Assets</b>	52,96,760.72	322.70	1,460.01	52,98,543.43
<b>Segment Liabilities</b>	45,59,123.34	61.10	19.22	45,59,203.66
<b>Capital Employed</b>	7,38,078.29	179.31	1,440.79	7,39,339.77
<b>Depreciation and Amortization</b>	227.26	5.50	3.20	235.96
<b>Capital Expenditure</b>	178.34	13.63	2.86	194.83
<b>Non Cash Expenditure</b>	12,770.39	-	-	12,770.39

8. In terms of Accounting Standard 20 issued by the Institute of Chartered Accountants of India, Earning per share (Basic & Diluted) is worked out as under:

	For Year Ended 31.03.15		For Year Ended 31.03.14	
Particulars	Shares	Amount ₹ in lac	Shares	Amount ₹ in lac
Nominal Value of share (₹)	10/-		10/-	
Number of Equity Share (No. in lac)	39,000.00		33,000.00	
Weighted Average Number of Equity Shares (No. in lac)	35,317.81		30,238.36	
Net Profit (after tax)		91,997.74		64,582.29
Earning Per Share (Basic) (₹)		2.60		2.14
Earning Per Share (Diluted) (₹)		2.60		2.14

9. During the year, the company has created net deferred tax liability of ₹ 2,247.22 lac during year ended 31<sup>st</sup> March 2015 (increase in deferred tax liability of ₹ 6,874.37 lac net of deferred tax asset by ₹ 4,627.15 lac) (Previous year ended 31<sup>st</sup> March 2014 the company has created net deferred tax liability of ₹ 6,220.91 lac (increase in deferred tax liability of ₹ 5,725.92 lac net of deferred tax asset by ₹ 494.99) lac).
10. 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 31<sup>st</sup> March, 2015. Hence the company has no outstanding liability towards Micro, Small and Medium Enterprises and other information to be prescribed under this act is Nil (Previous Year Nil).
11. 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 31<sup>st</sup> March 2015, there were no events or change in circumstances, which indicate any impairment in the assets (Previous Year Nil).

#### 12. Derivative Transactions

- (a) During the year 2007-08, the company had entered into two interest rate swap (IRS) transactions of notional principal amounts of ₹ 5000 lac each (equivalent to notional principal of JPY 2,73,23.62 lac) which will mature on 19<sup>th</sup> 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 1JPY= ₹ 0.3658 in one deal and 1 JPY= ₹ 0.3662 in second deal) and receive interest @ 8.82% p.a. on notional principal amounts. The company has provided for entire Mark-to-market loss, as computed by the counter party banks and confirmed by other valuer, on the above swap transactions amounting to ₹ 2,727.17 lac as at 31<sup>st</sup> March 2015 ( ₹ 4,209.41 lac as at 31<sup>st</sup> March 2014) which includes profit by way of write back of provisions is ₹ 1,482.24 lac for the year ended 31<sup>st</sup> March 2015 (profit by way of write back of provision of ₹ 336.14 lac for the year ended 31<sup>st</sup> March 2014)
- (b) Notional principal amount of ₹ 2,000 lac out of the two interest rate swap (IRS) transactions referred in note 12 (a) above, was unwound during the year ended 31<sup>st</sup> March 2014. Consequently, the aggregate notional principal amounts of two interest rate swap (IRS) transactions referred in note 12 (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:

<b>Institution</b>	<b>Amount of composite contracts i.e. Interest Rate Swap cum forward exchange contracts</b>
<b>Asian Development Bank (ADB)</b>	
31st March 2015 (31st March 2014)	USD 9,486.92 lac (USD 9,752.49 lac)
31st March 2015 (31st March 2014)	₹ 4,70,453.50 lac (₹ 4,80,860.88 lac)
<b>Kreditanstalt für Wiederaufbau (KFW)</b>	
31st March 2015 (31st March 2014)	Euro 254.74 lacs (Euro 254.74 lacs)
31st March 2015 (31st March 2014)	15,562.94 lac (₹ 15,562.94lac)
<b>IBRD World Bank</b>	
31st March 2015 (31st March 2014)	USD 344.88 lac (USD 344.88 lac)
31st March 2015 (31st March 2014)	₹ 18,023.11 lac (₹ 18,023.11 lac)

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 31<sup>st</sup> March 2015 amounts to ₹ 1,27,418.65 lac (Gross gain of ₹ 1,30,595.38 lac less Gross loss ₹ 3,176.73 lac ) and M2M gain as on 31<sup>st</sup> March 2014 amounts to ₹ 1,36,602.17 lac (Gross gain of ₹ 1,38,447.96 lac less Gross loss ₹ 1,845.79 lac).

The M2M losses on Cross Currency Swaps (CCS) is not being accounted for in the books of accounts as the underlying liability designated with swap is also not carried at lower of cost or market value in the financial statements and the M2M loss relating only to CCS cannot be computed separately and provided for as required by the announcement of ICAI on 'Accounting for Derivatives' as the company had entered into Cross currency swaps (Principal and Interest) for hedging and the interest payable to counter-parties also includes amount of premium, if any, which has not been mentioned/ identified separately in the said contracts.

During the financial year ended 31<sup>st</sup> March 2012, the company has also 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 in this regard which is awaited.

(d) The company has made provisions as required under the applicable law or accounting standard for material foreseeable losses on long term contracts except M2M losses on Cross Currency(CCS).

(e) Unhedged position of foreign currency loans is as under:

Institution	Amount of Unhedged Foreign Currency Loans
<b>Asian Development Bank (ADB)#</b>	
31 <sup>st</sup> March 2015 (31 <sup>st</sup> March 2014)	USD 4,125.46 lac (USD 2,682.16 lac)
31 <sup>st</sup> March 2015 (31 <sup>st</sup> March 2014)	₹ 2,58,216.02 lac (₹1,61,197.20 lac)
<b>Kreditanstalt für Wiederaufbau (KFW)</b>	
31 <sup>st</sup> March 2015 (31 <sup>st</sup> March 2014)	Euro 245.26 lac (Euro 227.30 lac)
31 <sup>st</sup> March 2015 (31 <sup>st</sup> March 2014)	₹ 16,557.87 lac (₹ 18,769.30 lac)
<b>IBRD World Bank</b>	
31 <sup>st</sup> March 2015 (31 <sup>st</sup> March 2014)	USD 520.88 lac (USD 151.93 lac)
31 <sup>st</sup> March 2015 (31 <sup>st</sup> March 2014)	₹ 32,602.00 lac (₹ 9,130.72 lac)

# Unhedged amount of foreign currency loan from ADB includes Nil (USD 151.31 lac i.e ₹ 9,093.56 lac as on 31<sup>st</sup> March 2014) being foreign currency loan given to a borrower in India to the extent of which risk of foreign currency exchange rate fluctuation is hedged naturally.

f) In terms of Accounting Policy 7.2, the exchange rates (i.e. RBI reference rates) prevailing on the date of closure of accounts are as follows:

Exchange Rates	As on 31.03.2015	As on 31.03.2014
USD/INR	62.5908	60.0998
EURO/INR	67.5104	82.5765

g) 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 statements of IIFC(UK) Ltd.:

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Assets & Liabilities (closing exchange rate)	62.5908	60.0998
Income & Expense (average exchange rate)	61.1510	60.4563

### 13. **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 4A of Companies Act 1956 vide notification no S.O.143 (E)(F.NO.3/5/2008) Dated 14<sup>th</sup> 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 11<sup>th</sup> February 2013.
- b) **In respect of publicly placed bonds:** The company issued Tax Free Bonds of the face value of ₹ 1000 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 totalling ₹ 10,12,482.32 through public issue. As per the circular no 04/2013 dated 11<sup>th</sup> February 2013 issued by Ministry of Company Affairs', Government of India require the financial institution within the meaning of section 4A of the Companies Act, 1956 to create Debenture Redemption Reserve equal to 25% of the value of debentures issued through public issue, the company has given term loans redemption reserve of ₹ 28,390.03 lac up to 31<sup>st</sup> March 2015 (₹ 9,924.83 lac up to 31<sup>st</sup> March 2014 as per circular no. 9/2002 dated 18<sup>th</sup> April 2002).

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. However, the company has given term loans amounting to ₹ 26,54,638.23 lac as on 31<sup>st</sup> March 2015 (₹ 25,22,120.52 lac as on 31<sup>st</sup> March 2014 which are repayable beyond seven years).

14. As per Accounting Standard-11 (AS-11) i.e. The effects of changes in Foreign Exchange Rates", foreign currency loan taken (to the extent hedged) and outstanding forward exchange contracts should be restated at the exchange rates prevailing at the reporting date and differences should be taken to profit and loss statement whereas the company has restated the above loans at the date of inception of the forward contract and difference taken to profit & loss statement as stated in Accounting Policy mentioned at note 25 (A) 7.3. In view of the above, loan liability and foreign currency receivable account as on 31<sup>st</sup> March 2015 would have been higher by ₹ 1,27,418.65 lac (higher by ₹ 1,36,602.17 lac as on 31<sup>st</sup> March, 2014). However, there would be no impact on the profit for the period as loss on account of increase in foreign currency borrowings due to adverse fluctuation in foreign currency exchange rate is fully offset due to gain on principal amount of borrowings hedged by the company.
15. The pay revision of the employees of the company is due w.e.f. 1<sup>st</sup> November 2012. Pending revision of pay, a provision of ₹ 294.87 lac has been made for the period 1<sup>st</sup> November 2012 to 31<sup>st</sup> March 2015 (provision of ₹ 142.24 lac for the period 1<sup>st</sup> November 2012 to 31<sup>st</sup> March 2014) on estimated basis taking base of 24% increase in last revision made from 1<sup>st</sup> November 2007 for next 5 years.
16. (a) As per the Office Memorandum of Government of India dated 23<sup>rd</sup> April, 2007, the company was regulated directly by the Government of India and under a "sui-generis" regulatory regime. Accordingly, an Oversight Committee was constituted by the Government of India. Consequent upon Union Cabinet approval in its meeting held on 13<sup>th</sup> October 2011 to bring the Company under regulatory oversight of Reserve Bank of India by registering it as an Non-Banking Finance Company-Infrastructure Finance Company (NBFC-IFC) conveyed by Department of Financial Services, Ministry of Finance vide letter dated 24<sup>th</sup> October 2011, the company was required to initiate the process of registering it as an NBFC-IFC. Meanwhile, Department of Financial Services vide letter dated 23<sup>rd</sup> January 2012 requested the Reserve Bank of India to create a special category of NBFC- IFC which are wholly owned by Government and whose borrowings are backed by sovereign guarantee and such NBFCs be subjected to far lower Capital to Risk Weighted Asset Ratio (CRAR) than normal NBFC. In this regard, Department of Financial Services, Ministry of Finance, Government of India vide email dated 9<sup>th</sup> October 2012 informed that Reserve Bank of India is not in favour of creation of separate category of NBFC based on ownership. Accordingly, IIFCL has made request to Reserve Bank of India for registration as NBFC- IFC on 7<sup>th</sup> March 2013. Subsequently, RBI issued Certificate of registration dated 9<sup>th</sup> 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 Govt. 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 12<sup>th</sup> December 2006. It is submitted that, in compliance with the requirement vide abovesaid RBI notification dated 12<sup>th</sup> December 2006, company vide letter dated 21<sup>st</sup> November 2014 to RBI has

submitted roadmap to comply with various elements of RBI Regulation w.e.f. 1<sup>st</sup> January 2015 inter-alia mentioning that IIFCL was already complying with the prudential norms for income recognition, asset classification and provisioning applicable to it.

- (c) The company has restructured/ rescheduled 36 loan accounts up to 31<sup>st</sup> March 2015 having outstanding balance of ₹ 4,37,868.69 lac as on 31<sup>st</sup> March 2015 ( ₹ 3,29,276.05 in 26 loan accounts as on 31<sup>st</sup> March 2014) and there is no shortfall in value of security in these accounts as on 31<sup>st</sup> March 2015. Refer note 24(A)(3.4)(v)
- (d) RBI vide Circular dated 17th June 2013 has advised that its circular on 'Prudential guidelines on restructuring of advances by banks / financial institutions' dated 30<sup>th</sup> May 2013 shall apply mutatis mutandis to the financial institutions.

Accordingly, as per said circular, it has been decided to increase the provision in respect of new restructured standard accounts (flow) to 5 per cent with effect from June 1, 2013 and in a phased manner for the stock of restructured standard accounts as on March 31, 2013 as under:

- \* 3.50 per cent – with effect from March 31, 2014 (spread over the four quarters of 2013-14)
- \* 4.25 per cent – with effect from March 31, 2015 (spread over the four quarters of 2014-15)
- \* 5.00 per cent -- with effect from March 31, 2016 (spread over the four quarters of 2015-16)

IIFCL made provisions on restructured loan assets up to year ended 31<sup>st</sup> March 2014 as per above said RBI circular dated 17<sup>th</sup> June 2013 for making provision on restructured loan assets applicable to financial institutions. However, IIFCL vide letter dated 21<sup>st</sup> November 2014 submitted roadmap for compliance with various elements of RBI Regulations applicable to NBFC's w.e.f. 1<sup>st</sup> January 2015. Accordingly, in compliance with RBI circular dated 27<sup>th</sup> March 2015 regarding 'Revised Regulatory Framework for NBFCs', IIFCL made provision on restructured loan assets as per accounting policy stated at note no. 24(A)(3.4)(v) during year ended 31<sup>st</sup> March 2015.

- (e) Pursuant to Accounting policy no. 24(A) (3.4(vi)), reasons for adopting accelerated provisioning in 8 cases is as under:

**i. Raipur Expressways Limited**

The toll based road project involves four laning of Raipur to Aurang section of NH-6 (km 239.000 to km 282.000) in the state of Chattisgarh on BOT basis. The Concessioneing Authority is NHAI. The concession period is 25 years from appointed date i.e. from 11<sup>th</sup> April 2006. As the COD was not achieved as on 31<sup>st</sup> March 2015 and considerable concession period has been lapsed, the possibility of 100% recovery is less. Hence provisioning of 30% has been made as against the required provisioning of 20% as per RBI norms.

**ii. Gwalior Jhansi Expressways Ltd**

The annuity based road project involves four laning and strengthening of 80.127 km stretch from Gwalior to Jhansi on NH-75 as Build, Operate and Transfer basis. The Concessioneing Authority is NHAI. The project is at standstill since 2012. Further, all the efforts towards substitution by lenders in the past have failed. As the lenders have no recourse in this project as the substitution rights are also exhausted, a provision of 100% has been made and legal action has been initiated.

**iii. KMP Expressway Ltd.**

The toll based road project involves development of 4/6 lane Kundli-Manesar-Palwal Expressway, in the State of Haryana on Build, Operate and Transfer Basis. The Concessioneing authority is Haryana State Industrial Development Corporation Limited (HSIIDC). The work remains suspended since Quarter-2 of FY2013. A provision of 30% has been made in the account as against required provisioning of 20% as per RBI norms on account of withdrawal by HSIIDC for payment of works consideration amount and HSIIDC going for fresh bidding without considering the lender's due. The lenders have filed an Intervention Application in Honorable Supreme Court, against action of HSIIDC.

**iv. Abhijeet Hazaribagh Toll Road Limited**

The toll based road project involves 4 laning for Barhi – Hazaribagh Section from Km 0.000 to Km 40.500 of NH-33 in state of Jharkhand on Design, Build, Finance, Operate and Transfer (DBFOT) Toll Basis under NHDP Phase-III. Lenders have agreed for a proposal for harmonious substitution and One Time Settlement (OTS) of existing concessionaire with the new concessionaire for payment of 60% of the Principal Outstanding. Therefore, the balance amount which would be required to be written off has been provisioned.

**v. JAS Infrastructure & Power Ltd**

The project involves development of 1320 MW (2x660 MW) coal based thermal power project in Banka District, Bihar. IIFCL has disbursed only ₹ 1,413 lac of its sanctioned loan amount of ₹ 52,500 lac in this project. There is no progress in the project since 2013 and the promoter group is under financial crunch. Also the possibility of resolution in the account in near future is less. In view of this provision of 50% has been created in the said account as against required provisioning of 10% as per RBI norms.

**vi. Abhijeet Toll Road (Karnataka) Ltd.**

The toll based road project involves Improvement to two-laned Chikkanayakanahalli-Tiptur-Hasan Road consisting of total length of 76.221 km in the State of Karnataka on Build Operate and Transfer Basis. The Concessioneing Authority is Karnataka Road Development Corporation Limited. The project has been terminated by the Concessionaire and the developer has gone ahead with arbitration. However, the Concessioneing Authority is yet to appoint arbitrator. Also the group is under financial crunch and the chances of recovery in near future is limited. In view of this, a provision of 50% has been made as against required provisioning of 10% as per RBI norms.

**vii. Maadurga Thermal Power Co. Ltd**

The project involves development of 2x30 MW Thermal Power Plant at village Bainchua at a distance of around 22 km from Cuttack, Orissa. Although the main plant is partly completed, there is problem in evacuation facility and coal linkage. There is no material progress in the project for almost 2 years. Joint recovery action is under discussion with lenders. Hence provisioning of 50% has been made as against required provisioning of 10% as per RBI norms.

**viii. Transstroy Karnataka Kerala Kannur Tollways Pvt. Ltd.**

The toll based road project involves four laning of Karnataka/Kerala Border-Kannur section from Km 17.200 to Km 143.823 of NH-14 in the State of Kerala under NHDP Phase-III on Design Build Finance Operate and Transfer pattern. The project has been mutually terminated due to non-availability of Right of Way. As the concession has been terminated, there is uncertainty of recovery of dues in near future and hence provisioning of 100% has been made as against required provisioning of 10% as per RBI norms. As the account is sub-standard and unsecured, IIFCL has made provision of 100%.

**17. Provisions of Accounting Standard (AS-19)**

- 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	For the Year Ended 31.3.2015	For the Year Ended 31.3.2014
Total of future minimum lease payments (Gross Investment)	665.03	1,551.74
Present value of lease payments	644.08	1,432.92
10 Year G-Sec Yield	7.74%	8.83%
<b>Maturity profile of total of future minimum lease payments</b>		
Not later than one year	665.03	886.71
Later than one year but not later than five year	-	665.03
Later than five year	-	-
<b>Total</b>	<b>665.03</b>	<b>1,551.74</b>

# Annual Report

## 2014 - 2015

18. Prior Period Income & Expenses which have been included under the regular heads in Statement of Profit and Loss are as under:

(₹ in lac)

	For the Year Ended 31.3.2015	For the Year Ended 31.3.2014
<b>Income</b>		
Income on Loans & Advances	(2,564.94)	(1,983.94)
Penal Interest	(9.61)	(21.47)
Other Charges	-	(6.78)
Excess provision written back	-	-
<b>Total</b>	<b>(2,574.55)</b>	<b>(2,012.19)</b>
<b>Expenditure</b>		
Interest on Loans	-	(69.18)
Bond service/ issue expenses	18.55	(0.09)
Professional Fees	-	(1.23)
Establishment and other expenses	(6.88)	1.08
Depreciation	(0.86)	0.16
Lease Rent	1.58	-
Staff welfare expenses	2.30	-
Premium paid on HTM securities	-	14.45
<b>Total</b>	<b>14.69</b>	<b>(54.81)</b>
<b>Net impact on current year profit</b>	<b>(2,589.24)</b>	<b>(1,957.38)</b>

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 Deptt. vide order dated 7 <sup>th</sup> March 2014. The appeal is yet to be heard. No communication received from Income Tax Deptt. during F.Y. 2014-15.
2012-13 & 2013-14	Return(s) submitted on due date(s). Notice for proceedings is awaited.

20. During the year, the company has sent letters requesting submission of confirmation of balances to Statutory Auditors by borrowers as on 28<sup>th</sup> February 2015 and banks, parties etc. as on 31<sup>st</sup> March 2015. Some of the balances appearing under Infrastructure Loans, borrowings and other debit and credit balances as on 31<sup>st</sup> March 2015 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 31<sup>st</sup> March 2015, borrowers with outstanding balance aggregating ₹ 24,85,905.96 lac as on 28<sup>th</sup> February 2015 representing 92.77% of outstanding amount (including 22 borrowers aggregating ₹ 1,84,287.61 lac i.e. 6.87% that confirmed outstanding balance as at 31<sup>st</sup> March 2015). Banks and other parties with material outstanding amounts have also give confirmations of outstanding amount of debit/credit as on 31<sup>st</sup> March 2015.

21. During the current year, the company has allotted 6,000 lac number of equity share of ₹ 10 each (previous year ₹ 4,000 lac number of equity share of ₹ 10 each) aggregating to ₹ 60,000 lac to Government of India. Accordingly, issued and paid up equity share capital has increased from ₹ 3,30,000 lac to ₹ 3,90,000 lac.

22. During the year ended 31<sup>st</sup> March 2015 the bank has assigned financial assets having a net book value of ₹ 34,541.26 lacs to Asset Reconstruction Companies. The company has in terms of the DBOD.BP.BC.No. 98/21.04.132/2013-14 dated 26<sup>th</sup> February 2014 and RBI master circular DBOD.BP.BC.No.RBI/2014-15/74 on prudential norms on income recognition and assets classification dated 1<sup>st</sup> July 2014 spread over the net short fall of ₹ 15,021.81 lac over a period of eight quarters. Consequently, an amount of ₹ 1,877.73 lac has been charged off during the year ended 31<sup>st</sup> March 2015.

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

- a) Breakup of various heads of expenses included in CSR expenditure is as follows:

(₹In Lac)

S.No.	Name of the Organization	Project Details	Expenditure incurred
1	National Safai Karamcharis Finance & Development Corporation (NSKFDC)	Skill Development Training Programmes for poor and unemployed Youths of Safai Karamcharis, Scavengers & their Dependents.	5.00
2	Artificial Limbs Manufacturing Corporation of India (ALIMCO)	To provide aids and appliances to Persons with Disabilities.	7.50
3	Swachhh Vidyalaya Abhiyaan	Contribution to Swachh Bharat Kosh of the Government of India.	500.00
4	ITCOT Consultancy and Services Ltd.	Special placement linked skill training programme for youths conducted in the backward districts.	57.30
5	Central Electronics Ltd.	Social upliftment by providing basic needs of energy (lighting) and drinking water.	91.58*
6	National Scheduled Tribes Finance and Development Corporation	Skill upgradation and economic empowerment of tribal handloom artisans.	15.00
7	Himachal Consultancy Organisation Limited	Village adoption	41.89*
8	Clean Ganga Fund	Lump sum contribution to the Clean Ganga Fund with an objective of rejuvenating the river.	500.00
9	Target Olympic Podium (TOP) Scheme	Identification of athletes who are potential medal winners in Olympics and provide support to them for preparation of	1,000.00
10	Sulabh International Social Service Organisation	Olympics Construction of toilet complexes in schools	180.07*
11	India Habitat Centre	Solar Power Generating Plant on the rooftops of the building in the campus of India Habitat Centre.	25.00*
<b>GRAND TOTAL</b>			<b>2,423.34</b>

# Annual Report

## 2014 - 2015

b) Additional disclosure relating to CSR expenditure is as follows:

i) Gross amount required to be spent by the company during the year: ₹ 2,210.78 lac

ii) Amount spent during the year on:

₹ In Lac

S.No.	Particulars	In Cash	Yet to be paid in Cash#	Total
(i)	Construction/Acquisition of and Asset*	311.64	Nil	311.64
(ii)	On Purpose other than (i) Above	2,111.70	Nil	2,111.70
	<b>Total</b>	<b>2,423.34</b>	<b>Nil</b>	<b>2,423.34</b>

Footnotes to Note no. 23 (a) & 23 (b):

\* Construction/Acquisition of any Asset includes installation of solar household lightening. Further, out of expenditure of ₹ 41.89 Lac incurred, asset worth ₹ 15 Lac has been created.

# The entire amount of the CSR expenditure accrued during the FY2014-15 was remitted by IIFCL upto 31<sup>st</sup> March, 2015

### 24. Changes in Accounting Policies

The details along with the financial impact of changes made in Significant Accounting Policies No. (s) 4.4 (v), 4.5 b(iii), 4.5 (b)(iv) and 9.4 is given below:

- Accounting Policy No. 4.4(v) on provisioning of restructured loan assets has been modified in line with RBI Master Circular dated 1<sup>st</sup> July 2014 regarding Non-Banking Financial (Non Deposit Accepting) Companies Prudential Norms. Due to this change in accounting policy, profit before tax for the year ended 31<sup>st</sup> March 2015 is higher by ₹ 2,323.86 lac.
- Accounting Policy No. 4.5.b (iii) on diminution in the fair value of restructured loan accounts has been modified in alignment with RBI notification no. DNBR. 009/ CGM (CDS) -2015 Systemically Important Non- Banking Financial (Non Deposit Accepting) dated 27<sup>th</sup> March 2015. Due to this change in accounting policy, profit before tax for the year ended 31<sup>st</sup> March 2015 is lower by ₹ 4,241 lac.
- Accounting Policy No. 4.5.b (iv) on Income recognition norms for FITL accounts has been adopted in accordance with 'Revised Regulatory Framework of NBFC' Income recognition norms for conversion of unpaid interest in to Funded Interest Term Loan (FITL), Debt or Equity instruments on restructuring of advances. Due to change in this accounting policy, the profit before tax for the year ended 31<sup>st</sup> March 2015 is lower by ₹ 19,094.41 lac.
- Accounting Policy No. 4.4 on depreciation of the fixed assets has been modified in alignment with Schedule II of Companies Act, 2013 which has become applicable from 1<sup>st</sup> April 2014. Due to this change in accounting policy, profit before tax for the year ended 31<sup>st</sup> March 2015 is lower by ₹ 143.33 lac. Further, an amount of written down value of ₹ 13.56 lac as on 31<sup>st</sup> March 2014 in respect of fixed assets, where useful life of such assets was Nil as at 1<sup>st</sup> April 2014, has been transferred from the Surplus in Statement of Profit and Loss in compliance with the Note 7 to Part C of Schedule II of the Companies Act, 2013.

The impact of change in accounting policy on profit before tax has not been disclosed in the financial statements of respective subsidiaries for the year ended 31<sup>st</sup> March 2015 except in case of IIFCL projects Ltd. where charge of depreciation would have been lower by ₹ 1.02 lac on assets held as at 1<sup>st</sup> April 2014 and profit before tax during this period would have been higher by such amount.

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

### In terms of our Report of even date

**For K M Agarwal & Co**  
Chartered Accountants  
(Firm Regn. No: 000853N)

**C P Mishra**  
Partner  
Membership No.: 07300

Place: New Delhi  
Dated: 12.08.2015

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

**Sanjeev Kaushik**  
(Deputy Managing Director)  
DIN No.: 02842527

**S.B. Nayar**  
(Chairman and Managing Director)  
DIN No.: 02175871

**Manjari Mishra**  
(AGM & Company Secretary)

**Rajeev Mukhija**  
(CGM & Chief Financial Officer)

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2015**

The preparation of consolidated financial statements of India Infrastructure Company Limited for the year ended 31 March 2015 in accordance with financial reporting framework prescribed under the companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 15 September 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) read with section 129(4) of the Act of the financial statements of India Infrastructure Finance Company Limited for the year ended 31 March 2015. We conducted a supplement audit of the financial statements of India Infrastructure Finance Company Limited, IIFCL Projects Limited and IIFCL Asset Management Company Limited but did not conduct supplementary audit of the financial statements of India Infrastructure Finance Company (UK) Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the Statutory 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 matter under Section 143(6)(b) read with Section 129(4) of the Act which has come to my attention and which in my view is necessary for enabling a better understanding of the consolidated financial statements and the related audit report:

**Balance Sheet**

**Assets – Long Term Provisions (Note 6)**

**Provisions against Restructured Assets: ₹ 207.18 core**

**Short Term Provisions (Note 10)**

**Provisions against Restructured Assets: ₹ 11.83 Core**

In contravention to the Para 3.3 of Annexure IV of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directors 2007 (amended up to October 2014), the Company did not classify the following loan assets as Non-Performing Assets (NPA):

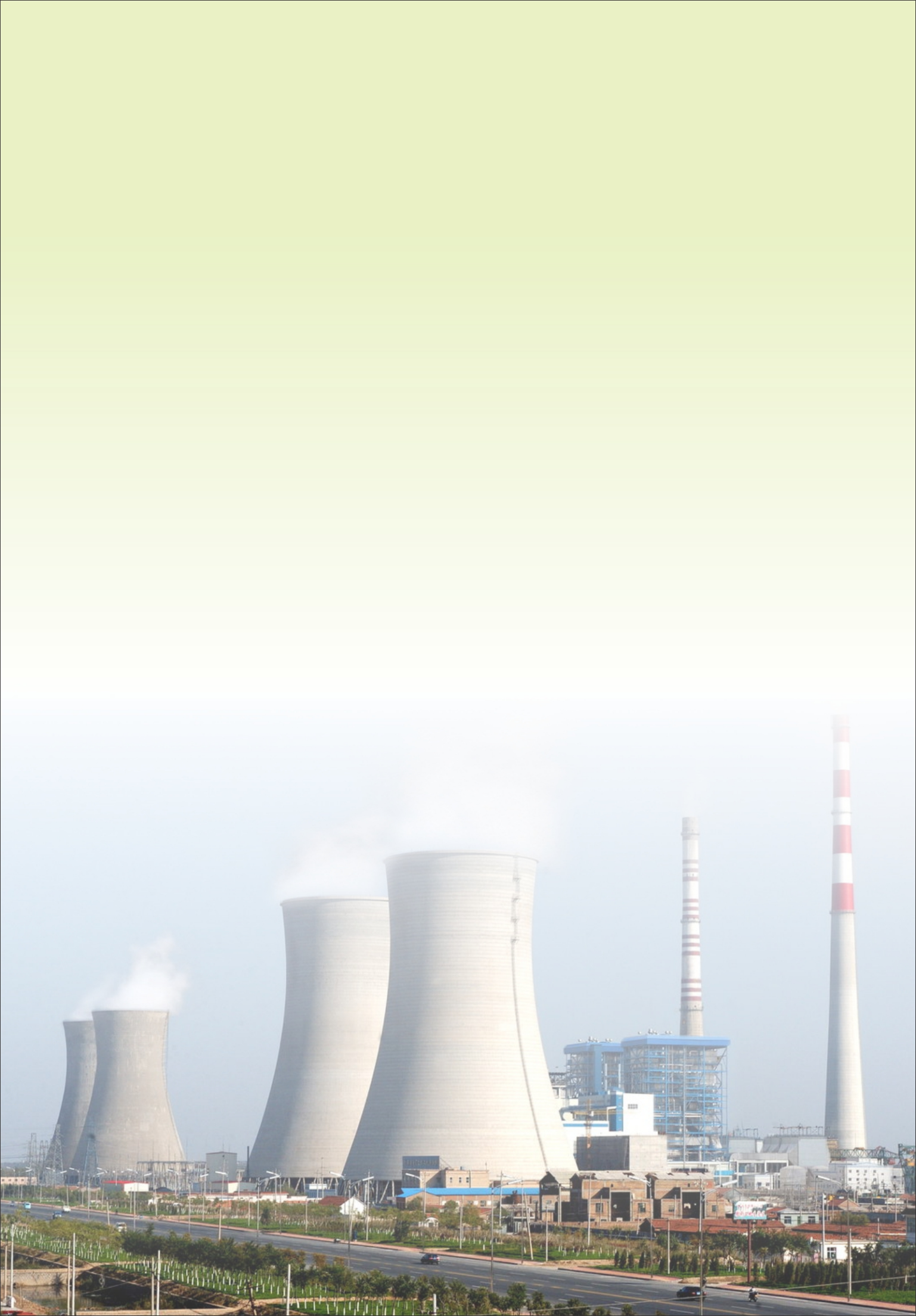
The date of commencement of commercial operation of Indira Container Terminal Private Limited, Mumbai funded by the Company was in December 2010. This has been extended upto January 2016. In terms of above RBI prudential norms, the Project should have been classified as NPA even if it was regular as per records of recovery. Besides this, the project was also an NPA as per the records of recovery and the Company has also notionally adjusted (March 2015) Rs. 2.50 crore on account of interest on this loan asset which was not permitted as per RBI Prudential norms as well as its own Accounting policy 3.1.b. Further, there was an overdue of Rs. 6.67 crore on account of the interest for the year 2014-15. The Company has treated this loan asset as Standard Asset instead of NPA which has resulted in understatement of Provisions for Restructure Assets by Rs. 5.19 crore, overstatement of Income by Rs. 9.17 crore and Profit Before Tax by Rs. 14.36 crore.

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

(Tanuja S. Mittal)  
Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board- III  
New Delhi

Place : New Delhi

Date : 29<sup>th</sup> September 2015





**India  
Infrastructure  
Finance  
Company Limited**  
(A Government of India Enterprise)

Regd. Office : 8th Floor, Hindustan Times Building, 18 & 20, Kasturba Gandhi Marg, New Delhi -110001  
Website : [www : iifcl.org](http://www.iifcl.org)

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***Our subsidiaries :***



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(A wholly owned subsidiary of IIFCL)  
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Ph : +44-20-7776 78964; 7600 6564 Fax: +44-20-7776 8958  
Website : [www : iifc.org.uk](http://www.iifc.org.uk), FCRN : 06496661



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CIN : U65991DL2012GOI233601



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Registered Office : 8th Floor, Hindustan Times Building, 18 & 20, Kasturba Gandhi Marg, New Delhi - 110001  
CIN : U45400DL2008GOI176096