

# Annual Report 2013-2014



भारत संरचना वित्त कम्पनी लिमिटेड  
(भारत सरकार का उद्यम)  
**India Infrastructure Finance Company Limited**  
(A Government of India Enterprise)

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## 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 deliver services in a professional manner and to the satisfaction of all stakeholders”*

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## From the *Chairman's Desk*

### Ladies and Gentlemen,

It gives me immense pleasure to welcome you all to the 9<sup>th</sup> Annual General Meeting of your company. Despite global challenges and volatile domestic economic environment, your company has continued to grow during Financial Year 2013-14.

During the year, your company got registered with the Reserve Bank of India (RBI) as Non-Banking Finance Company – Infrastructure Finance Company (NBFC-IFC). Further, Government permitted your company to offer financial assistance to infrastructure projects under Public Private Partnership (PPP) mode, with tenors longer than other consortium lenders and remain as sole lender, if necessary, after other lenders are paid both under Direct Lending as well as Takeout Finance Scheme. This will enable spreading the debt repayments over a longer period which will benefit PPP infrastructure projects with improved liquidity, better viability and reduced restructuring risk. In addition, Government has also allowed IIFCL to extend Credit Enhancement of up to 20% of the Total Project Cost without any Backstop Guarantor/Risk sharing partner.

Your company made incremental disbursements of ₹ 5,484 crore during the year taking the cumulative disbursements to ₹ 32,064 crore. Your company posted a net profit of ₹ 521 crore for the year ended 31<sup>st</sup> March, 2014 as against ₹ 1,047 crore in the previous financial year. The lower net profit in FY 2013-14 is mainly on account of foreign exchange fluctuation of ₹ 199 crore; increased provisions for loan assets amounting of ₹ 328 crore (including additional provisions for restructured standard accounts amounting to ₹ 117.16 crore during year ended 31<sup>st</sup> March, 2014, in line with RBI circular dated 17<sup>th</sup> June, 2013, as against ₹ 1.60 crore in previous year), and no dividend from IIFC (UK) in 2013-14 against a dividend of ₹ 166 crore in 2012-13.

### Economy -An overview

The growth in GDP during 2013-14 has been estimated at 4.7% as compared to the growth rate of 4.5% in 2012-13 as per Central Statistics Office (CSO). The economy seems to be gearing for a modest recovery during 2014-15 with economic growth around 5.8%.

The WPI headline inflation was at 5.2% at the end of April 2014 as against 4.77% in April, 2013. RBI increased the Repo Rate by 50 basis points during 2013-14 to 8% by March, 2014, mainly to curb inflationary trend by decreasing the liquidity within the economy.

On the exchange rate front the markets were very volatile and the exchange rate fluctuated significantly during the year with Rupee touching an all-time low against the USD. The infrastructure projects from sectors such as Power, Telecom, Aviation etc which are heavily dependent on Foreign Currency Loans for their import requirements were also adversely affected.

A slew of measures for infrastructure sector were announced in the Union budget 2013-14 to boost sector's growth, which included permission to raise ₹ 50,000 crore tax-free bonds by various financing institutions; setting up of major ports and regulator for road sector, etc. The Infrastructure Debt Fund (IDF) initiative has been another milestone in the infrastructure lending sector and your company's IDF Subsidiary has also successfully launched the first scheme under the mutual fund route which was fully subscribed.

### INFRASTRUCTURE SECTORS AT A GLANCE

#### ROAD SECTOR

Indian Road sector had a mixed year in terms of its annual progress. The road infrastructure services sector witnessed announcement of 83 new projects worth ₹ 11,700 crore during the year ended 2013-14, recording a steep decline from 129 projects worth ₹ 32,200 crore proposed in 2012-13.

During the year, Government took initiatives to clear the road blocks in the stalled projects. This included delinking the forest clearance from the environmental clearance in case of linear projects such as roads, transmission lines etc. This has fast tracked several road projects which were affected by delays in securing these clearances.

With the focus on speeding up expressway development, three expressways are being fast tracked viz the eastern expressway covering eastern Uttar Pradesh and Haryana, the Meerut-Delhi expressway and the Vadodra - Mumbai expressway. MoRTH is also in the process of constituting a regulatory authority.

IIFCL sanctions as a part of consortium is helping development of around 20,000 kms of roads.

## **POWER SECTOR**

The Indian power sector has witnessed an eventful year with the coal and gas segments witnessing key policy and regulatory announcements. The Planning Commission has estimated capacity addition of 88,537 MW for the 12<sup>th</sup> Five Year Plan. The target for capacity addition during 2013-14 was 18,432 MW against which a Capacity of 19,685.35 MW was installed till 31<sup>st</sup> March, 2014.

The Government re-introduced the 'generation-based incentive'(GBI) scheme for wind power projects in August 2013 under which incentive will be provided to wind electricity producers @ ₹ 0.50 per unit of electricity fed into the grid for a period not less than 4 years and a maximum of 10 years with a cap of ₹ 100 Lac per MW. The GBI scheme will be applicable for entire 12<sup>th</sup> plan period having a target of 15,000 MW. This will positively impact the growth of the power sector.

During the last quarter of 2013-14, a major decision was taken by Inter-Ministerial Group (IMG) which recommended de-allocation of 31 coal blocks and allotted time till November, 2014 to 10 other coal blocks to attain clearances. During 2014-15 the uncertainty over the allocation of coal blocks and fuel supply agreements of thermal power projects with Coal India Limited is expected to get cleared thus enabling the lenders to extend credit to this sector.

In another major achievement during the year, connectivity of southern grid with the national grid was achieved. This shall augment the inter-regional power transfer capacity of Southern region and help in optimum integration of demand and supply of electricity.

IIFCL's sanctions as a part of consortium is helping development of around 40,000 MW of power generation capacity.

## **PORTS SECTOR**

The Ministry of Shipping (MOS) has announced policy guidelines for land management at major ports which are aimed at helping the ports to leverage their land resources for commercial advantages. The Ministry of Shipping targeted the award of 30 projects in 2013-14, involving a capacity of over 250 million tonnes. Of these, 23 projects have already been awarded involving a capacity addition of 116 million tonnes.

Cargo through put registered a marginal growth during the third quarter of FY 2014, with a 1% increase in volumes over that in the corresponding period of previous year. Considering the reported volumes for the first six months of FY 2014 (6M FY14), cargo throughput at major ports showed marginal improvement of 2.4% over the corresponding period of previous year (413 MT against 405 MT). Non-major port's growth increased to 12.8% in the first half of 2013-14 compared to 10.3% in the corresponding period of 2012-13. Cargo traffic volume handled at India's 12 major ports during first half of 2013-14 was 276.86 million tonnes showing an increase of 2.4% over the volume handled over same period last year. Non major ports handled more than 40% of total maritime freight traffic of the country during the first half of the current fiscal year.

Various steps have been taken by Ministry of Shipping (MOS) to develop the Indian port sector. This includes Policy Guidelines for Land management by Major ports 2014 which allow for the allotment of land through licensing in custom bond areas by inviting competitive bidding and leasing of land outside customs bond areas. MOS has further approved a scheme to incentivise the use of coastal shipping for the transport of various commodities including steel, fertilisers and cement. Under the scheme, manufacturers and shippers opting for coastal shipping will be offered cash incentives and discounts on port handling charges.

The Sector continues to face certain key challenges such as delays in obtaining mandatory clearances, hinterland connectivity, tariff at minor ports etc.

## AIRPORT SECTOR

The passenger traffic has crossed 169 million mark and has achieved 169.03 million (46.62 million International and 122.41 million Domestic) during 2013-14. During the year the total freight traffic has increased to 2,279.12 thousand tonnes from 2,190.55 thousand tonnes, registering an increase of 4.0 percent. The total aircraft movements have witnessed an increase of 3.9 per cent i.e. from 1,478.81 thousand movements to 1,536.59 thousand movements during the year as compared to previous year. Mumbai Airport, has handled highest freight traffic of 0.65 million MT closely followed by Delhi Airport 0.61 million MT during 2013-14.

In a development in aviation sector, Maintenance, Repair and Overhaul (MRO) industry will now be considered as part of the sub-sector of airport in the transport sector infrastructure for the purpose of External Commercial Borrowings (ECBs). The MRO industry which is a nascent vertical with an annual turnover of about USD 800 million in the aviation sector is expected to get a boost. A total of 15 Greenfield airports were approved in 2013-14.

Several measures have been taken to revive the aviation industry and ensure long term viability of the sector. These measures include the issue of rationalization of VAT on ATF which has been taken up with the state governments, Director General of Foreign Trade has allowed direct import of ATF by airlines on actual user basis and foreign airlines have been allowed to invest in the equity of domestic carriers up to 49 percent. Also an ECB up to USD 1 billion has been permitted for the airlines to meet their working capital requirements.

To enhance airport infrastructure in India, modernization of existing airport infrastructure in metro & non metro cities and construction of Greenfield airports were contemplated to bridge the gap between the available airport capacity and the projected demand. IIFCL has provided its financial assistance to Delhi, Mumbai and Hyderabad airports.

## URBAN INFRASTRUCTURE

During the year, urban infrastructure sector witnessed considerable policy developments largely focused on water supply, sanitation and urban transportation. As per the High Power Expert Committee (HPEC) constituted by the Government, the projected investment for urban infrastructure over the 20-year period from 2012 to 2031 is estimated at ₹ 39.2 lac crore, at 2009-10 prices, which includes ₹ 34.1 lac crore for (a) asset creation, out of which the investment for the eight major sectors is ₹ 31 lakh crore; (b) ₹ 4.1 lac crore for renewal and redevelopment including slums; and (c) ₹ 1 lakh for capacity building.

On-going projects in the water supply and sanitation as well as urban transport segments made significant progress. The draft National Water Framework Bill 2013 was released for the purpose of institutional strengthening. The Bill calls for the establishment of a national framework law with protection, conservation and regulation of water as the governing principles.

An important development on the project front was the Central Government's approval for sanctioning new projects under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) till March 2014. Under Urban Infrastructure and Governance (UIG) Sub-Mission of JNNURM, out of 539 sanctioned projects during the Mission period, 226 projects have been reported by the State as physically completed as on 31.01.2014 and remaining are at various stages of implementation.

Under Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) of JNNURM, out of 806 sanctioned projects during the Mission period, 448 projects have been reported as physically completed as on 31.03.2014 and remaining are at various stages of implementation. The union cabinet has approved phase II of the Bangalore rail metro project with an investment of ₹ 264 billion. The State Governments of Delhi, Tamil Nadu and Kerala have also prepared DPRs for Monorail Project. IIFCL has also contributed to urban development by investment in water distribution projects and the metro connectivity projects namely Hyderabad Metro.

The Sector approach for the next few years remains positive with an increased investment in various sub segments. One of the major constraints in this sector is limited existence of model documents and financial health of local government bodies. Hence capacity development initiatives in this sector specially relating to urban local bodies needs to be undertaken.

## **IIFCL's Performance**

Against this backdrop, I would now like to focus on the performance of the Company during the year. The highlights of performance during 2013-14 are as under:

- During the year, gross sanctions under direct lending amounted to ₹ 2,261 crore for 19 projects, the cumulative gross sanctions of the company increased to ₹ 54,148 crore to 318 infrastructure projects in direct lending.
- During the year, disbursements amounted to ₹ 5,484 crore and the Cumulative disbursements at the end of March, 2014 stood at ₹ 32,064 crore, including refinance of ₹ 6,256 crore, takeout finance of ₹ 3,819 crore.
- During the year 2013-14, IIFCL sanctioned ₹ 3,292 crore under the Takeout finance Scheme, taking cumulative net sanctions to ₹ 6384 Crore in 32 projects. Further, during the year the company disbursed ₹ 1,058 crore taking cumulative disbursements under the Scheme to ₹ 3,819 crore in 20 projects.
- As on 31<sup>st</sup> March, 2014, out of 267 net sanctioned projects under direct lending, 247 projects i.e. 92.51% have achieved financial closure.
- Your company's revenues during the year under review increased by 19% and posted a net profit of ₹ 521 crore for the year ended 31<sup>st</sup> March, 2014 compared to Profit After Tax of ₹ 1,047 crore during the year ended 31<sup>st</sup> March, 2013.
- Net-worth of your company increased to ₹ 5,782 crore as at 31<sup>st</sup> March, 2014 against ₹ 4,858 crore as at 31<sup>st</sup> March, 2013.

## **CSR initiatives**

Being a socially responsible organisation IIFCL has implemented its CSR policy in all earnest. As part of its CSR activities IIFCL has undertaken the project of construction of toilet complexes in schools including schools for girls and physically challenged children of a few backward districts. IIFCL is also contributing towards conducting skill development training programmes for employees of National Safai Karamcharis Finance & Development Corporation Ltd. (NSKFDC).

## **Subsidiaries highlights**

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

IIFC (UK) was incorporated in February 2008 with a mandate to provide foreign currency lending to Indian Infrastructure Projects. Till 31<sup>st</sup> March, 2014, IIFC (UK) has made cumulative disbursements of USD 1,082.66 million. (USD 1,236.93 million including outstanding letter of comfort of USD 154.26 million).

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

IAMCL acts as Asset Management Company of Infrastructure Debt Fund(s) (IDF). It has been set as subsidiary of IIFCL through Mutual Fund route. IIFCL Mutual Fund aims to provide platform for long term investment to domestic and overseas investors in India's infrastructure sector. During 2013-14, IIFCL Mutual Fund launched its maiden IDF scheme and successfully raised ₹ 300 crore and as on 31<sup>st</sup> March, 2014, IAMCL approved subscription of debt securities worth ₹ 225 crore for four operating infrastructure projects.

### **IIFCL Projects Limited (IPL)**

IIFCL Projects Limited was set up in February 2012 as a subsidiary of IIFCL with the objective to provide advisory services to Central/State Government, local bodies and other stakeholders for promotion and development of infrastructure in India. IPL is currently handling a portfolio of 27 projects (including 22 projects on behalf of IIFC (UK) Ltd.) across power, tourism, Agri – Infra, SEZ, Port, Fertilizers and Urban Infra Sectors with aggregate project cost of ₹ 1.37 lakh crores. IPL is undertaking collaborations with some of the leading players in advisory services to get a foothold in the business. During FY 2013-14, IPL has won a bid (as part of 3 member consortium) to set up a Project Development Agency (PDA) for identification of Project Appraisal and sanction for financing and monitoring at OUIDF Trust, Bhubaneswar.

### **Irrigation and water resources Finance Corporation limited (IWRFC)**

Irrigation and Water Resources Finance Corporation Limited was set up in March 2008 as a project development and funding company focussing on water, waste management, micro irrigation and investment in water companies. During 2013-14 Government of India conveyed in-principle approval for merger of IWRFC in IIFCL. However, in the first instance, IWRFC will become a wholly owned subsidiary of IIFCL. The Government has conveyed approval for making

IWRFC a subsidiary of IIFCL. While the process of making IWRFC as subsidiary of IIFCL and thereafter its merger into IIFCL was underway, the Board of Directors of company in meeting held on 11<sup>th</sup> August 2014 decided to request the Govt. of India to consider the proposal to merge IWRFC into IIFCL by passing step of making it as subsidiary of IIFCL.

## Way forward

IIFCL as a specialized financial institution in infrastructure lending will continue to provide innovative financing solutions to the Indian infrastructure sector through its products like Takeout Finance, Credit Enhancement and subordinate debt. IIFCL is also helping other financial institutions to come up with credit enhancement scheme. This would enable large number of projects and large size projects to issue credit enhanced bonds thus facilitating channelization of long term funds from Insurance companies and pension fund into infrastructure.

IIFCL has demonstrated capabilities for raising long-term resources at reasonable costs especially from Multilateral and Bilateral Financial Institutions and has committed lines of credit from institutions like Asian Development Bank (ADB), World Bank, KfW, EIB etc. To further, augment its resources for providing long term financial support at reasonable costs to infrastructure projects, IIFCL has initiated discussions with other multilateral and bilateral institutions.

IIFCL is positioned strategically between the Government and the infrastructure sector and has the potential to play a significant role in providing long-term funds matching the economic life of infrastructure projects, thus reducing the probability of default and restructuring. To create structures to increase funding in infrastructure sector and for better management of distressed assets, IIFCL has started initial discussions with International Finance Corporation (IFC) Washington. IIFCL is also working with ADB to explore the possibility of providing a Project Completion Risk Guarantee facility to infrastructure projects primarily to cover the risk of delays which are not under control of the concessionaire.

IIFC(UK), the wholly owned subsidiary of IIFCL has so far has been using funds from Reserve Bank of India (RBI) to provide foreign currency loans to infrastructure products in India. Now to augment its resource base it has initiated the process of raising resources through placement of overseas bonds. The process of seeking approval from competent authority to provide finance for acquisition of offshore energy assets by Indian Companies for supply of energy to India has also been initiated. This would help in augmenting the energy security for our country.

The focus of your Company is to become a strategic player in the Indian infrastructure lending sector by continuing the to focus on financing long term infrastructure sector projects and venturing into new avenues of innovative infrastructure financing. Your Company strives to develop products and services and innovate continuously to cater to the changing needs of clients across the infrastructure sector, which would enable it to further consolidate its position.

Additionally, your Company shall continue to adopt best practices and sound governance principles and would fulfil its corporate social responsibilities.

## Acknowledgement

I would like to express my sincere gratitude for the guidance and support provided by the Hon'ble Prime Minister, Hon'ble Finance Minister, Deputy Chairman, Planning Commission, Minister of State for Finance, Member Secretary, Planning Commission, Finance Secretary and Secretary, Department of Financial Services, Ministry of Finance.

I am also grateful to the officials of the Department of Financial Services, Department of Economic Affairs in the Ministry of Finance, and Planning Commission for providing their valuable support, guidance and cooperation. I would also like to acknowledge the guidance and the support provided by the Comptroller and Auditor General of India, Reserve Bank of India and the statutory auditors.

I would extend my vote of thanks to the members of the Board for their unwavering support and contribution to the company's growth. Last but not the least; I would hereby express my appreciation for the officers and staff of IIFCL for their dedication and enthusiasm which has helped the company to achieve greater heights.

(S B Nayar)

Chairman & Managing Director

Place: New Delhi

Date: 23<sup>rd</sup> August 2014



## Board of Directors



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



**Shri G.S. Sandhu**  
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 Praveen Mahto**  
Advisor (Infrastructure)  
Planning Commission  
Govt. of India



**Shri K.R. Kamath**  
CMD, Punjab National Bank



**Shri H.S. Kumar**  
Ex. Addl. Controller  
General of Defence Accounts  
Defence Accounts Department



**Prof. V. Venkata Ramana**  
School of Management  
Studies, University of Hyderabad



**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**



**Shri S. Krishnan**



**Shri Bajrang Lal Gupta**



**Dr. Emandi Sankara Rao**



**Shri Rajeev Mukhija**



**Shri P.R. Jaishankar**



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## REGISTERED OFFICE

HT House, 8<sup>th</sup> Floor, 18 & 20 Kasturba Gandhi Marg, New Delhi-110 001  
Phone : +91-11-23730270, 23271236

## BANKERS:

Dena Bank • Punjab National Bank • State Bank of India  
State Bank of Travancore • Oriental Bank of Commerce • IDBI Bank • IndusInd Bank

## TRUSTEES

IL&FS Trust 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, 17, R Kamani Marg, Ballard Estate, Mumbai - 400001  
Phone : +91-22-40807000

## STATUTORY AUDITORS

M/s K.M. Agarwal & Co. Chartered Accountants  
36, Netaji Subhash Marg, Darya Ganj, New Delhi - 110002  
Phone: +91-11-23277049, 23273738

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING OF THE MEMBERS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED WILL BE HELD ON WEDNESDAY 17<sup>TH</sup> SEPTEMBER, 2014 AT 11.00 AM AT IIFCL BOARD ROOM, 8<sup>TH</sup> FLOOR, HT HOUSE, 18 & 20, K. G. MARG, NEW DELHI.

### **ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the ninth Audited Balance Sheet as on 31<sup>st</sup> March, 2014 and the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2014 and the director's report thereon.
- 2) Pursuant to Section 619(2) of Companies Act, 1956, 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 224(8) (aa) of the Companies Act, 1956, their remuneration has to be fixed by the Company in Annual General Meeting. The Members of the Company in the 8<sup>th</sup> Annual General Meeting held on Thursday, 20<sup>th</sup> June, 2013 had authorized the Board of Directors to fix the remuneration of Statutory Auditors for the financial year 2013-14. 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 2013-14 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 2013-14 for the Statutory Auditors aggregated as the Statutory audit fee of ₹ 7.5 lakh plus service tax

The Statutory Auditors of the Company for the year 2014-15 have been appointed by C&AG of India. 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:**

- 3) **To consider and, if thought fit, to pass with or without modification, the following resolution as ORDINARY RESOLUTION:**

**"RESOLVED THAT** in supersession of resolution passed by the shareholders in its 4<sup>th</sup> Annual General Meeting held on 5<sup>th</sup> August, 2009, the consent of the Company, be and is, hereby accorded to the Board of Directors of the Company in terms of Section 180(1)(c) of the Companies Act, 2013 or other applicable provisions, if any, of the Companies Act, 2013 for borrowing any sum or sums of money from time to time from any one or more of the Company's bankers and/or from any one or more other persons, firms, bodies corporate or financial institutions whether by way of cash credit, advances or deposits, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's investment, assets and/or other properties whether movable or immovable and all or any of the undertakings, of the Company notwithstanding that the money to be borrowed by the Company, apart from working capital borrowings obtained from the Company's bankers in the ordinary course of business will or may exceed the aggregate of the paid up share capital of the Company and its free reserve provided that the total amount up to which the moneys may be borrowed by the Board of Directors outstanding at any time shall not exceed the sum of ₹ 6,00,000,000,000/- (Rupees Sixty Thousand Crore).

**RESOLVED FURTHER THAT** the Board of Directors, be and are hereby, authorized to do such other acts and deeds as may be necessary for giving effect to this resolution."

By Order of the Board of Directors  
**FOR INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED**  
**RAJEEV MUKHIJA**  
**CHIEF GENERAL MANAGER-CFO & CS**

Place: New Delhi

Date: 23<sup>rd</sup> August, 2014

### **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.3**

The present limits of borrowings (apart from temporary loans from Company's Bankers in the ordinary course of business) is ₹ 50,000 crore. In order to meet the future increased requirements of funds, which may arise on account of expansion plans/programmes of the Company, the Company may require raising further loans/borrowings from financial institutions, banks and others. Accordingly, it is proposed to increase the borrowing powers of the Board of Directors from the present limits of ₹ 50,000 crore to ₹ 60,000 crore. To secure the borrowing, which the Company may borrow from time to time, the Company may require to create mortgage/charges/hypothecation on all or any of the immovable and movable properties of the Company. Accordingly, it is proposed to obtain consent of the Company in terms of the provisions of Section 180(c) of the Companies Act, 2013.

None of the Directors is, in any way, concerned or interested in the said resolution.

Your Director recommend the resolution at item no. 3 for your approval.

**NOTES:-**

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.**
- 2) The Explanatory Statement and reasons for the proposed Special Business 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.



## DIRECTORS' REPORT

To

The Shareholders

The Directors of India Infrastructure Finance Company Ltd (IIFCL) have great pleasure in presenting the Ninth Annual Report with audited statements of accounts for the financial year ended 31<sup>st</sup> March, 2014 along with report of the auditors and the Comptroller and Auditor General of India thereon.

### Financial Results Summary

The summary of financial results of the company for the year ended 31<sup>st</sup> March, 2014 are as under:

(₹ crore)

SUMMARIZED PROFIT & LOSS ACCOUNT		
PARTICULARS	Figures for the year ended 31 <sup>st</sup> March, 2014	Figures for the year ended 31 <sup>st</sup> March 2013
Total Revenue	3,917	3,287
Total Expenses	2,982	1,939
Operating Profit	935	1,348
Exceptional Items	-	166*
<b>PROFIT BEFORE TAX</b>	<b>935</b>	<b>1,514</b>
Tax Expense	413	467
<b>PROFIT FOR THE YEAR</b>	<b>521</b>	<b>1,047</b>
<b>Earnings per equity share (face value of ₹ 10/- each)</b>	<b>1.72</b>	<b>3.79</b>

\*Dividend received from subsidiary company i.e. IIFC (UK) Ltd

Your company's revenues during the year under review increased by 19% and posted a net profit of ₹ 521 crore for the year ended 31<sup>st</sup> March, 2014 compared to Profit After Tax of ₹ 1,047 crore during the year ended 31<sup>st</sup> March, 2013. The net profit of IIFCL for year ended 31<sup>st</sup> March, 2014 is lower than corresponding previous year ended 31<sup>st</sup> March, 2013 due to volatility in foreign exchange fluctuation amounting to ₹ 199 crore during year ended 31<sup>st</sup> March, 2014 (₹ 45 crore during year ended 31<sup>st</sup> March, 2013) and provision for loan assets of ₹ 328 crore during year ended 31<sup>st</sup> March, 2014 (₹ 39.21 crore during year ended 31<sup>st</sup> March, 2013). The General Provision on standard and sub standard loan accounts for the year ended 31<sup>st</sup> March, 2014 was ₹ 2.17 crore and ₹ 191.51 crore respectively. Besides, RBI vide Circular dated 17<sup>th</sup> June, 2013 has advised that additional provision is required for the stock of restructured standard accounts as on 31<sup>st</sup> March, 2013 @ 3.50% in a phased manner during 2013-14 and @ 5% in respect of new restructured standard accounts (flow) with effect from June 1, 2013. Consequently, provision for standard restructured assets during year ended 31<sup>st</sup> March, 2014 is ₹ 117.16 crore (₹ 1.60 crore during year ended 31<sup>st</sup> March, 2013). Further, provision for doubtful assets during year ended 31<sup>st</sup> March, 2014 is ₹ 21.30 crore (Nil during year ended 31<sup>st</sup> March, 2013).

After statutory & other appropriations aggregating ₹ 198 crore, your company carried surplus profits of ₹ 324 crore to Balance-sheet during the year ended 31<sup>st</sup> March, 2014. The Earning per share of face value of ₹ 10 of your company for the year ended 31<sup>st</sup> March, 2014 has been ₹ 1.72.

Other important highlights of growth in operations of your company during the year ended 31<sup>st</sup> March, 2014 are under:

- Total Assets increased by 10% to ₹ 38,756 crore.
- Net-worth of your company increased to ₹ 5,782 crore as at 31<sup>st</sup> March, 2014 against ₹ 4,858 crore as at 31<sup>st</sup> March, 2013.
- In line with the norms as applicable to Non-Banking Financial Companies, your company has made provision of ₹ 328 crore on loan assets during the year.

- The following Reserves were created:
  - ▶ Debenture Redemption Reserve – ₹ 80.68 crore
  - ▶ Securities Premium Reserve - ₹ 2.26 crore
  - ▶ Special Reserve U/S 36 (1)(viii) of IT act 1961 – ₹ 166.47 crore
  - ▶ Corporate Social Responsibility Reserve – ₹ 10.47 crore
- The following Utilizations were made out of Reserves created:
  - ▶ ₹ 0.0978 crore from Staff welfare reserves of ₹ 0.6249 crore (closing balance of ₹ 0.5271 crore)
  - ▶ ₹ 2.07 crore from Corporate Social Responsibility Reserve of ₹ 16.58 crore (closing balance of ₹ 24.97 crore)
  - ▶ Reserve for Loan assets amounting to ₹ 57.93 crore created @ 0.40% of outstanding amount of loan assets & retained since 31<sup>st</sup> March, 2011 has been written back 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 2012-13.

## Lending Operations

### Direct Lending

During 2013-14, with further Gross Sanctions of ₹ 2,261 crore to 19 projects, the cumulative gross sanctions increased to ₹ 54,148 crore to 318 infrastructure projects. The sector-wise distribution of cumulative gross sanctions is as under:

#### Cumulative Gross Sanctions under Direct Lending (As on 31<sup>st</sup> March, 2014)

(₹ crore)

Sector	No of Projects	Project Cost	Gross Sanction
Road	197	2,02,644	27,146
Power	67	2,20,944	20,960
Airport	2	14,716	2,150
Port	8	5,702	925
Urban Infra	6	29,898	2,454
Railway	1	1,396	279
PMDO*	37	7,729	234
<b>Total</b>	<b>318</b>	<b>4,83,028</b>	<b>54,148</b>

\* Pooled Municipal Debt Obligation

Further, as on 31<sup>st</sup> March, 2014, sector-wise distribution of net sanctions amounting to ₹ 35,209 crore to 267 projects is as under:

#### Cumulative Net Sanctions<sup>#</sup> under Direct Lending (As on 31<sup>st</sup> March, 2014)

(₹ crore)

Sector	No. of Projects	Project Cost	Net Sanction
Road	172	1,79,205	18,944
Power	50	1,57,534	14,613
Airport	2	14,716	848
Port	7	4,490	516
Urban Infra	2	648	64
Railways	0	0	0
PMDO	34	7,435	224
<b>Total</b>	<b>267</b>	<b>3,64,028</b>	<b>35,209</b>

<sup>#</sup> Net Sanction amount is allocated amount in case of projects which have achieved financial closure; and gross sanction amount where financial closure is yet to be achieved

### Disbursements

With further disbursements of ₹ 5,484 crore during 2013-14, the Cumulative disbursements at the end of March, 2014 stood at ₹ 32,064 crore, including Refinance of ₹ 6,256 crore and Takeout Finance of ₹ 3,819 crore.

### Sector-wise Cumulative Disbursements (As on 31<sup>st</sup> March, 2014)

(₹ crore)

Sector	No. of Projects	Project Cost	Amount disbursed
Road	146	1,43,052	11,310
Power	40	1,33,042	9,268
Airport	2	14,716	846
Port	6	4,240	391
Urban Infrastructure	2	648	39
PMDO	28	4,744	135
<b>Sub Total</b>	<b>224</b>	<b>3,00,442</b>	<b>21,989</b>
Refinance			6,256
Takeout Finance			3,819
<b>Grand Total</b>			<b>32,064</b>

#### Pooled Municipal Debt Obligation (PMDO) Facility

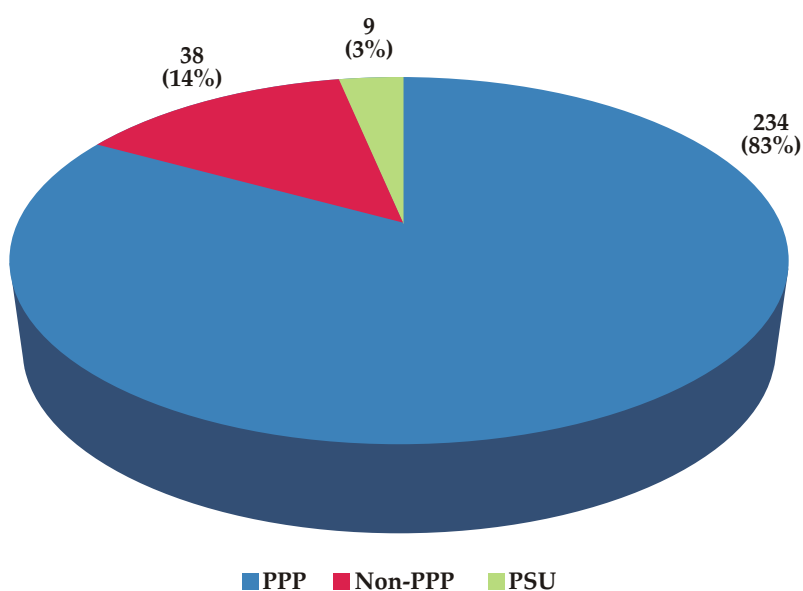
Pooled Municipal Debt Obligation (PMDO) Facility was set up in 2008 by 4 sponsors IL&FS, IIFCL, IDBI Bank and Canara Bank along with other lenders, to finance urban infrastructure projects on PPP basis. The projects include development of common infrastructure for SMEs, solid waste management, power 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, 2014, your company has (net) sanctioned loans of ₹ 224 crore and has disbursed ₹ 135 crore under PMDO.

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

In line with the mandate, your company provides overriding priority to Public Private Partnership (PPP) infrastructure projects. Your company's firm commitment of achieving its objective of providing financial support to infrastructure projects with overriding priority to Public Private Partnership (PPP) projects reflects in the number of PPP projects supported by it. Till 31<sup>st</sup> March, 2014, under Direct Lending, financial assistance has been sanctioned for setting-up 234 PPP projects constituting 83% of 281 projects sanctioned (excluding those under PMDO) by the company.

#### Mode-wise Cumulative No. of Projects Gross Sanctioned under Direct Lending (excluding PMDO) as on 31<sup>st</sup> March, 2014





**Sector-wise no. of Projects Gross Sanctioned under Direct Lending (excluding PMDO) as on 31<sup>st</sup> March, 2014**

Sector	PPP	Non-PPP	PSU
Road	196	Nil	1
Power	25	37	5
Airport	2	Nil	Nil
Port	7	1	Nil
Urban Infra & Water Supply	3	Nil	3
Railway	1	Nil	Nil

**Geographically Diversified Presence**

Your company continues to support development of infrastructure projects spread across various states & Union Territories (UT) and enhanced its footprint across the country. Till 31<sup>st</sup> March, 2014, under direct lending, your company has sanctioned ₹ 35,209 crore in 267 projects in 23 states & Union Territories and has disbursed ₹ 21,989 crore in 224 projects.

**Cumulative State-wise Net Sanctions & Disbursements under Direct Lending  
(As on 31<sup>st</sup> March, 2014)**

(₹ crore)

State /UT	Net Sanction	Disbursement
Andhra Pradesh and Telangana	2,299	1,483
Arunachal Pradesh	1,340	0
Bihar	1,553	678
Chhattisgarh	639	297
Delhi	574	574
Gujarat	5,491	3,848
Haryana	708	412
Himachal Pradesh	275	100
Jammu & Kashmir	375	111
Jharkhand	745	617
Karnataka	1,125	852
Kerala	310	138
Madhya Pradesh	3,481	2,034
Maharashtra	3,685	2,796
Orissa	678	369
Puducherry	93	93
Punjab	577	538
Rajasthan	1,048	689
Sikkim	927	867
Tamil Nadu	1,487	1,029
Uttar Pradesh	5,596	2,814
Uttarakhand	384	349
West Bengal	1,819	1,301
<b>TOTAL</b>	<b>35,209</b>	<b>21,989</b>

### Achievement of Financial Closure under Sanctioned Projects

As on 31<sup>st</sup> March, 2014, out of 267 net sanction projects under direct lending, 247 projects i.e. 92.51% have achieved financial closure. Sector-wise details of financial closure achieved are as under:

#### Financial Closure Achieved (As on 31<sup>st</sup> March, 2014)

(₹ crore)

Sector	No. of Projects	Project Cost	Net Sanctions
Road	162	1,68,264	17,570
Power	46	1,53,362	14,205
Airport	2	14,716	848
Port	7	4,490	516
Urban Infrastructure	2	648	64
PMDO	28	4,776	184
<b>Total</b>	<b>247</b>	<b>3,46,256</b>	<b>33,387</b>

### Achievement of CoD

At the end of March, 2014, amongst the projects in which your company has provided financial assistance under Direct Lending mode (excluding PMDO), Commercial Operation Date (CoD) has been achieved in 69 projects which include 53 road projects, 15 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 & eligible financial institutions 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.

During the year 2013-14, your company provided refinance of ₹ 1,838 crore to IDFC and REC taking the cumulative disbursements under Refinance to ₹ 6,256 crore.



CMD, IIFCL and other senior officials from IIFCL taking the dias at the roundtable on Supporting Indian Infrastructure through Long Term Financial Assistance held at India Habitat Centre on 10<sup>th</sup> March, 2014.

## Takeout Finance

To facilitate incremental lending to the infrastructure sector by addressing banks' exposure and asset-liability mismatch constraints, IIFCL has implemented the Takeout Finance Scheme. IIFCL's Takeout Finance Scheme follows a transparent non-discriminatory and non-discretionary external rating based pricing mechanism for the takeout of infrastructure loans.

During FY 2013-14 a comprehensive assessment of Takeout Finance Scheme was undertaken by a Committee under Chairmanship of Joint Secretary, Department of Financial Services with members from Department of Economic Affairs, Department of Expenditure, Planning Commission and IIFCL. The recommendations of the committee were considered by the Empowered Committee. Modifications in the Takeout Finance Scheme have been made based on the recommendations approved by the Empowered Committee.

Further, during the year 2013-14, your company sanctioned ₹ 3,292 crore under the Takeout Finance Scheme, taking cumulative sanctions to ₹ 6,384 crore (net of cancellations) in 32 projects and disbursed ₹ 1,058 crore taking cumulative disbursements under the Scheme to ₹ 3,819 crore in 20 projects till 31<sup>st</sup> March, 2014.

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

To enable channelization of long term funds from investors like insurance companies and pension funds into the infrastructure sector, Department of Financial Services (DFS) vide its letter dated 18<sup>th</sup> October, 2011, granted its in-principle approval to IIFCL to undertake pilot transactions under Credit Enhancement in association with ADB. Under this initiative, IIFCL provides partial credit guarantee to enhance the ratings of the project bond issue by infrastructure project companies. Credit enhancement scheme will help the project developers to raise funds at a cheaper stable rate from the bonds market and consequently help in development of corporate bond market in India. Asian Development Bank (ADB) is participating in this endeavor by providing up to 50% of IIFCL exposure as backstop guarantee facility.

During 2013-14, IIFCL provided in-principle approval to two more transactions and with this, till 31<sup>st</sup> March, 2014, IIFCL has accorded in-principle approval to four pilot transactions for extending partial credit guarantee to enable issuance of bonds amounting to about ₹ 1,900 crore.

DFS vide letter dated 10<sup>th</sup> July, 2013 conveyed its approval that keeping with Clause 7.2 of the SIFTI, credit enhancement (pilot phase) by IIFCL can be undertaken upto 20% of the total project cost without any backstop guarantor/ risk sharing partner. In case IIFCL has exposure to a project by way of direct lending and if IIFCL desires to undertake credit enhancement in the same project, IIFCL's total exposure in such case will be restricted to 20% of the total project cost. This is subject to IIFCL carrying out thorough due diligence of the transaction and ensuring that risk mitigants are in place.

## India Infrastructure Finance Initiative

Your 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 USD 25 million (subject to a maximum of ₹ 100 crore) while IDFC & Citigroup committed to contribute USD 100 million each as promoter sponsors. During 2013-14, under India Infrastructure Fund (IIF), IIFCL has made 6 capital contributions amounting to ₹ 19.72 crore and received 2 redemptions amounting to ₹ 1.77 crore. Till 31<sup>st</sup> March, 2014, out of total capital commitment of ₹ 100 crore to IIF, IIFCL has contributed ₹ 90.71 crore, IIF has redeemed capital amounting to ₹ 12.16 crore till 31<sup>st</sup> March, 2014.

## Resource Mobilization

### Domestic Resources

Your company raises its long-term resources both from domestic markets and overseas. Your company has so far raised ₹ 32,482 crore from domestic markets through a mix of instruments comprising of domestic Taxable bonds, Tax-free bonds, Tax-Saving Infrastructure Bonds and long term loans from LIC & NSSF.



CBDT, vide notification no. 61/2013.F.No.178/37/2013-(ITA.I) dated 8<sup>th</sup> August, 2013, authorized IIFCL to raise tax free bonds aggregating up to ₹ 10,000 crore in the financial year 2013-14. IIFCL came out with 3 Private Placements and 3 Tranches of Public Issue of Tax Free Bonds in FY2013-14, and has mobilized ₹ 9,841 crore (₹ 2,963 crore by Private Placements and ₹ 6,878 crore by Public Issues) from these Placements/ Issues.

#### External Resources

IIFCL has also established strong relationships with bilateral and multilateral institutions like ADB, World Bank, KfW and European Investment bank (EIB) and has committed lines of long-term credit to the extent of USD 1.9 billion, USD 1.195bn (reduced to 195 million), Euro 50 million and Euro 200 million respectively.

Earlier Asian Development Bank (ADB) had 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. During the year ADB has sanctioned another line of credit of USD 700 million under Accelerating Infrastructure Investment Facility in India. As on 31<sup>st</sup> March, 2014, your company has fully availed the IIPFF-I of USD 500 million. Under IIPFF-II of USD 700 million, your company has received USD 684 million approx. Against new line of USD 700 million, agreement for first tranche of USD 400 million was signed on 21<sup>st</sup> January, 2014, out of which USD 81.99 million has been received as on 31<sup>st</sup> March, 2014. Hence, IIFCL has in total received USD 1,265.95 million from ADB by the end of March, 2014.

Of the World Bank line of Credit of USD 195 million, IIFCL has availed an amount of USD 49.68 million and against Euro 50 million line of credit from KfW, your company has availed Euro 48.20 million. IIFCL has 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 Développement (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 long-term resources.

#### IT initiatives

With the objective of making your company a truly paper light company, the process of implementation of Integrated Software Solution (ISS), which aims at automating various business and support functions of IIFCL started in December 2011. During 2013-14, the modules of Integrated Software Solution (ISS) and Document Management System (DMS) were under parallel run and the customizations were done for all the modules as per business requirements.

The Human Resource Management System and Document Management System module have been implemented. The other modules of ISS are on parallel run since April, 2013.

#### Adoption of prudential norms

Union Cabinet in meeting held on 13<sup>th</sup> October, 2011 inter-alia approved the proposal to bring your company under regulatory oversight of Reserve Bank of India by registering it as a Non-Banking Finance 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 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 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 prudential norms issued by RBI for NBFC-IFC do not apply to your company being a Government owned company. On registration as an NBFC-IFC, your company, being a Government owned company, is 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 is in process of completing formalities for submission of road map to RBI giving specific time lines for complying with various elements of RBI regulations for NBFC-IFC.

Pending registration as a NBFC, your Company had 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 Assets (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**

As on 31<sup>st</sup> March, 2014, 14 accounts have been classified as NPA involving aggregate amount of ₹906 crore. A Recovery and Credit Monitoring cell has been formed within IIFCL which is regularly following up with the Company, Lead Bank and Concessional Authority. As on 31<sup>st</sup> March, 2014, 26 accounts have been restructured amounting to ₹3,293 crore.

### **Revision in SIFTI**

DFS vide letter dated 08<sup>th</sup> January, 2014 conveyed approval of the following amendments in SIFTI:-

- Clause 4.2 of SIFTI- "IIFCL would raise funds as and when required, for on-lending. To the extent of any mismatch between the raising of funds and their disbursement, surplus funds would be invested in marketable government securities (G-Sec and T-Bill) and/or Certificate of Deposits and fixed deposits."
- New Clause 5.5- "In case of PPP projects approved by PPPAC/EC/EI which have provision of compulsory buyback by the authority on termination, IIFCL may offer loan with tenor longer than other lenders and remain sole lender, if necessary, after other lenders are paid out."

### **GoI Contribution to Equity**

During 2013-14, Government of India contributed ₹400 crore towards the paid up capital of your company taking the total paid up capital to ₹3,300 crore as on 31<sup>st</sup> March, 2014. The total authorized capital of your company as at 31<sup>st</sup> March, 2014 was ₹5,000 crore.

### **Risk Management**

Your company's Risk Vision statement is to encompass a holistic charter and profile for the Integrated Risk Management Framework that will support IIFCL (Group) vision in minimizing risks in the business value chain and provide confidence to all the stakeholders by enhancing the Balance Sheet strength.

Your company has adopted Risk Assessment Model (RAM) Software for assessing Credit Risks of all the infrastructure project proposals prior to sanction by IIFCL's Board of Directors. The RAM model is being upgraded periodically in line with developments in infrastructure sector, policies and regulations.

Similarly, in the liabilities risk management, the processes are followed in line with IIFCL's Investment Policy which defines the instruments and the securities for making the investments and mitigating the market risk through hedging mechanism as per RBI prudential norms applicable to the company. The Investment committee reviews the market conditions, company's portfolio and cash flow projections and recommends the investment and hedging strategy from time and time.

Your company has also put in place Operational Risk Management with identification of key risk indicators for all the functional departments.

For successful implementation of the risk management processes, your company has appropriate risk management committees at various levels including Board Level Risk Management & ALCO Committee, Credit & Operational Risk Management Committee, ALCO Committee and Risk Rating Committee for strengthening the Assets and Liabilities Risk Management.

To keep abreast with the latest developments, your company is continuously improving & updating its risk processes and procedures pertaining to Credit, Market & Operational Risks in line with regulatory requirements & industry practices and implementing Integrated Risk Management System (IRMS) in a phased manner.

### **Environment and Social Safeguards**

Environmental and Social Safeguard Framework (ESSF) of IIFCL is developed in line with Government of India's (GoI's) environmental and social policies & regulatory framework, relevant state laws and guidelines. Towards this end, IIFCL has set up in-house Environment and Social Safeguard Management Unit (ESMU) comprising of Environmental & Social Safeguards Specialists.

Besides, IIFCL staff is regularly trained/exposed to training programmes on sustainable developments/safeguard related issues. As an Environmentally friendly and Socially responsible organization, IIFCL also periodically conducts/participates in various workshops, seminars, etc. to sensitize stakeholders like Concessioneering Authorities, Project Developers, Project Appraising Institutions, Lending Banks/Institutions, and Lenders Independent Engineer consulting firms, regarding significance of Environmental & Social Safeguards compliance during the project cycle.



*A participant interacting during the open forum at the Roundtable on Supporting Indian Infrastructure through Long Term Financial Assistance held at India Habitat Centre on 10<sup>th</sup> March, 2014.*



Human Resource Management

The human resources play a vital role in the growth of any organization. As on 31<sup>st</sup> March, 2014, the total staff strength of IIFCL including employees of IIFC (UK) Ltd. was 59. During 2013-14, in order to keep the workforce motivated and engaged, several initiatives were taken like HR process re-engineering, introduction/revision of personnel policies, training & development activities etc. Employees have been nominated for providing specialized training in the areas of Credit Appraisal, Risk Management, Resources & Treasury Management, HR Management, Legal aspect and IT etc. at various renowned institutions like Indian Institute of Management, Administrative Staff College of India, National Institute of Financial Management, National Institute of Business Management, Institute of Cost and Works Account of India, Euromoney etc.

During the year, IIFCL Staff Welfare Fund was utilized for Group Term Life Insurance, employees get together to strengthen team building, scheme for Grant of reward to Staff wards for Academic Excellence etc. Further, during the year, recruitments were made following the Government policy on reservation. In order to automate the HR function, Human Resources Management System (HRMS) has been implemented. The Employees relations during the year remained peaceful and cordial.

Corporate Social Responsibility

As a Public Sector Company, IIFCL’s Corporate Social Responsibility (CSR) activities are closely linked with the principles of sustainable economic development. The objective of these efforts is not only to help the society by providing facilities for health, education, civic amenities etc. but also to create opportunities for development of skills, employment including self-employment, to promote greater environmental responsibilities and encourage the development of environmentally friendly technologies for sustainable development. During the year, the company has allocated ₹ 10.47 crore for CSR activities (Being 1% of the Profit after Tax for the financial year 2012 – 2013 as per DPE guidelines).



Mannar School, Sivagangai, Tamil Nadu



Raja’s School, Sivagangai, Tamil Nadu



Raja’s School, Sivagangai, Tamil Nadu



Raja’s School, Sivagangai, Tamil Nadu

Photographs of Toilet Complexes being constructed at Schools in Sivagangai District, Tamil Nadu under the CSR initiative of IIFCL.

As part of its CSR activities, in continuation to its earlier initiative to promote education in backward regions of the country, IIFCL has dedicated 28 toilet complexes in 15 schools of Sivagangai District, Tamil Nadu for a total project cost of ₹ 2.38 crore. Further, 43 Toilet Complexes in Girls' Schools in Murshidabad district of West Bengal have been successfully completed. Moreover, an amount of ₹ 25 Lakh has been sanctioned to National Safai Karamcharis Finance & Development Corporation Ltd. (NSKFDC) for conducting skill development training programmes to benefit the poor and unemployed youths of Safai Karamcharis, Scavengers and their dependents.

#### **Internal Control**

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

#### **Ratings of the Company**

During the year, rating assigned to the company was affirmed by Standard & Poor's as BBB-/Negative/A-3 which is at par with sovereign rating. 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.

IIFCL management has commitments to ensure quality standards in its services. Internal audits are conducted which are followed by Management Review Meetings and assessment of opportunities for improvement of QMS including quality policy and objectives on continual basis. To sensitize the employees about significance of Quality Management System, in-house periodic training programmes on ISO 9001:2008 certification requirements and QMS are also conducted.

#### **Business Development**

During 2013-14, your company participated in several conferences and seminars and organized a few conferences for increasing awareness about its various offerings and to gather feedback. IIFCL also signed a MoU with Korea Exim Bank for mutual cooperation in financing of infrastructure projects in India. Further, IIFCL also carved out a separate Business Development cell within IIFCL which would lead the Business Development efforts

#### **Subsidiaries**

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

In April, 2008, IIFCL set up its 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. Reserve Bank of India (RBI) has extended line of credit of USD 5 billion from foreign exchange reserves for the same. Out of which till 31<sup>st</sup> March, 2014, IIFC(UK) has raised USD 1,181 million During 2013-14, IIFC(UK) made gross sanctions of USD 1,387.73 million taking cumulative gross sanctions to USD 6.75 billion. Till March 31, 2014, IIFC (UK) has made cumulative disbursements of USD 1,082.66 million (USD 1,236.93 million including outstanding Letter of Comfort of USD 154.26 million).

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

As per the estimated infrastructure investment out lay of USD 1 Trillion during the 12<sup>th</sup> Five Year Plan the infrastructure projects require cost effective and long-term financing for the growth of Infrastructure sector and capital formation. To address the issue, the Government of India has allowed for setting-up of Infrastructure Debt Funds (IDFs) through the NBFC route regulated by RBI and the other through the Mutual Fund route regulated by SEBI.

IIFCL had chosen the SEBI regulated mutual fund route and formed a 100% subsidiary Asset Management Company viz IIFCL Asset Management Company Ltd (IAMCL) to manage the IIFCL Mutual Fund and both were registered with SEBI. IIFCL Mutual Fund was registered with SEBI in January, 2013. IIFCL Mutual Fund complied the required conditions stipulated by SEBI and launched its maiden IDF scheme.

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 and the scheme was fully subscribed and closed on 6<sup>th</sup> February, 2014. The maiden scheme 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 approved ₹ 225 crore for four operating infrastructure projects.

During the financial year 2013-14, IAMCL's total revenue grew by 82% (to ₹ 1.59 crore from ₹ 0.87 crore) and net profit after tax grew by 394% (to ₹ 0.26 crore from ₹ 0.05 crore).

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

IIFCL Projects Limited was set up in February 2012 as a subsidiary of IIFCL with the objective to provide advisory services to Central/State Government, local bodies and other stakeholders for promotion and development of infrastructure in India. IPL is currently handling a portfolio of 27 projects (including 22 projects on behalf of IIFC (UK) Ltd.) across power, tourism, Agri – Infra, SEZ, Port, Fertilizers and Urban Infra Sectors with aggregate project cost of ₹ 1.37 lakh crores. IPL is undertaking collaborations with some of the leading players in advisory services to get a foothold in the business. During FY 2013-14, IPL has won a bid (as part of 3 member consortium) to set up a Project Development Agency (PDA) for identification of Project Appraisal and sanction for financing and monitoring at OUIDF Trust, Bhubaneswar.

### **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 crore, 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 the Ministry of Finance advised IIFCL to operationalize the IWRFC. Accordingly, IWRFC had 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. However, in the first instance, IWRFC will become a wholly owned subsidiary of IIFCL. The Government has conveyed approval for making IWRFC a subsidiary of IIFCL vide letter no. 19/8/2012-IF-I, dated 13<sup>th</sup> December, 2013. While the process of making IWRFC as subsidiary of IIFCL and thereafter its merger into IIFCL was underway, the Board of Directors of company in meeting held on 11<sup>th</sup> August 2014 decided to request the Government of India to consider the proposal to merge IWRFC into IIFCL bypassing step of making it as subsidiary of IIFCL.

During the year 2013-14, IWRFC sanctioned term loan of ₹ 60 crore aggregating the total gross sanction to ₹ 88 crore with outstanding disbursement of ₹ 23.75 crore as on March 31, 2014.

### **Registration of IIFCL as Non-Banking Financing Company- Non Deposit- Infrastructure Finance Company (NBFC-ND-IFC)**

**Decision of Union Cabinet:** Union Cabinet in meeting held on 13<sup>th</sup> October, 2011 as communicated by Department of Financial Services (DFS) vide letter no. F.No. 18/18/2008-IF-I (Vol III) dated 24<sup>th</sup> October, 2011 *inter-alia* granted approval to the proposal for IIFCL being brought under the regulatory oversight of RBI by registering it as a Non-Banking Financial Institution-Infrastructure Finance Company (NBFC-IFC).

**Request by DFS to RBI:** Meanwhile, pending decision of Reserve Bank of India on request made by DFS vide letter dated 23<sup>rd</sup> January, 2012 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, the application for registration of company as an NBFC was pending.

Subsequently, DFS vide letter dated 9<sup>th</sup> October, 2012 had directed IIFCL to follow RBI's observations for lower risk weights for PPP-COD projects and a capital adequacy not lower than 12% of risk weighted assets. Accordingly, Board Memorandum on Capital Adequacy of IIFCL was placed for consideration of the Board in meeting held on 23<sup>rd</sup> October, 2012.

**Approval of IIFCL's Board:** The Board had resolved that IIFCL be brought under the regulatory oversight of RBI by registering it as NBFC-IFC, as per decision of Union cabinet on 13<sup>th</sup> October, 2011 and to follow RBI's observations for lower risk weights for PPP-COD projects and a capital adequacy not lower than 12% of risk weighted assets.

**Grant of Certificate of Registration (CoR) by RBI:** 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.

**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 in section 617 of the Companies Act, 1956.

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 the 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 Govt of India to approve the proposal that IIFCL may comply with norms applicable to NBFC-ND-IFC as per RBI regulations except CAR of 12%.

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.



## 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 G.S. Sandhu* Secretary (FS), Government of India Ministry of Finance Department of Financial Services	Government Nominee Director	2 <sup>nd</sup> April, 2014
Shri Praveen Mahto** Advisor (Infrastructure) Planning Commission Government of India	Government Nominee Director	21 <sup>st</sup> July, 2014
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 K.R. Kamath CMD, Punjab National Bank	Scheduled Commercial Banks Nominee Director	22 <sup>nd</sup> March, 2012
Shri Hari Santosh Kumar Ex. Addl. Controller General of Defence Accounts	Part-Time Non-Official Director	15 <sup>th</sup> December, 2011
Professor V. Venkata Ramana School of Management Studies University of Hyderabad	Part-Time Non-Official Director	10 <sup>th</sup> February, 2012
Shri V.K. Bhasin Ex-Secretary, Legislative Department Ministry of Law and Justice	Part-Time Non-Official Director	30 <sup>th</sup> January, 2014
Shri J.Venkateswarlu Member Central Council, ICAI	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 9/16/2012/IF-I dated 2<sup>nd</sup> April, 2014 has communicated the appointment of Shri Gurdial Singh Sandhu, Secretary, (Financial Services) as Government Nominee Director on the Board of India Infrastructure Finance Company Limited (IIFCL) in place of Shri Rajiv Takru until further orders. Shri Rajiv Takru was Government Nominee Director on the Board of IIFCL from 4<sup>th</sup> February, 2013 to 2<sup>nd</sup> April, 2014.

\*\*Government of India, Ministry of Finance, Department of Financial services vide letter No. N-14070/50/09 Infra dated 21<sup>st</sup> July, 2014 has communicated the appointment of Shri Praveen Mahto, Adviser (Infrastructure), Planning Commission as Govt. Nominee Director on the Board of India Infrastructure Finance Company Ltd. (IIFCL) in place of Shri Ravi Mital, Adviser, Planning Commission until further orders. Shri Ravi Mital was Government Nominee Director on the Board of IIFCL from 18<sup>th</sup> February, 2013 to 21<sup>st</sup> July, 2014.

Shri S.B.Nayar (Chairman & Managing Director, IIFCL), Shri. V.K. Bhasin, (Part-Time Non-Official Director) & Shri J.Venkateswarlu (Part-Time Non-Official Director) were inducted into the Board during the year 2013-14.

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 S.K.Goel	Chairman & Managing Director	24.06.2010-23.06.2013
Dr. Harsh Kr. Bhanwala	Executive Director	31.10.2012-17.12.2013
	Executive Director & Officiating CMD	24.06.2013-23.09.2013
		24.09.2013-12.12.2013
Prof. G. Raghuram	Part-Time Non-Official Director	20.07.2010-19.07.2013

#### Directors' Responsibility Statement

Pursuant to the requirement under section-217 (2AA) of the Companies Act, 1956 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, 2014 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, 1956 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, 2014 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 one (1) Whole Time Functional Director i.e., the Chairman and Managing Director, three (3) are Government Nominee Directors, one (1) Director representing the Scheduled Commercial Banks and four (4) are Independent Directors.

Further, your Company has a qualified and an independent four member Audit Committee chaired by an Independent 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 10<sup>th</sup> May, 2013, 26<sup>th</sup> June, 2013, 29<sup>th</sup> July, 2013, 2<sup>nd</sup> September, 2013, 29<sup>th</sup> October, 2013, 26<sup>th</sup> November, 2013 and 3<sup>rd</sup> February, 2014.

#### Audit Committee of the Board

The Board of Directors has constituted an Audit Committee under section 292A of the Companies Act, 1956. The Constitution of the Audit Committee as on date is as under:

Name	Designation
Shri S.B.Nayar	Chairman & Managing Director, IIFCL
Shri Hari Santosh Kumar	Part Time Non-offical Director, Chairman of the Committee
Shri V. K. Bhasin	Part Time Non-Official Director
Shri J. Venkateswarlu	Part Time Non-Offical Director

During the year 2013-14, the Audit Committee of the Board met 5 times on 10<sup>th</sup> May, 2013, 29<sup>th</sup> July, 2013, 2<sup>nd</sup> September, 2013, 29<sup>th</sup> October, 2013 and 3<sup>rd</sup> February, 2014.

The Board has also constituted the following Committee (s)

## Management & Investment Committee

Constituted in 60<sup>th</sup> Board Meeting held on 20<sup>th</sup> February, 2013

Name	Designation
Shri S.B. Nayar	Chairman & Managing Director, IIFCL, Chairman of the Committee
Shri. G.S. Sandhu	Government Nominee Director
Shri Hari Santosh Kumar	Part Time Non-Official Director
Prof. V. Venkata Ramana	Part Time Non-Official Director

During the year 2013-14, Management & Investment Committee of the Board met 10 times on 10<sup>th</sup> April, 2013, 20<sup>th</sup> May, 2013, 3<sup>rd</sup> June, 2013, 26<sup>th</sup> June, 2013, 29<sup>th</sup> July, 2013, 2<sup>nd</sup> September, 2013, 29<sup>th</sup> October, 2013, 26<sup>th</sup> November, 2013, 3<sup>rd</sup> February, 2014 and 11<sup>th</sup> March, 2014.

## Risk Management & ALCO Committee

Constituted in 21<sup>st</sup> Board Meeting held on 14<sup>th</sup> November, 2008 as Risk Mitigation and Management Committee.

Reconstituted as Risk Management & ALCO Committee pursuant to registration of company as NBFC-IFC with RBI.

Name	Designation
Shri S.B.Nayar	Chairman & Managing Director, IIFCL, Chairman of the Committee
Shri K.R. Kamath	Scheduled Commercial Banks Nominee Director
Prof. V. Venkata Ramana	Part Time Non-Official Director
Shri V.K. Bhasin	Part Time Non-Official Director
Shri J. Venkateswarlu	Part Time Non-Official Director

During the year 2013-14, Risk Management & ALCO Committee of the Board met 1 time on 3<sup>rd</sup> February, 2014.

## Corporate Social Responsibility Committee

Constituted in 51<sup>st</sup> Board Meeting held on 23<sup>rd</sup> April, 2012 as per Guidelines of Department of Public Enterprises .

Name	Designation
Shri S.B.Nayar	Chairman & Managing Director, IIFCL Chairman of the Committee
Ms. Sharmila Chavaly	Government Nominee Director
Shri Hari Santosh Kumar	Part Time Non-Official Director

During the year 2013-14, Corporate Social Responsibility Committee of the Board met 3 times on 29<sup>th</sup> October, 2013, 26<sup>th</sup> November, 2013 and 3<sup>rd</sup> February, 2014.

## Bond Issue Committee

Constituted in 40<sup>th</sup> Board Meeting held on 17<sup>th</sup> January, 2011.

Name	Designation
Shri S.B.Nayar	Chairman & Managing Director, IIFCL, Chairman of the Committee
Shri Hari Santosh Kumar	Part Time Non-Official Director
Prof. V. Venkata Ramana	Part Time Non-Official Director

During the year 2013-14, Bond Issue Committee of the Board met 4 times on 10<sup>th</sup> May, 2013, 23<sup>rd</sup> September, 2013, 26<sup>th</sup> November, 2013 and 3<sup>rd</sup> February, 2014.

## Remuneration and Nomination Committee

Constituted in 71<sup>st</sup> Board Meeting held on 11<sup>th</sup> August, 2014 as per requirement of Companies Act 2013.

Name	Designation
Ms. Sharmila Chavaly	Government Nominee Director, Chairman of the Committee
Shri Hari Santosh Kumar	Part Time Non-Official Director
Shri V.K. Bhasin	Part Time Non-Official Director
Shri J. Venkateswarlu	Part Time Non-Official Director

## Stakeholders Relationship Committee

Constituted in 71<sup>st</sup> Board Meeting held on 11<sup>th</sup> August, 2014 as per requirement of Companies Act 2013.

Shri S.B. Nayar	Chairman & Managing Director, IIFCL
Shri Hari Santosh Kumar	Part Time Non-Official Director, Chairman of the Committee
Prof. V.Venkata Ramana	Part Time Non-Official Director

#### Right to Information Act, 2005

During the year under review, the Company had received twelve 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 58A of the Companies Act, 1956, 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 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors), Rules, 1988:

(₹ in lac)

	Year ended 31 <sup>st</sup> March, 2014	Year ended 31 <sup>st</sup> March, 2013
Total Foreign exchange used	₹ 4,793.43	₹ 5,053.64
Total Foreign exchange earned	₹ 378.32	₹ 16,944.41

#### Particulars of Employees

The Company had no employees during the year under review whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules 1975).

#### 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 2013-14.

#### 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 under Section 619(4) of the Companies Act, 1956, as an annexure to this Report.

Information and explanation on qualifications in Auditor's Report as required under Section 217(3) of the Companies Act 1956 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.

#### Acknowledgments

The Board of Directors is thankful to the Central Government specially the Ministry of Finance, Planning Commission, 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

Place: New Delhi

Date : 23<sup>rd</sup> August, 2014



## ADDENDUM TO DIRECTORS' REPORT

### Information and explanation on qualifications in Auditor's Report as required under Section 217(3) of the Companies Act 1956

- (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 the date of inception of the forward contracts and difference taken to Statement of Profit and Loss. Had the company complied with AS-11, loan liability and foreign currency receivable account as on March 31, 2014 would have been higher by ₹ 1,36,602.17 Lac (₹ 70,689.36 as on March 31, 2013) each. However, there would be no impact on the profit for the year ended March 31, 2014 as the loss on principal amount of hedged foreign currency loans 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)(11)(c), the Mark to Market (M2M) gain on composite contracts (Interest Rate Swaps cum forward exchange contracts) as on March 31, 2014 amounts to ₹ 1,36,602.17 Lac 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 of 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 the provisions of AS-11, 'The Effects 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.

- (iii) *Auditors observation: Some of the balances shown under Infrastructure loans, borrowings and various other debit and credit balances as on March 31, 2014 are subject to confirmation. The impact on the company's accounts on confirmation of these balances, on reconciliation of the differences between balances as per books of account of the company and balances confirmed by the company and also on account of pending resetting of interest rates in some of the cases is not ascertainable at this stage.*

Management comments: IIFCL undertakes reconciliation of balances of Infrastructure loans on on-going basis and high value differences in balances of Infrastructure loans have since been reconciled.

# INDEPENDENT AUDITOR'S REPORT

To the members of India Infrastructure Finance Company Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of India Infrastructure Finance Company Limited ("the Company") which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Standards referred to in sub-section(3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 of 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 control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, 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.

## 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 the date of inception of the forward contracts and difference taken to Statement of Profit and Loss as stated in Note No. 24(B)(13). Had the company complied with AS-11, loan liability and foreign currency receivable account as on March 31, 2014 would have been higher by ₹1,36,602.17 Lac ( ₹ 70,689.36 Lac as on March 31, 2013) each. However, there would be no impact on the profit for the year ended March 31, 2014 as the loss on principal amount of hedged foreign currency loans is totally offset by the gain on the forward exchange contracts.
2. As stated by the management in Note No. 24(B)(11)(c), the Mark to Market (M2M) gain on composite contracts (Interest Rate Swaps cum forward exchange contracts) as on March 31, 2014 amounts to ₹ 1,36,602.17 Lac 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 of 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 the provisions of AS-11, 'The Effects 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.

3. Some of the balances shown under Infrastructure loans, borrowings and various other debit and credit balances as on March 31, 2014 are subject to confirmation. The impact on the company's accounts on confirmation of these balances, on reconciliation of the differences between balances as per books of account of the company and balances confirmed by the company and also on account of pending resetting of interest rates in some of the cases is not ascertainable at this stage. [Refer note 24(B)(21)].

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in paragraph 1 above and possible effects of the matters described in paragraphs 2 & 3 above 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:

- (a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, 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 effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
  - e. The requirements of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 relating to the disqualification of the directors are not applicable to the company, being a Government company, in terms of notification No. G.S.R.829(E), dated 21.10.2003 issued by the Ministry of Finance, Department of Corporate Affairs.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For KM Agarwal & Co  
(Chartered Accountants)  
(Regn. No. 000853N)

Place: New Delhi  
Dated: May 12, 2014

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

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

Referred to in sub-paragraph 1 under 'Report on Other Legal and Regulatory Requirements' paragraph of our audit report of even date:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) The company has not disposed off any material fixed asset during the year.
- (ii) The nature of business of the Company does not require it to hold inventories and as such clause 4(ii) of the Companies (Auditor's Report) Order, 2003('Order') is not applicable.
- (iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provision of clause 4(iii) (b), (c) and (d) of the Order are not applicable to the company.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the 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 have we been informed of any significant continuing failure to correct major weaknesses in the internal control system with regard to purchase of fixed assets and sale of services.
- (v) To the best of our knowledge and belief and according to the information and explanation given to us, there were no contracts or arrangements referred to in section 301 of the Act which have to be entered in the register maintained under that Section during the year ended March 31, 2014. Accordingly, the requirements of paragraph (v) (b) of the order are also not applicable as there was no such transaction in excess of ₹ 5 lac.
- (vi) The Company has not accepted any deposits from the public within the meaning of the Rule 2(b) of the Companies (Acceptance of Deposits) Rules 1975.
- (vii) In our opinion, the internal audit system i.e. internal audit carried out by an external agency appointed by the management is commensurate with the size of the company and the nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
- (ix) (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 Income-tax, Service-Tax, Cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to information and explanations given to us, no undisputed amounts in respect of Income Tax, Cess and other material statutory dues applicable to the company were in arrears as of March 31, 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues outstanding on account of Income Tax / Service Tax / Cess that have not been deposited on account of disputes except income tax demand of ₹ 159.00 lac for assessment year 2008-09 against which an appeal has been filed before Commissioner of Income Tax (Appeals).
- (x) The company has no accumulated losses as on March 31, 2014. The company has not incurred cash losses for the financial year ended March 31, 2014 and in the immediately preceding financial year.



- (xi) According to the information and explanations given to us, and on the basis of our examination of the books of account, the company has not defaulted in repayment of dues to any financial institution or bank or bond holders.
- (xii) According to the information and explanations given to us, and on the basis of our examination of the books of account, the company has not granted loans and advances on the basis of prime security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
- (xiii) The company is not a chit fund, nidhi, mutual benefit or a society. Accordingly, clause 4(xiii) of the Order is not applicable.
- (xiv) (a) According to the information and explanations given to us and on the basis of our examination of the books of account generally, proper records have been maintained of the transactions and contracts and timely entries have been made therein in respect of the securities, debentures and other investments dealt with or traded by the company.  
(b) The securities, debentures and other securities have been held by the Company, in its own name except to the extent of the exemption, if any, granted under Section 49 of the Act.
- (xv) In our opinion and according to information and explanations given to us, the company has not given any guarantees for loans taken by others from bank or financial institutions. {Refer note 24(B)(1)(e) of Financial Statements for the year ended March 31, 2014}.
- (xvi) 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 the loans were obtained except for temporary deployment in deposits with banks pending application.
- (xvii) According to information and explanations given to us and based on the overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have, prima facie, not been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The company has created security and charge on tax-free bonds of ₹ 9,84,074.25 Lac issued during the year ended March 31, 2014.
- (xx) The company has raised money by public issue of bonds during the year and the required disclosure regarding end use of money raised by public issue has been made by the company and the same has been verified.
- (xxi) 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)  
(Regn. No. 000853N)

Place: New Delhi  
Dated: May 12, 2014

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

## INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014

₹ in Lac

PARTICULARS	Note No.	As at 31 <sup>st</sup> March, 2014 (Audited)	As at 31 <sup>st</sup> March, 2013 (Audited)
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share capital	1	3,30,000.00	2,90,000.00
(b) Reserves and Surplus	2	2,48,185.14	1,95,817.01
(c) Money received against share warrants		-	-
<b>SUB-TOTAL (1)</b>		<b>5,78,185.14</b>	<b>4,85,817.01</b>
<b>(2) Share application money pending allotment- SUB-TOTAL (2)</b>		-	-
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	3	29,25,117.78	17,83,859.52
(b) Deferred tax liabilities (Net)	4	19,254.18	13,027.59
(c) Other long term liabilities	5	61.57	112.60
(d) Long-term provisions	6	45,916.91	14,439.51
<b>SUB-TOTAL (3)</b>		<b>29,90,350.44</b>	<b>18,11,439.22</b>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	7	2,08,392.17	1,48,385.89
(b) Trade payables	8	58.29	181.04
(c) Other current liabilities	9	98,602.78	10,73,818.25
(d) Short-term provisions	10	15.00	1,029.99
<b>SUB-TOTAL (4)</b>		<b>3,07,068.24</b>	<b>12,23,415.17</b>
<b>TOTAL (1)+(2)+(3)+(4)</b>		<b>38,75,603.82</b>	<b>35,20,671.40</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets	11		
(i) Tangible assets		236.57	113.97
(ii) Intangible assets		85.07	6.36
(iii) Capital Work -in-Progress		-	-
(iv) Intangible Assets under development		-	-
(b) Non-current investments	12	68,362.40	54,579.40
(c) Long term loans and advances	13	22,96,150.31	18,92,760.68
(d) Other non-current assets		-	-
<b>SUB-TOTAL (1)</b>		<b>23,64,834.35</b>	<b>19,47,460.41</b>
<b>(2) Current assets</b>			
(a) Current Investments	14	959.23	-
(b) Trade Receivables	15	-	366.67
(c) Cash and Bank Balances	16	13,24,458.26	9,77,894.61
(d) Short term loans and advances	17	94,539.93	5,23,982.91
(e) Other current assets	18	90,812.05	70,966.80
<b>SUB-TOTAL (2)</b>		<b>15,10,769.47</b>	<b>15,73,210.99</b>
Significant accounting policies and other notes to the financial statements	24		
<b>TOTAL (1)+(2)</b>		<b>38,75,603.82</b>	<b>35,20,671.40</b>

Notes from 1 to 24 form integral part of Accounts.

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

C P Mishra  
Partner  
Membership No.: 073009

Place: New Delhi  
Dated: 12.05.2014

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

H.S. Kumar  
(Director)

S.B. Nayar  
(Chairman and Managing Director)

Rajeev Mukhija  
(Chief General Manager- CFO & CS)

**INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

₹ in Lac

PARTICULARS	No.	31 <sup>st</sup> March, 2014 (Audited)	31 <sup>st</sup> March, 2013 (Audited)
<b>I. Revenue from operations</b>	<b>19</b>	3,89,679.97	3,27,901.99
<b>II. Other Income</b>	<b>20</b>	2,054.04	841.54
<b>III. Total Revenue (I+II)</b>		<b>3,91,734.01</b>	<b>3,28,743.53</b>
<b>IV. Expenses</b>			
Finance Costs	<b>21</b>	2,60,694.10	1,87,603.08
Employee Benefits Expense	<b>22</b>	1,027.19	819.00
Provision for Loan Assets	<b>24(B)(16b)</b>	32,779.98	3,920.77
Marked to Market Losses on Derivatives	<b>24(B)(11a)</b>	(336.14)	(974.01)
Depreciation and amortisation expense	<b>11</b>	71.15	35.92
Other Expenses	<b>23</b>	4,012.22	2,535.98
<b>Total Expenses</b>		<b>2,98,248.50</b>	<b>1,93,940.74</b>
<b>V. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)</b>		<b>93,485.51</b>	<b>1,34,802.79</b>
<b>VI. Exceptional Items</b>			
Add: Dividend received from subsidiary company i.e. India Infrastructure Finance Company (UK) Ltd.		-	16,627.50
<b>VII. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V+VI)</b>		<b>93,485.51</b>	<b>1,51,430.29</b>
<b>VIII. Extraordinary Items</b>		-	-
<b>X. PROFIT BEFORE TAX (VII-VIII)</b>		<b>93,485.51</b>	<b>1,51,430.29</b>
<b>X. Tax Expense:</b>			
(1) Current Tax			
- Current Year		(35,133.91)	(39,694.48)
- Earlier Year		17.48	(207.97)
(2) Deferred Tax			
- Current Year	<b>4</b>	(6,226.60)	(6,828.40)
- Earlier Year		-	-
<b>XI Profit for the year from continuing operations (IX-X)</b>		<b>52,142.48</b>	<b>104,699.44</b>
<b>XII Earnings per equity share (face value of ₹ 10/- each)</b>	<b>24(B)(7)</b>		
(1) Basic		1.72	3.79
(2) Diluted		1.72	3.79
Significant accounting policies and other notes to the financial statements	<b>24</b>		

Notes from 1 to 24 form integral part of Accounts.

As per our report of even date  
For K M Agarwal & Co  
Chartered Accountants  
(Regn. no: 000853N)  
C P Mishra  
Partner  
Membership No.: 073009  
Place: New Delhi  
Dated: 12.05.2014

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

H.S. Kumar  
(Director)

S.B. Nayar  
(Chairman and Managing Director)

Rajeev Mukhija  
(Chief General Manager- CFO & CS)

## INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

₹ in Lac

PARTICULARS	As at 31 <sup>st</sup> March, 2014 (Audited)	As at 31 <sup>st</sup> March, 2013 (Audited)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
(i) Net Profit before Tax	93,485.51	1,51,430.29
Adjustments for:		
(ii) Depreciation and amortisation expense	71.15	35.92
(iii) Provision/write offs	32,496.60	4,023.23
(iv) Provisions/ Amounts written back	(3.04)	(1,088.11)
(v) Foreign Exchange Fluctuation Loss / (Profit) on borrowings	19,899.34	4,206.57
(vi) Loss on sale of fixed assets	0.81	-
(vii) Interest / expenses on borrowings	2,33,216.69	1,76,882.47
(viii) Other Borrowing Costs	9,698.70	7,068.36
(ix) Dividend received from subsidiary company	-	(16,627.50)
(x) Interest on Income Tax	-	95.39
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>3,88,865.76</b>	<b>3,26,026.62</b>
(i) Cash Flow From Lending of Funds	27,098.63	(5,58,826.99)
(ii) Sale of/ (Addition) to Investments	(0.00)	1,500.00
(iii) (Increase)/decrease in Trade Receivables	366.67	(366.67)
(iv) (Increase)/decrease in Current Assets, Loans and Advances	(21,074.18)	(8,313.71)
(v) (Increase)/decrease in other bank balances	(3,79,612.66)	(1,31,516.20)
(vi) Increase/(decrease) in other non- current and current liabilities	1,462.66	615.71
<b>CASH FLOW FROM OPERATIONS BEFORE TAX</b>	<b>17,106.88</b>	<b>(3,70,881.24)</b>
Taxes paid (Net)	(36,127.51)	(39,152.22)
<b>NET CASH FROM OPERATIONS</b>	<b>A (19,020.63)</b>	<b>(4,10,033.46)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
(i) (Purchase of )/ Sale for Fixed Assets	(89.62)	(255.33)
(ii) Investments in Subsidiary Company and Venture Capital Units	(1,971.79)	(2,354.48)
(iii) Redemption of Investments in Venture Capital Units	176.80	522.10
(iv) Investments in IIFCL Mutual Fund	(13,000.00)	-
(v) Dividend received from subsidiary company	-	16,627.50
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>B (14,884.61)</b>	<b>14,539.79</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
(i) Proceeds from Issue of Share Capital	40,000.00	40,000.00
(ii) Proceeds from Long term Borrowings	11,23,479.55	(3,00,891.16)
(iii) Proceeds/ (Repayment) from Short term Borrowings	60,006.28	(1,25,983.08)
(iv) Proceeds from Current Maturities of Long term debt	(9,94,562.35)	10,08,196.73
(v) Securities Premium on Bonds	225.65	9.85
(vi) Interim Dividend paid (including dividend distribution tax)	-	(25,700.14)
(vii) Interest / expenses on Borrowings	(2,18,594.20)	(1,64,735.38)
(viii) Other Borrowing Costs	(9,698.70)	(6,933.24)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>C 856.23</b>	<b>4,23,963.58</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENT (A+B+C)</b>	<b>(33,049.01)</b>	<b>28,469.91</b>
Add: Opening Cash and Cash Equivalents	34,959.19	6,489.28
Closing Cash and Cash Equivalents	1,910.18	34,959.19
<b>Closing Cash and Cash Equivalent Comprises of :-</b>		
1 Cash in hand	0.17	0.34
2 Current Accounts in India (Refer Note 16)	1,071.58	30,658.15
3 Flexi Deposit Accounts	838.43	4,300.70
<b>TOTAL</b>	<b>1,910.18</b>	<b>34,959.19</b>

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

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

C P Mishra  
Partner  
Membership No.: 073009

Place: New Delhi  
Dated: 12.05.2014

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

S.B. Nayar  
(Chairman and Managing Director)

Rajeev Mukhija  
(Chief General Manager- CFO & CS)



NOTES TO THE FINANCIAL STATEMENTS

Note 1 : SHARE CAPITAL

PARTICULARS	₹ in Lac	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Authorized Capital</b>		
5,000,000,000 equity shares of ₹ 10/- each	5,00,000.00	5,00,000.00
<b>Issued, Subscribed &amp; Fully Paid Equity Shares</b>		
3,300,000,000 (2,900,000,000 as at 31 <sup>st</sup> March, 2013) equity shares of ₹ 10/- each	3,30,000.00	2,90,000.00

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, 2014		Year ended 31 <sup>st</sup> March, 2013	
	No. of Shares	₹ in Lac	No. of Shares	₹ in Lac
Shares outstanding at the beginning of the reporting period	2,90,00,00,000	2,90,000.00	2,50,00,00,000	2,50,000.00
Shares Issued during the reporting period	40,00,00,000	40,000.00	40,00,00,000	40,000.00
Shares outstanding at the end of the reporting period	3,30,00,00,000	3,30,000.00	2,90,00,00,000	2,90,000.00

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, 2014	As at 31 <sup>st</sup> March, 2013
(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 RESERVE (ON BONDS)</b>		
	Opening Balance	9.85	-
	Add: For the year	225.65	9.85
	<b>Closing Balance</b>	<b>235.50</b>	<b>9.85</b>
(c)	<b>DEBENTURE REDEMPTION RESERVE</b>		
	Opening Balance	1,856.02	882.90
	Add: Transfer from Surplus in Statement of Profit and Loss	8,068.81	973.12
	<b>Closing Balance</b>	<b>9,924.83</b>	<b>1,856.02</b>
(d)	<b>OTHER RESERVES</b>		
(i)	<b>RESERVE FOR LOAN ASSETS (See footnote 1 below)</b>		
	Opening Balance	5,792.94	5,792.94
	Less: Written back and transferred to Profit & Loss Account during the current year	5,792.94	-
	<b>Closing Balance -</b>	<b>5,792.94</b>	
(ii)	<b>SPECIAL RESERVE U/S 36(1)(viii) OF INCOME TAX ACT, 1961 (footnote 2)</b>		
	Opening Balance	41,717.28	21,644.48
	Add: Transfer from Surplus in Statement of Profit and Loss (Net)	16,647.31	20,072.80
	<b>Closing Balance</b>	<b>58,364.59</b>	<b>41,717.28</b>
(iii)	<b>STAFF WELFARE RESERVE (footnote 3)</b>		
	Opening Balance	62.49	64.44
	Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss	9.78	1.95
	<b>Closing Balance</b>	<b>52.71</b>	<b>62.49</b>
(iv)	<b>CORPORATE SOCIAL RESPONSIBILITY RESERVE (footnote 4)</b>		
	Opening Balance	1,657.86	591.60
	Add: Transfer from Surplus in Statement of Profit and Loss	1,046.99	1,171.66
	Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss	207.43	105.40
	<b>Closing Balance</b>	<b>2,497.42</b>	<b>1,657.86</b>
(e)	<b>SURPLUS IN STATEMENT OF PROFIT AND LOSS</b>		
	Opening Balance	1,44,135.43	87,246.36
	Add: Profit for the current year	52,142.48	1,04,699.44
	Add: Transfer from Reserve for Loan Assets	5,792.94	-
	Add: Transfer from Staff Welfare Reserve	9.78	1.95
	Add: Transfer from Corporate Social Responsibility Reserve	207.43	105.40
	Less: Transfer to Debenture Redemption Reserve	8,068.81	973.12
	Less: Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	16,647.31	20,072.80
	Less: Transfer to Corporate Social Responsibility Reserve	1,046.99	1,171.66
	Less: Interim Dividend	-	22,112.88
	Less: Dividend Distribution Tax	-	3,587.26
	<b>Closing Balance</b>	<b>1,76,524.95</b>	<b>1,44,135.43</b>
	<b>TOTAL</b>	<b>2,48,185.14</b>	<b>1,95,817.01</b>

### Footnotes :

- 1 Reserve for Loan assets created @ 0.40% of outstanding amount of loan assets & retained since 31<sup>st</sup> March, 2011 has been written back 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 2012-13. [Refer Note 24(B)(15c)]
- 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 Corporate Social Responsibility Reserve created w.e.f. financial year 2013-14 to comply with the Corporate Social Responsibility (CSR) Policy of the company as per guidelines on CSR issued by Department of Public Enterprises

**Note 3 : LONG TERM BORROWINGS**

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(A)	<b>SECURED BONDS</b>		
(i)	500 9.36% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 27.07.2042(See footnote 1)	5,000.00	5,000.00
(ii)	10,500 9.41% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 27.07.2037 (See footnote 1)	1,05,000.00	1,05,000.00
(iii)	12,59,825 8.55% Non Convertible Bonds (Tax Free) Tranche III Series 3A of face value ₹ 1000 each, redeemable at par on 27.03.2034 (See footnote 1)	12,598.25	-
(iv)	14,12,781 8.80% Non Convertible Bonds (Tax Free) Tranche III Series 3B of face value ₹ 1000 each, redeemable at par on 27.03.2034 (See footnote 1)	14,127.81	-
(v)	75,43,989 8.66% Non Convertible Bonds (Tax Free) Series IV of face value ₹ 1000 each, redeemable at par on 22.01.2034 (See footnote 1)	75,439.89	-
(vi)	59,58,997 8.91% Non Convertible Bonds (Tax Free) Series IV of face value ₹ 1000 each, redeemable at par on 22.01.2034 (See footnote 1)	59,589.97	-
(vii)	18,68,982 8.50% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 12.11.2033 (See footnote 1)	18,689.82	-
(viii)	25,79,621 8.75% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 12.11.2033 (See footnote 1)	25,796.21	-
(ix)	265 8.37% Non Convertible Bonds (Tax Free) Series VI of face value ₹ 10 lac each, redeemable at par on 30/08/2033 (See footnote 1)	2,650.00	-
(x)	20 8.19% Non Convertible Bonds (Tax Free) Series V of face value ₹ 10 lac each, redeemable at par on 23.08.2033 (See footnote 1)	200.00	-
(xi)	20,400 7.08% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2033 (See footnote 1)	204.00	-
(xii)	2,12,765 7.58% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2033 (See footnote 1)	2,127.65	-
(xiii)	98,31,060 7.40% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22.01.2033 (See footnote 1)	99,726.61	98,310.60
(xiv)	17,33,164 7.90% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22.01.2033 (See footnote 1)	15,915.63	17,331.64
(xv)	210 7.41% Non Convertible Bonds (Tax Free) Series IV-C of face value ₹ 10 lac each, redeemable at par on 21.11.2032 (See footnote 1)	2,100.00	2,100.00
(xvi)	3,400 7.41% Non Convertible Bonds (Tax Free) Series III-C of face value ₹ 10 lac each, redeemable at par on 15.11.2032 (See footnote 1)	34,000.00	34,000.00
(xvii)	1,59,58,486 8.55% Non Convertible Bonds (Tax Free) Tranche III Series 2A of face value ₹ 1000 each, redeemable at par on 27.03.2029 (See footnote 1)	1,59,584.86	-
(xviii)	28,33,869 8.80% Non Convertible Bonds (Tax Free) Tranche III Series 2B of face value ₹ 1000 each, redeemable at par on 27.03.2029 (See footnote 1)	28,338.69	-
(xix)	27,98,922 8.48% Non Convertible Bonds (Tax Free) Series IV of face value ₹ 1000 each, redeemable at par on 22.01.2029 (See footnote 1)	27,989.22	-
(xx)	14,78,858 8.73% Non Convertible Bonds (Tax Free) Series IV of face value ₹ 1000 each, redeemable at par on 22.01.2029 (See footnote 1)	14,788.58	-
(xxi)	30,35,330 8.38% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 12.11.2028 (See footnote 1)	30,353.30	-
(xxii)	16,60,320 8.63% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 12.11.2028 (See footnote 1)	16,603.20	-
(xxiii)	11,297 8.48% Non Convertible Bonds (Tax Free) Series VII of face value ₹ 10 lac each, redeemable at par on 05.09.2028 (See footnote 1)	1,12,970.00	-
(xxiv)	11,597 8.46% Non Convertible Bonds (Tax Free) Series VI of face value ₹ 10 lac each, redeemable at par on 30.08.2028 (See footnote 1)	1,15,970.00	-
(xxv)	6,303 8.26% Non Convertible Bonds (Tax Free) Series V of face value ₹ 10 lac each, redeemable at par on 23.08.2028 (See footnote 1)	63,030.00	-
(xxvi)	3,46,000 7.02% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2028 (See footnote 1)	3,460.00	-
(xxvii)	1,19,618 7.52% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2028 (See footnote 1)	1,196.18	-
(xxviii)	66,42,074 7.36% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22.01.2028 (See footnote 1)	66,716.45	66,420.74

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(xxix)	9,67,479 7.86% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22.01.2028 (See footnote 1)	9,379.08	9,674.79
(xxx)	500 7.38% Non Convertible Bonds (Tax Free) Series IV-B of face value ₹ 10 lac each, redeemable at par on 21.11.2027 (See footnote 1)	5,000.00	5,000.00
(xxxi)	1,000 7.38% Non Convertible Bonds (Tax Free) Series III-B of face value ₹ 10 lac each, redeemable at par on 15.11.2027 (See footnote 1)	10,000.00	10,000.00
(xxxii)	38,58,714 8.16% Non Convertible Bonds (Tax Free) Tranche III Series 1A of face value ₹ 1000 each, redeemable at par on 27.03.2024 (See footnote 1)	38,587.14	-
(xxxiii)	13,21,699 8.41% Non Convertible Bonds (Tax Free) Tranche III Series 1B of face value ₹ 1000 each, redeemable at par on 27.03.2024 (See footnote 1)	13,216.99	-
(xxxiv)	79,57,885 8.41% Non Convertible Bonds (Tax Free) Series IV of face value ₹ 1000 each, redeemable at par on 22.01.2024 (See footnote 1)	79,578.85	-
(xxxv)	42,61,349 8.66% Non Convertible Bonds (Tax Free) Series IV of face value ₹ 1000 each, redeemable at par on 22.01.2024 (See footnote 1)	42,613.49	-
(xxxvi)	17,26,340 8.01% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 12.11.2023 (See footnote 1)	17,263.40	-
(xxxvii)	12,59,458 8.26% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 12.11.2023 (See footnote 1)	12,594.58	-
(xxxviii)	50 8.11% Non Convertible Bonds (Tax Free) Series VII of face value ₹ 10 lac each, redeemable at par on 05.09.2023 (See footnote 1)	500.00	-
(xxxix)	100 8.01% Non Convertible Bonds (Tax Free) Series VI of face value ₹ 10 lac each, redeemable at par on 30.08.2023 (See footnote 1)	1,000.00	-
(xxxx)	19,16,110 6.86% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2023 (See footnote 3)	19,161.10	-
(xxxxi)	1,09,527 7.36% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2023 (See footnote 3)	1,095.27	-
(xxxvii)	84,24,960 7.19% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22.01.2023 (See footnote 1)	84,517.20	84,249.60
(xxxviii)	12,40,032 7.69% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22.01.2023 (See footnote 1)	12,132.72	12,400.32
(xxxviii)	2,140 7.21% Non Convertible Bonds (Tax Free) Series IV-A of face value ₹ 10 lac each, redeemable at par on 21.11.2022 (See footnote 1)	21,400.00	21,400.00
(xxxv)	600 7.20% Non Convertible Bonds (Tax Free) Series III-A of face value ₹ 10 lac each, redeemable at par on 15.11.2022 (See footnote 2)	6,000.00	6,000.00
(xxxvi)	Long Term Infrastructure Bonds covered under Section 80CCF of Income Tax Act, 1961 (See footnotes 1 & 2)	9,096.18	9,096.18
	<b>SUB-TOTAL (A)</b>	<b>14,97,302.32</b>	<b>4,85,983.87</b>
<b>(B)</b>	<b>UNSECURED BONDS</b>		
(i)	20,400 7.08% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2033 (See footnote 3)	-	204.00
(ii)	2,12,765 7.58% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2033 (See footnote 3)	-	2,127.65
(iii)	3,46,000 7.02% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2028 (See footnote 3)	-	3,460.00
(iv)	1,19,618 7.52% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2028 (See footnote 3)	-	1,196.18
(v)	10,000 8.55% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 03.11.2024 #	1,00,000.00	1,00,000.00
(vi)	4,000 8.12% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 24.08.2024 #	40,000.00	40,000.00
(vii)	6,000 8.12% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 12.08.2024 #	60,000.00	60,000.00
(viii)	5,000 7.90% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 28.04.2024 #	50,000.00	50,000.00
(ix)	5,000 8.10% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 08.04.2024 #	50,000.00	50,000.00



S.No.	PARTICULARS	₹ in Lac	
		As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(x)	2,000 8.68% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 18.12.2023 #	20,000.00	20,000.00
(xi)	2,000 9.35% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 17.11.2023 #	20,000.00	20,000.00
(xii)	19,16,110 6.86% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2023 (See footnote 3)	-	19,161.10
(xiii)	1,09,527 7.36% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2023 (See footnote 3)	-	1,095.27
(xiv)	2,000 8.82% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 19.12.2022 #	20,000.00	20,000.00
(xv)	5,000 8.70% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 02.09.2016 #	50,000.00	50,000.00
	<b>SUB-TOTAL (B)</b>	<b>4,10,000.00</b>	<b>4,37,244.20</b>
(C)	<b>UNSECURED TERM LOANS FROM OTHER PARTIES (See footnote 4)</b>		
(i)	Life Insurance Corporation of India (LIC)*	1,75,000.00	1,85,000.00
(ii)	National Small Savings Schemes Fund (NSSF)	1,50,000.00	1,50,000.00
(iii)	Asian Development Bank (ADB)*	6,31,329.71	4,96,727.66
(iv)	IBRD (World Bank)*	27,153.83	10,532.43
(v)	Kreditanstalt für Wiederaufbau (KfW)*	34,331.92	18,371.36
	<b>SUB-TOTAL (C)</b>	<b>10,17,815.46</b>	<b>8,60,631.45</b>
	<b>TOTAL (A)+(B)+(C)</b>	<b>29,25,117.78</b>	<b>17,83,859.52</b>

# Guaranteed by Government of India including Nil as on 31<sup>st</sup> March, 2014 (₹ 10,00,000 Lac as on 31<sup>st</sup> March, 2013) 6.85% tax free bonds due within 1 year from the end of reporting period and shown as "Other Current Liabilities" in Note 9]

4,10,000.00 14,10,000.00

\* Guaranteed by Government of India [including ₹ 10,000 Lac and ₹ 12,471.12 Lac as on 31<sup>st</sup> March, 2014 (₹ 10,000 Lac and ₹ 7,033.47 Lac as at 31<sup>st</sup> March, 2013) being the amount due to LIC and ADB respectively within 1 year from the end of reporting period and shown as "Other Current Liabilities" in Note 9]

8,90,286.58 7,27,664.92

## Footnotes:

- These 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.
- Details of Long term Infrastructure bonds issued by IIFCL under section 80 CCF of Income Tax Act, 1961, are as under:
  - 130407 8.30% Non Convertible Bonds of face value ₹ 1000 each, redeemable at par on 28<sup>th</sup> March, 2026 with earliest buyback on 29<sup>th</sup> March, 2018.
  - 779211 8.15% Non Convertible Bonds of face value ₹ 1000 each, redeemable at par on 28<sup>th</sup> March, 2021 with earliest buyback on 29<sup>th</sup> March, 2016.
- These bonds, which were categorised as unsecured as on 31<sup>st</sup> March, 2013 pending creation of charge on assets, have been secured by creation of charge on assets mentioned at footnote 1 above during FY 2013-14.

4) TERMS OF REPAYMENT OF LONG TERM LOANS

i) Life Insurance Corporation of India

Tranche	Loan Amount (Including short term) (₹ in Lacs)	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%	1 <sup>st</sup> February, 2027		Bullet basis	Entire loan amount 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	Ballooning instalments starting from 0.827816%
IV	2500	6M USD LIBOR +30bps	15.12.2015	15.06.2035	Semi-Annual	to upto 5.550311% of loan amount
V	2400	6M USD LIBOR +40bps	15.12.2016	15.06.2036	Semi-Annual	
VI	4000	6M USD LIBOR +40bps	15.03.2018	15.03.2033	Semi-Annual	Ballooning instalments starting from 2.173900% to upto 4.559913% of loan amount
Total	16000					

iv)IBRD (World Bank)

Loan Amount as per Agreement (\$ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
11950*	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 giving details of cancellation of loan amount of \$ 10,000 lac.

v) KfW

Tranche	Loan Amount as per Agreement (Euro in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
Portion-I	165.89	0.75%	30.06.2020	30.06.2050	Semi-Annual	- Euro 271,000 from 30.06.2020 to 30.12.2021 - Euro272,000 from 30.06.2022 to 30.12.2049 and Euro 272581.03 on 30.06.2050
Portion-II	334.11	4.99%	30.06.2015	30.06.2020	Semi-Annual	- Euro 3,037,000 from 30.06.2015 to 30.06.2018 - Euro 3,038,000 from 30.12.2018 to 30.12.2019 and Euro 3,038,418.97 on 30.06.2020
Total	500.00					

#### Note 4 : DEFERRED TAX LIABILITIES

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(I)	<b>Deferred tax Liability</b>		
(i)	On account of Special Infrastructure Reserve created under section 36(1)(viii) of Income Tax Act, 1961	19,193.59	13,535.17
(ii)	On account of deduction claimed for standard loan assets	1,484.95	1,417.46
	<b>Deferred Tax Liability</b>	<b>20,678.54</b>	<b>14,952.63</b>
(II)	<b>Deferred tax Assets</b>		
(i)	On account of depreciation	(6.42)	5.95
(ii)	On account of diminution in value of investments	-	75.97
(iii)	On account of provision for contingencies*	1,430.78	1,843.12
	<b>Deferred Tax Assets</b>	<b>1,424.36</b>	<b>1,925.04</b>
	<b>Deferred Tax Liability (Net)</b>	<b>19,254.18</b>	<b>13,027.59</b>

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

#### Note 5 : OTHER LONG TERM LIABILITIES

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(a)	<b>Trade payables</b>	-	-
(b)	<b>Others:</b>		
(i)	Rent adjustable account	55.57	106.60
(ii)	Security deposit received	6.00	6.00
	<b>TOTAL</b>	<b>61.57</b>	<b>112.60</b>

## Note 6 : LONG TERM PROVISIONS

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(A)	<b>Provision for Employee Benefits [See note 24 (B) (6a)]</b>		
(i)	Leave Encashment	82.71	50.47
(ii)	Sick Leave	43.77	23.87
(iii)	Leave Fare Concession	9.54	8.26
(iv)	Wage Revision [See note 24(B)(14)]	141.53	37.29
(v)	Performance Linked Incentive to Wholetime Directors	62.59	51.50
	<b>SUB-TOTAL (A)</b>	<b>340.14</b>	<b>171.39</b>
(B)	<b>Others [See note 24 (B) (6a)]</b>		
(i)	Marked to market losses on derivatives	4,209.41	5,680.75
(ii)	Contingent Provisions against Standard Assets	5,831.06	6,048.51
(iii)	Provisions against Sub-standard Assets	21,512.90	2,361.92
(iv)	Provisions against Doubtful Assets	2,130.19	-
(v)	Provisions against Standard Restructured Assets	11,893.21	176.94
	<b>SUB-TOTAL (B)</b>	<b>45,576.77</b>	<b>14,268.12</b>
	<b>TOTAL (A)+(B)</b>	<b>45,916.91</b>	<b>14,439.51</b>

## Note 7 : SHORT TERM BORROWINGS

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	<b>LOANS REPAYABLE ON DEMAND FROM BANKS*</b>	2,08,392.17	1,48,385.89
	(Secured by pledge of fixed deposit receipts of ₹ 5,14,526.25 Lac (₹ 5,36,873.75 Lac as at 31 <sup>st</sup> March 2013))		
	<b>TOTAL</b>	<b>2,08,392.17</b>	<b>1,48,385.89</b>

\* Net of debit balance of ₹ 106.64 Lac

## Note 8 : TRADE PAYABLES

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	Miscellaneous Liabilities	58.29	181.04
	<b>TOTAL</b>	<b>58.29</b>	<b>181.04</b>



## Note 9 : OTHER CURRENT LIABILITIES

₹ in Lac

S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>(A)</b>	<b>Current maturities of long term debt (See note 3):</b>		
(i)	2,63,070 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 20.03.2014	-	2,63,070.00
(ii)	7,36,930 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 22.01.2014	-	7,36,930.00
(iii)	Life Insurance Corporation of India (LIC)	10,000.00	10,000.00
(iv)	Asian Development Bank (ADB)	12,471.12	7,033.47
	<b>SUB-TOTAL (A)</b>	<b>22,471.12</b>	<b>10,17,033.47</b>
<b>(B)</b>	<b>Interest accrued but not due on borrowings</b>		
(i)	On bank overdraft	-	6.75
(ii)	On bonds and term loans	72,510.99	55,761.12
	<b>SUB-TOTAL (B)</b>	<b>72,510.99</b>	<b>55,767.87</b>
<b>(C)</b>	<b>Income received in advance</b>		
(i)	Amount pending appropriation	2,379.37	513.40
(ii)	Grants received from World Bank	84.49	13.73
	<b>SUB-TOTAL (C)</b>	<b>2,463.86</b>	<b>527.13</b>
<b>(D)</b>	<b>Other payables</b>		
(i)	Duties & Taxes payable	119.70	164.92
(ii)	PF deducted on behalf of employees/ whole time directors (including interest payable)	14.19	9.01
(iii)	Unclaimed Interest on Bonds	1.38	1.38
(iv)	Commitment Charges payable	9.43	44.82
(v)	Payable to Employees/ Wholetime Directors	1.33	5.11
(vi)	Contribution towards gratuity fund payable to LIC	41.09	23.35
(vii)	Rent Adjustable Account	58.71	49.48
(viii)	Grant refundable to World Bank	-	113.03
(ix)	Others	910.98	78.68
	<b>SUB-TOTAL (D)</b>	<b>1,156.81</b>	<b>489.78</b>
	<b>TOTAL (A)+(B)+(C)+(D)</b>	<b>98,602.78</b>	<b>10,73,818.25</b>

## Note 10 : SHORT TERM PROVISIONS

₹ in Lac

S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>(A)</b>	<b>Provision for Employee Benefits [See note 24 (B) (6a)]</b>		
(i)	Leave Encashment	12.28	16.74
(ii)	Sick Leave	2.00	1.53
(iii)	Leave Fare Concession	0.72	0.64
	<b>SUB-TOTAL (A)</b>	<b>15.00</b>	<b>18.91</b>
<b>(B)</b>	<b>Others [See note 24 (B) (6a)]</b>		
(i)	Income Tax (Net)	-	919.70
(ii)	Interest on Income Tax	-	91.38
	<b>SUB-TOTAL (B)</b>	<b>-</b>	<b>1,011.08</b>
	<b>TOTAL (A)+(B)</b>	<b>15.00</b>	<b>1,029.99</b>

**Note 11 : FIXED ASSETS**

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK		₹ in Lakhs
	As at 01.04.2013	Addition	Disposals/ Adjustments	As at 31.03.2014	As at 01.04.2013	For the Period	Deductions/ Reversals	As at 31.03.2014	As at 31.03.2014	
TANGIBLE ASSETS										
FURNITURE & FIXTURES	34.67	0.49	3.08	32.08	7.98	7.52	0.76	14.74	17.34	26.69
VEHICLES	76.43	26.33	21.55	81.21	40.56	10.15	16.45	34.26	46.95	35.87
OFFICE EQUIPMENTS	30.43	4.92	1.46	33.89	7.19	3.74	0.46	10.47	23.42	23.24
COMPUTER HARDWARE	81.23	158.29	(0.38)	239.90	53.06	37.93	(0.05)	91.04	148.86	28.17
TOTAL	222.76	190.03	25.71	387.08	108.79	59.34	17.62	150.51	236.57	113.97
Previous Year	173.30	41.67	(7.79)	222.76	71.46	34.37	(2.96)	108.79	113.97	101.84
INTANGIBLE ASSETS										
COMPUTER SOFTWARE	7.91	90.35	-	98.26	1.55	11.64	-	13.19	85.07	6.36
TOTAL	7.91	90.35	-	98.26	1.55	11.64	-	13.19	85.07	6.36
Previous Year	14.33	7.91	14.33	7.91	7.05	1.55	7.05	1.55	6.36	7.28

₹ in Lac

**Note 12 : NON-CURRENT INVESTMENTS**

₹ in Lac

S.NO.	PARTICULARS	As at 31 <sup>st</sup> March, 2014			As at 31 <sup>st</sup> March, 2013		
		Number of Shares	Face Value		Number of Shares	Face Value	
<b>(A)</b>	<b>TRADE INVESTMENTS</b>						
<b>(a)</b>	<b>Equity Instruments - Unquoted (Fully Paid) Wholly owned Subsidiaries</b>						
(i)	Investment in India Infrastructure Finance Company (UK) Ltd.	5,00,00,000	USD 1	23,394.80	5,00,00,000	US D 1	23,394.80
(ii)	Investment in IIFCL Asset Management Company Ltd.	1,25,00,000	₹ 10	1,250.00	1,25,00,000	₹ 10	1,250.00
(iii)	Investment in IIFCL Projects Ltd.	500,000	₹ 10	50.00	5,00,000	₹ 10	50.00
				<u>24,694.80</u>			<u>24,694.80</u>
<b>(b)</b>	<b>Equity Instruments - Unquoted (Fully Paid)</b>						
	Investment in Delhi Mumbai Industrial Corridor Development Corporation Ltd. *	41,00,000	₹ 10	411.03	41,00,000	₹ 10	411.03
				<u>411.03</u>			<u>411.03</u>
<b>(c)</b>	<b>Venture Capital Units (Unquoted) (Fully Paid)</b>	Number of Units	Face Value		Number of Units	Face Value	
	IDFC Project Equity Domestic Investors Trust II (Fully Paid)	78,55,229	₹ 100	7,855.23	60,60,239	₹ 100	6,060.24
				<u>7,855.23</u>			<u>6,060.24</u>
<b>(d)</b>	<b>Bonds (Quoted) (Fully Paid) (See footnote d below)</b>	Number of Bonds	Face Value		Number of Bonds	Face Value	
(i)	7.70% REC 2014	-	-	-	100	₹ 10 lac	959.23
(ii)	8.90% PNB 2019	200	₹ 10 lac	1984.03	200	₹ 10 lac	1,984.03
(iii)	10.60% IRFC 2018	50	₹ 10 lac	500.40	50	₹ 10 lac	500.89
(iv)	11.00% PFC 2018	50	₹ 10 lac	518.38	50	₹ 10 lac	526.63
(v)	11.25% PFC 2018	100	₹ 10 lac	1046.12	100	₹ 10 lac	1,065.93
				<u>4,048.93</u>			<u>5,036.71</u>
	<b>SUB-TOTAL (A)</b>			<u>37,009.99</u>			<u>36,202.78</u>
<b>(B)</b>	<b>OTHER INVESTMENTS</b>	Number of Units	Face Value		Number of Units	Face Value	
<b>(a)</b>	<b>Government Securities (Unquoted)</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	509.80	5,00,000	₹ 100	511.79
(v)	7.85% SL (Andhra Pradesh) 2019	10,00,000	₹ 100	1,001.70	10,00,000	₹ 100	1,002.02
(vi)	8.27% SL (Kerala) 2019	10,00,000	₹ 100	1,006.17	10,00,000	₹ 100	1,007.41
(vii)	8.43% SL (West Bengal) 2019	15,00,000	₹ 100	1,560.47	15,00,000	₹ 100	1,572.69
(viii)	8.48% SL (Tamil Nadu) 2019	25,00,000	₹ 100	2,541.75	25,00,000	₹ 100	2,550.19
				<u>17,386.49</u>			<u>17,410.70</u>
<b>(b)</b>	<b>Bonds (Quoted) (Fully Paid)</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
				<u>965.92</u>			<u>965.92</u>
<b>(c)</b>	<b>Mutual Funds (Unquoted) (Fully Paid)</b>	Number of Units	Face Value		Number of Units	Face Value	
	IIFCL Mutual Fund IDF Series I	1300	₹ 10 lac	13,000.00	-	-	-
				<u>13,000.00</u>	-	-	-
	<b>SUB-TOTAL (B)</b>			<u>31,352.41</u>			<u>18,376.62</u>
	<b>TOTAL (A)+(B)</b>			<b>68,362.40</b>			<b>54,579.40</b>

\* IIFCL held 41 lac equity shares of ₹ 10 each in Delhi Mumbai Industrial Corridor Development Corporation Ltd. (DMICDC) as on 31<sup>st</sup> March, 2013, which comprised 41% of equity shares capital of DMICDC as on that date. Therefore, as on 31<sup>st</sup> March, 2013, DMICDC was an associate company of IIFCL.

**Footnotes:**

- |     |   |           |           |
|-----|---|-----------|-----------|
| (a) | Aggregate amount of quoted investments:   |           |           |
|     | Cost/ Book Value  | 5,014.85  | 6,002.63  |
|     | Market Value  | 5,013.40  | 6,185.84  |
| (b) | Aggregate amount of unquoted investments -  | 63,347.54 | 48,576.76 |
|     | Cost/ Book Value  |           |           |
| (c) | Aggregate provision for diminution in value of investments  | 222.00    | 222.00    |
| (d) | During the previous 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. This resulted into aggregate provision being made for diminution in value of investments amounting to ₹ 222 lac. |           |           |
| (e) | Refer Note 24(A)(5) for valuation of individual investments.  |           |           |



**Note 13: LONG TERM LOANS AND ADVANCES**

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(A)	<b>CAPITAL ADVANCES</b> (Unsecured, Considered good) <b>SUB-TOTAL (A)</b>	30.01 <b>30.01</b>	213.66 <b>213.66</b>
(B)	<b>SECURITY DEPOSIT</b> (Unsecured, Considered good) <b>SUB-TOTAL (B)</b>	379.26 <b>379.26</b>	390.65 <b>390.65</b>
(C) (I)	<b>INFRASTRUCTURE LOANS (STANDARD ASSETS)</b> (See footnote below)		
(i)	Direct Lending	16,90,005.63	16,15,704.21
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	10,100.16	9,577.11
(iii)	Refinancing Scheme	1,83,839.58	-
(iv)	Takeout financing Scheme	3,31,435.78	2,46,405.04
(C) (II)	<b>INFRASTRUCTURE LOANS (SUB-STANDARD ASSETS)</b>		
(i)	Direct Lending	70,981.99	19,369.21
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	113.43	1,000.54
(C) (III)	<b>INFRASTRUCTURE LOANS (DOUBTFUL ASSETS)</b>		
(i)	Direct Lending	8,265.28	-
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	803.77	-
	<b>SUB-TOTAL (C)</b>	<b>22,95,545.62</b>	<b>18,92,056.11</b>
(D)	<b>OTHER LOANS AND ADVANCES</b>		
(I)	<b>Secured, Considered good</b>		
	Loan to employees	190.14	99.12
(II)	<b>Unsecured, Considered good</b>		
(i)	Advance recoverable from employees	5.28	-
(ii)	Prepaid Expenses	-	1.14
	<b>SUB-TOTAL (D)</b>	<b>195.42</b>	<b>100.26</b>
	<b>TOTAL (A) + (B) + (C) +(D)</b>	<b>22,96,150.31</b>	<b>18,92,760.68</b>

Footnote:

Sector	Particulars/Security	Amount (₹ in Lac)	
Power and other Sectors	Secured, Considered Good: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	11,66,979.68	9,85,269.77
Road and Airport (PPP)	Secured, Considered Good: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.	10,37,289.28	9,88,137.40
Financial Institutions	Unsecured, Considered Good	1,83,839.58	4,41,800.00
	<b>TOTAL#</b>	<b>23,88,108.54</b>	<b>24,15,207.17</b>

# The above includes ₹ 92,562.92 lac (as on on 31<sup>st</sup> March, 2013 ₹ 5,23,151.06 lac) being amount of loans due within a year and overdue amount as on 31<sup>st</sup> March, 2014 which are shown in Note 17. Further, aggregate provisions of ₹ 41,367.36 Lac has been made against these advances till 31<sup>st</sup> March, 2014 (₹ 8,587.37 Lac till 31<sup>st</sup> March, 2013) as per RBI norms.

## Note 14: CURRENT INVESTMENTS

₹ in Lac

PARTICULARS	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Number of Bonds	Face Value	Number of Bonds	Face Value
<b>Bonds (Quoted) (Fully Paid)</b>				
7.70% REC 2014	100	₹ 10 lac	-	-
<b>TOTAL</b>		959.23		-
		959.23		-
Less: Provision for diminution in the value of Bonds		-		-
<b>TOTAL CURRENT INVESTMENTS</b>		959.23		-

### Footnotes:

(a) Aggregate amount of quoted investments:

Cost/ Book Value	959.23	-
Market Value	997.17	-

(b) Aggregate amount of unquoted investments - Cost/ Book Value - -

## Note 15: TRADE RECEIVABLES

₹ in Lac

PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Unsecured, considered good:</b>		
Processing Fees recoverable	-	366.67
- Dues exceeding six months		
<b>TOTAL</b>	-	366.67

## Note 16: CASH AND BANK BALANCES

₹ in Lac

S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>(A)</b>	<b>CASH AND CASH EQUIVALENTS</b>		
(i)	Balances with banks	1,071.58	30,658.15
(ii)	Cash on hand	0.17	0.34
(iii)	Flexi Deposits with banks	838.45	4,300.70
	<b>SUB-TOTAL (A)</b>	<b>1,910.18</b>	<b>34,959.19</b>
<b>(B)</b>	<b>OTHER BANK BALANCES</b>		
(i)	Earmarked balances with banks for unclaimed interest on bonds	1.38	1.38
(ii)	Fixed Deposits with banks (Unencumbered)	5,11,289.80	3,55,950.18
<b>(iii)</b>	<b>Fixed Deposits with banks (Encumbered):</b>		
(a)	Held as security against Interest Payment of Bonds	2,96,730.65	50,000.00
(b)	Earmarked for expenses Related to World Bank Grant	-	110.11
(c)	Pledged to avail overdraft facility from banks	5,14,526.25	5,36,873.75
	<b>SUB-TOTAL (B)</b>	<b>13,22,548.08</b>	<b>9,42,935.42</b>
	<b>TOTAL (A)+(B)</b>	<b>13,24,458.26</b>	<b>9,77,894.61</b>

**Note 17: SHORT TERM LOANS & ADVANCES**

		₹ in Lac	
	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>(A)(I)</b>	<b>INFRASTRUCTURE LOANS (STANDARD ASSETS)</b> <b>(See footnote in Note 13)</b>		
(i)	Direct lending	58,243.96	59,080.98
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	1,315.12	707.47
(iii)	Refinancing Scheme	-	4,41,800.00
(iv)	Takeout financing Scheme	22,580.92	18,313.07
<b>(A) (II)</b>	<b>INFRASTRUCTURE LOANS (SUB-STANDARD ASSETS)</b> <b>(See footnote in Note 13)</b>		
(i)	Direct lending	8,819.24	3,129.19
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	21.80	120.35
<b>(A) (III)</b>	<b>INFRASTRUCTURE LOANS (DOUBTFUL ASSETS)</b> <b>(See footnote in Note 13)</b>		
(i)	Direct lending	1,400.00	-
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	181.88	-
	<b>SUB-TOTAL (A)</b>	<b>92,562.92</b>	<b>5,23,151.06</b>
<b>(B)</b>	<b>Loans and advances to related parties (Unsecured, considered good)</b>		
(i)	Expenses Incurred on behalf of subsidiary companies	166.26	116.15
(ii)	Expenses Incurred on behalf of associate company i.e.Irrigation & Water Resources Finance Corporation	-	0.17
	<b>SUB-TOTAL (B)</b>	<b>166.26</b>	<b>116.32</b>
<b>(C)</b>	<b>Others</b>		
<b>(I)</b>	<b>Secured, considered good</b>		
	Loan to employees	36.41	20.72
<b>(II)</b>	<b>Unsecured, considered good</b>		
(i)	Security deposit	602.20	309.00
(ii)	Advances recoverable from employees	1.91	4.74
(iii)	Advance Tax paid (Net)	633.65	-
(iv)	Income Tax Recoverable	325.94	325.94
(v)	Service Tax Recoverable (CENVAT)	145.68	0.34
(vi)	Prepaid Expenses	29.87	49.98
(vii)	Other advances	35.09	4.81
	<b>SUB-TOTAL (C)</b>	<b>1,810.75</b>	<b>715.53</b>
	<b>TOTAL (A)+(B)+(C)</b>	<b>94,539.93</b>	<b>5,23,982.91</b>

**Note 18: OTHER CURRENT ASSETS**

		₹ in Lac	
	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>(A)</b>	<b>Interest accrued and due on loans and advances</b>	24,080.57	18,863.02
	<b>SUB-TOTAL (A)</b>	<b>24,080.57</b>	<b>18,863.02</b>
<b>(B)</b>	<b>Interest accrued but not due on:</b>		
(i)	Fixed Deposits with Banks	54,295.33	42,642.95
(ii)	Bonds	207.93	207.98
(iii)	Government Securities	204.88	204.88
(iv)	Interest Rate Swaps (Net)	-	-
(v)	Loans & Advances	10,823.74	8,954.10
	<b>SUB-TOTAL (B)</b>	<b>65,531.88</b>	<b>52,009.91</b>
<b>(C)</b>	<b>Others</b>	1,199.60	93.87
	<b>SUB-TOTAL (C)</b>	<b>1,199.60</b>	<b>93.87</b>
	<b>TOTAL (A)+(B)+(C)</b>	<b>90,812.05</b>	<b>70,966.80</b>

## Note 19: REVENUE FROM OPERATIONS

		₹ in Lac	
S.NO.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>(A)</b>	<b>Interest</b>		
(i)	Interest on Loans and Advances under Direct Lending	2,02,088.43	1,92,277.88
(ii)	Interest on Loans under PMDO Scheme	1,273.34	1,219.87
(iii)	Interest on Loans and Advances under Refinancing Scheme	40,537.47	34,222.95
(iv)	Interest on Loans and Advances under Takeout Financing Scheme	32,000.32	17,826.89
(v)	Penal Interest	539.75	625.97
(vi)	Interest on Government Securities	1,273.66	1,273.70
(vii)	Interest on Bonds	563.75	599.93
(viii)	Interest on Deposits with Banks	1,10,045.62	76,938.85
	<b>SUB-TOTAL (A)</b>	<b>3,88,322.34</b>	<b>3,24,986.04</b>
<b>(B)</b>	<b>Other Financial Services</b>		
(i)	Upfront Fee	831.97	1,497.68
(ii)	Processing fee	102.06	731.82
(iii)	Pre-Payment Charges	27.38	34.78
(iv)	Commission Received	171.20	422.89
(v)	Commitment Charges	3.20	4.78
(vi)	Other Charges	221.82	224.00
	<b>SUB-TOTAL (B)</b>	<b>1,357.63</b>	<b>2,915.95</b>
	<b>TOTAL (A) + (B)</b>	<b>3,89,679.97</b>	<b>3,27,901.99</b>

## Note 20: OTHER INCOME

		₹ in Lac	
S.NO.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	<b>Other Non-Operating Income</b>		
(i)	Gain on Swap Deals	1,916.24	550.74
(ii)	Grants received	119.18	154.26
(iii)	Amounts/ Provisions written back	3.04	114.10
(iv)	Miscellaneous Income	15.58	22.44
	<b>TOTAL</b>	<b>2,054.04</b>	<b>841.54</b>

## Note 21: FINANCE COSTS

		₹ in Lac	
S.NO.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(A)	<b>Interest Expense:</b>		
(i)	Interest on Bonds & Debentures	1,60,786.00	1,16,871.82
	Less: Interest Saving on Bonds	-	(89.82)
(ii)	Interest on Bank Borrowings	10,815.77	3,049.11
(iii)	Interest on Bonds Application Money	-	710.02
(iv)	Interest on loan from NSSF	13,500.00	13,500.00
(v)	Interest on loan from LIC	17,068.69	16,458.30
(vi)	Interest on loan from ADB	3,272.11	3,929.03
(vii)	Interest due to net settlement of swap transactions on ADB Loan	25,361.38	20,558.32
(viii)	Interest on loan from IBRD (World Bank)	79.48	92.46
(ix)	Interest due to net settlement of swap transactions on IBRD (World Bank) Loan	777.44	521.20
(x)	Interest on loan from KFW	1,145.27	758.59
(xi)	Interest due to net settlement of swap transactions on KFW Loan	410.55	523.44
	<b>SUB-TOTAL (A)</b>	<b>2,33,216.69</b>	<b>1,76,882.47</b>
(B)	<b>Other Borrowing Costs:</b>		
(i)	Guarantee Fees to Govt. of India	5,633.97	5,500.08
(ii)	Commitment charges	109.34	186.08
(iii)	Bond Servicing Expenses	169.34	130.54
(iv)	Bond Issue Expenses [See note 24(B)(18)(5)]	3,786.05	1,251.66
	<b>SUB-TOTAL (B)</b>	<b>9,698.70</b>	<b>7,068.36</b>
(C)	<b>Net loss on foreign currency transactions and translations</b>	<b>17,778.71</b>	<b>3,652.25</b>
	<b>SUB-TOTAL (C)</b>	<b>17,778.71</b>	<b>3,652.25</b>
	<b>TOTAL (A) + (B) + (C)</b>	<b>2,60,694.10</b>	<b>1,87,603.08</b>

## Note 22: EMPLOYEE BENEFITS EXPENSE

		₹ in Lac	
S.NO.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(i)	Salaries and Wages	708.96	561.08
(ii)	Contribution to provident and other funds	91.89	71.22
(iii)	Staff Welfare Expenses	226.34	186.70
	<b>TOTAL</b>	<b>1,027.19</b>	<b>819.00</b>

## Note 23: OTHER EXPENSES

		₹ in Lac	
S.NO.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(i)	Power and Fuel	11.21	8.22
(ii)	Lease Rent	608.18	720.42
(iii)	Insurance	1.33	1.90
(iv)	Professional Fees	125.00	162.45
(v)	Rates and Taxes	40.41	40.96
(vi)	Interest on income tax	-	95.39
(vii)	Amortization of Premium Paid on non-current securities	52.76	24.20
(viii)	Net loss on foreign currency transactions and translations	2,120.63	554.32
(ix)	Loan Amount Written Off	-	75.81
(x)	Establishment and Other Expenses (including auditors' remuneration) [See note 24(B)(17)]	1,052.70	852.31
	<b>TOTAL</b>	<b>4,012.22</b>	<b>2,535.98</b>



## **Note 24: SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

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 Certification 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. The Financial accounts have been prepared on a going concern basis with accrual concept and same accounting policies and practices are followed in the interim financial statements as those were followed in the annual financial statements for the year ended 31<sup>st</sup> March, 2013.

### **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 loan agreements.

- 2.4. Dividend is accounted on an accrual basis when right to receive the dividend is established.

- 2.5. Income from investment in schemes of growth of mutual funds 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. 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.

#### **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.

- c. "Doubtful asset" means a term loan or any other asset which remains sub-standard asset for a period of exceeding 18 months.
- d. "Loss Asset" means:
- an asset which has been identified as loss asset by the company or its internal or external auditor to the extent it is not written off by the company.
  - an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

### 3.4 Provisioning

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

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

### (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 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)

### 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;
- after commencement of commercial production but before the asset has been classified as sub-standard;
- after commencement of commercial production and the asset has been classified as sub-standard.

### b. 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.

- (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) **Adjustment of interest:** Where rescheduling or renegotiation or restructuring involves a reduction in the rate of interest, the interest adjustment is computed by taking the difference between the rate of interest as currently applicable to infrastructure loan (as adjusted for the risk rating applicable to the borrower) and the reduced rate and aggregating the present value (discounted at the rate currently applicable to infrastructure loan, adjusted for risk enhancement) of the future interest payable so stipulated in the restructuring or rescheduling or renegotiation proposal.
- 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, and based on expected outcome of assessments/appeals and on the basis of changes adopted by the company in accounting policies & estimates.
  - 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 scripwise from current to non- current 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 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 at the rates and manner provided in Schedule XIV of the Companies Act, 1956 following written down value method. Depreciation on individual assets having cost ₹ 5000/- or less is charged at 100% as prescribed in the aforesaid schedule.

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.

## 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 counter party 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 ACCOUNTS FOR FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2014

₹ in Lac

		As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
2. (a)	Estimated amount of contracts remaining to be executed on capital account (net of advances)	203.18	341.44
(b)	Estimated amount of contracts under Corporate Social Responsibility (CSR) remaining to be executed (net of advances)	125.35	144.68
(c)	Uncalled liability on account of capital commitment in respect of Venture Capital Units of IDFC Project Equity Domestic Investors Trust II	929.14	2,900.93
(d)	Letter of Comfort for issue of Letter of Credit (LC)	26,379.81	15,488.17
	The company has issued letters of comfort to respective lead banks 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.		
(e)	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	Nil
(f)	In respect of cess on turnover or gross receipt of company u/s 441A of Companies Act, 1956, to be levied @ not less than 0.005% and not more than 0.1% on the value of the annual turnover or gross receipt whichever is higher, no provision has been made, as the cess rate & the date from which it is applicable has not been notified so far by the Govt. Though no such notification has been issued so far, the Company may have to pay cess minimum of ₹ 70.43 lac and maximum of ₹ 1,408.53 lac, if levied from the financial year 2005-06 being the year in which company was incorporated.		

### 2. (a) Expenditure in foreign currency during the year on account of interest and other matters:

₹ in Lac

Particulars	For Year Ended 31 <sup>st</sup> March, 2014	For Year Ended 31 <sup>st</sup> March, 2013
<b>Expenditure in Foreign Currencies (Actual outgo)</b>		
- Interest on borrowings	4,583.22	4,808.52
- Commitment Charges	144.73	174.76
- Foreign Traveling	17.13	23.45
- Other Expenses	48.35	46.91
<b>TOTAL</b>	<b>4,793.43</b>	<b>5,053.64</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, 2014	For Year Ended 31 <sup>st</sup> March, 2013
- Interest	190.82	203.91
- Grants Received	187.50	113.00
- Dividend Received	-	16,627.50
<b>TOTAL</b>	<b>378.32</b>	<b>16,944.41</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. (i) Disclosures of Related Parties and related party transactions:**

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

**i) Key Managerial Personnel**

- Shri S. B Nayar - Chairman and Managing Director
- Shri S.K. Goel - EX- Chairman and Managing Director
- Dr. Harsh Kumar Bhanwala - Ex- Executive Director

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

(b) IIFCL Projects Ltd. and

(c) IIFCL Asset Management Company Ltd.

**iii) Associate Companies: Irrigation and Water Resources Finance Corporation Limited (IWRFCCL)**

**B) Transactions during the year ended 31<sup>st</sup> March, 2014 (Previous Corresponding year ended 31<sup>st</sup> March, 2013) with related parties:**

S.No.	Particulars	Amount
<b>a)</b>	<b>Managerial Remuneration</b>	
	<b>(i) Shri S B Nayar (Chairman and Managing Director) (From 12<sup>th</sup> December, 2013 to 31<sup>st</sup> March, 2014)</b>	
	Remuneration	₹ 10.54 lac (Nil during year ended 31 <sup>st</sup> March, 2013 )
	Perquisites	₹ 1.06 lac (Nil during year ended 31 <sup>st</sup> March, 2013)
	Provision for Performance linked incentive	₹ 2.50 lac (Nil during year ended 31 <sup>st</sup> March, 2013)
	Leave encashment, PF & Gratuity	₹ 1.71 lac (Nil during year ended 31 <sup>st</sup> March, 2013)
	<b>(ii) Shri S.K. Goel (Ex- Chairman and Managing Director) (Tenure up to 23<sup>rd</sup> June, 2013)</b>	
	Remuneration	₹ 8.68 lac (₹ 34.51 lac during year ended 31 <sup>st</sup> March, 2013)
	Perquisites	₹ 1.42 lac (₹ 1.50 lac during year ended 31 <sup>st</sup> March, 2013)
	Provision for Performance linked incentive	₹ 2.50 lac (₹ 11.85 lac during year ended 31 <sup>st</sup> March, 2013)
	Leave encashment, PF & Gratuity	₹ 1.08 lac (₹ 5.43 lac during year ended 31 <sup>st</sup> March, 2013)
	<b>(v) Shri Harsh Kumar Bhanwala (Ex- Executive Director) (Tenure up to 12<sup>th</sup> December, 2013)</b>	
	Remuneration	₹ 23.63 lac (₹ 8.92 lac during year ended 31 <sup>st</sup> March, 2013)
	Perquisites	₹ 0.18 lac (₹ 0.13 lac during year ended 31 <sup>st</sup> March, 2013)
	Provision for Performance linked incentive	₹ 6.09 lac (₹ 3.38 lac during year ended 31 <sup>st</sup> March, 2013)
	Leave encashment, PF & Gratuity	₹ 2.45 lac (₹ 1.84 lac during year ended 31 <sup>st</sup> March, 2013)
<b>b)</b>	<b>Investment in equity shares</b>	
i)	IIFCL Projects Ltd.	Nil (₹ 50.00 lac during year ended 31 <sup>st</sup> March, 2013)
ii)	Corporation Limited	Nil (₹ 1,250.00 lac during year ended 31 <sup>st</sup> March, 2013)
<b>c)</b>	<b>Rent Received/recoverable from subsidiaries/ associate companies:</b>	
i)	IIFCL Projects Ltd.	₹ 33.21 lac (₹ 30.89 lac during year ended 31 <sup>st</sup> March, 2013)
ii)	IIFCL Asset Management Company Ltd.	₹ 47.62 lac (₹ 23.63 lac during year ended 31 <sup>st</sup> March, 2013)
iii)	Irrigation and Water Resources Finance Corporation Limited	₹ 57.60 lac (₹ 40.23 lac during year ended 31 <sup>st</sup> March, 2013)

(e)	Expenses recovered/recoverable from associate companies:	
i)	Irrigation and Water Resources Finance Corporation Limited	₹ 90.95 lac (₹ 19.59 lac during year ended 31 <sup>st</sup> March, 2013)
(f)	Amounts recovered/recoverable from subsidiaries:	
i)	IIFCL Projects Ltd.	₹ 28.18 lac (₹ 15.01 lac during year ended 31 <sup>st</sup> March, 2013)
ii)	IIFCL Asset Management Co. Ltd	₹ 83.61 lac (₹ 47.07 lac during year ended 31 <sup>st</sup> March, 2013)

**C) Balances outstanding**

₹ in Lac			
S. No.	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A)</b>	<b>Remuneration &amp; other benefits</b>		
	<b>Key Managerial Person</b>		
	Provision for Performance Linked Incentive to Whole time Directors	46.47	35.38
	Leave Encashment (provision)	2.39	13.26
	Gratuity (provision)	0.74	3.78
	Provident fund	0.18	0.32
<b>B)</b>	<b>Investment in equity shares :</b>		
<b>i)</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 Co. Ltd.	1,250.00	1,250.00
<b>C)</b>	<b>Amount /Rent recoverable from subsidiaries/ associate</b>		
	(a) IIFCL Projects Ltd.	Nil	45.14
	(b) IIFCL Asset Management Co. Ltd.	163.87	71.01
	(c) Irrigation and Water Resources Finance Corporation Limited	Nil	0.18
	(d) IIFC (UK) Ltd.	2.38	Nil

**5. Investment in Venture Capital Units**

During the year ended 31<sup>st</sup> March, 2014, the company has invested ₹ 1,971.79 lac (₹ 1,054.48 lac during year ended 31<sup>st</sup> March, 2013) 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 9,070.86 lac). Out of the 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 account in relation to such investments. However, the company has received during the current year ₹ 176.80 lac (₹ 522.10 lac during year ended 31<sup>st</sup> March, 2013) including tax paid Nil (₹ 33.14 lac during year ended 31<sup>st</sup> March, 2013) in respect of redemption of venture capital units.

**6. (a) 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, 2014	For the Year Ended 31 <sup>st</sup> March, 2013
<b>Income Tax (Net)</b>		
Opening Balance	919.70	120.09
Addition during the period	35,133.91	39,902.45
Excess Provision written back during the period	(17.48)	-
Amount paid/ adjusted during the period	36,669.78	39,102.84
Closing Balance	(633.65)	919.70
<b>Interest on Income Tax</b>		
Opening Balance	91.38	45.37
Addition during the period	-	95.39

Excess Provision written back during the period	2.99	39.06
Amount paid/ adjusted during the period	88.39	10.38
Closing Balance	-	91.38
<b>Proposed Wage Revision</b>		
Opening Balance	37.29	-
Closing Balance	141.53	37.29
<b>Leave Fare Concession</b>		
Opening Balance	8.90	8.44
Addition during the period	26.44	26.67
Amount paid/adjusted during the period	25.08	26.21
Closing Balance	10.26	8.90
<b>Leave Encashment</b>		
Opening Balance	67.21	33.00
Addition during the period	52.17	41.57
Amount paid/adjusted during the period	21.38	7.36
Closing Balance	95.19	67.21
<b>Sick Leave</b>		
Opening Balance	25.40	9.89
Addition during the period	20.37	15.51
Amount paid/adjusted during the period	-	-
Closing Balance	45.77	25.40
<b>Performance Linked Incentive to Whole Time Directors</b>		
Opening Balance	51.50	33.15
Addition during the period	11.09	18.35
Amount paid/adjusted during the period	-	-
Closing Balance	62.59	51.50
<b>Marked to Market Losses on Derivatives(Note no: 24 (B) (11 a))</b>		
Opening Balance	5,680.75	6,654.76
Addition during the period	(1,471.34)	(974.01)
Amount paid/adjusted during the period	-	-
Closing Balance	4,209.41	5,680.75
<b>Contingent Provision for Standard Assets</b>		
Opening Balance	6,048.51	4,666.60
Addition/Adjustment during the period	(217.45)	1,381.91
Closing Balance	5,831.06	6,048.51
<b>Provision for Sub-standard Assets</b>		
Opening Balance	2,361.92	-
Addition during the period	19,150.98	2,361.92
Closing Balance	21,512.90	2,361.92
<b>Provision for Doubtful Assets</b>		
Opening Balance	-	-
Addition during the period	2,130.19	-
Closing Balance	2,130.19	-
<b>Provision for Standard Restructured Loan Assets</b>		
Opening Balance	176.94	-
Addition during the period	11,716.27	176.94
Closing Balance	11,893.21	176.94

**(b) Disclosure under Accounting Standard 15 “ Employee Benefits” (AS-15)**

1.1) In respect of permanent employees of the company based on actuarial valuation of liability

i) Expenses recognized in the Statement of Profit and Loss.

(₹ in lac)

	Leave encashment	Leave fare concession	Sick leave
Current Service Cost	29.68	5.69	14.51
Interest cost on benefit obligation	4.31	0.71	2.03
Expected return on plan assets	N.A.	N.A.	N.A.
Net actuarial (gain)/Loss recognized in the year	15.12	20.03	3.83
Expenses recognized in Statement of Profit and Loss	49.11	26.43	20.37

N.A. denotes not available during the period

ii) The amount recognized in the Statement of Profit and Loss.

(₹ in lac)

	Leave encashment	Leave fare concession	Sick leave
Present value of obligation as at 31.03.2014 (i)	92.60	10.26	45.77
Fair value of plan assets as at 31.03.2014 (ii)	Nil	Nil	Nil
Difference (ii) – (i)	(92.60)	(10.26)	(45.77)
Net Asset/(Liability) recognized in the Balance Sheet	(92.60)	(10.26)	(45.77)

iii) Changes in the Present Value of the defined benefit obligation

(₹ in lac)

	Leave encashment	Leave fare concession	Sick leave
Present value of obligation as at 01.04.2013	53.94	8.90	25.40
Interest Cost	4.31	0.71	2.03
Current Service Cost	29.68	5.69	14.51
Benefits paid	(10.45)	(25.07)	-
Net actuarial (gain)/loss on obligation	15.12	20.03	3.83
Present value of the defined benefit obligation as at 31.03.2014	92.60	10.26	45.77

N.A. denotes not available.

iv) The actuarial valuation of liability as on 31<sup>st</sup> March, 2014 in respect of defined retirement and other benefits were made based on following assumptions:

Mortality rate	LIC ( 1994-96)
Withdrawal rate	Up to 30 years 3% 31 <sup>st</sup> year to 44 years 2% Above 44 years 1%
Discount rate (p.a.)	8.50%
Salary escalation	6.00%

1.2) In respect of Whole Time Director.:

(₹ in lac)

	Gratuity	Leave encashment	Leave fare concession
Expenses recognized in Statement of Profit and Loss	0.56	2.13	0.76
Amount recognized in Balance Sheet	0.74	2.39	-



7. 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:

(₹ in lac)

Particulars	For Year Ended 31.03.2014		For Year Ended 31.03.2013	
	Amount ₹ in lac	Shares	Amount ₹ in lac	Shares
Nominal Value of share (₹)		10/-		10/-
Number of Equity Share (No. in lac)		33,000		29,000
Net Profit (after tax)	52,142.48		1,04,699.44	
Earning Per Share(Not Annualized) (₹)	1.72		3.79	

EPS for the previous period has been calculated on weighted average number of equity shares of 30,238.36 lac for year ended 31<sup>st</sup> March, 2014.

8. a. In terms of Accounting Standard -22 on “Accounting for Taxes on Income”, income tax expense for the current period is determined on the basis of taxable income and the tax credit computed in accordance with the provisions of the Income Tax Act 1961 and based on expected outcome of assessments / appeals and also on the basis of changes adopted by the company in Accounting estimates during the current financial year having effect on deferred tax asset/liability.

Deferred tax liability or asset is recognized on timing differences which is reversible between the accounting income and the taxable income for the year and quantified using the tax rates and provisions, enacted or subsequently enacted as on balance sheet date.

Deferred tax assets if any, are recognized 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.

b. During the year, the company has created net deferred tax liability of ₹ 6,226.59 lac (deferred tax asset of decreased by ₹ 500.68 lac during year ended 31<sup>st</sup> March, 2014).

9. 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, 2014. Hence the company has no outstanding liability towards Micro, Small and Medium Enterprises and other information to be prescribed under this act is Nil.
10. 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, 2014, there were no events or change in circumstances, which indicate any impairment in the assets.

#### 11. 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 1JPY = ₹ 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 ₹ 4,209.41 lac on notional principal of ₹ 8000 lac as at 31<sup>st</sup> March, 2014 (₹ 5,680.75 lac on notional principal of ₹ 1000 lac as at 31<sup>st</sup> March, 2013) which includes profit by way of write back of provision of ₹ 336.14 lac for the year ended 31<sup>st</sup> March, 2014 (profit of ₹ 974.01 lac for year ended 31<sup>st</sup> March, 2013).

b) Notional principal amount of ₹ 2,000 lac out of the two interest rate swap (IRS) transactions referred in note 11 (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 11 a) above, is reduced to ₹ 8,000 lac each.

- c) 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 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, 2014 (31 <sup>st</sup> March, 2013)	USD 9,752.49 lac (USD 8,002.74 lac)
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	₹ 4,80,860.88 lac (₹ 3,69,711.27 lac)
<b>Kreditanstalt für Wiederaufbau (KFW)</b>	
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	Euro 254.74 lac (Euro 254.74 lac)
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	₹ 15,562.94 lac (₹ 15,562.94 lac)
<b>IBRD World Bank</b>	
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	USD 344.88 lac (USD 194.88 lac)
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	₹ 18,023.11 lac ( ₹ 8,657.36 lac)

As per the Mark-to-Market (M2M) valuations furnished by the counter party banks and other valuer on the above composite contracts, the net 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) and M2M gain as on 31<sup>st</sup> March, 2013 amounts to ₹ 70,689.36 lac (Gross gain of ₹ 70,689.36 lac less Gross loss Nil).

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.

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.

(c) 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, 2014 (31 <sup>st</sup> March, 2013)	USD 2,682.16 lac (USD 2,464.64 lac)
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	₹ 1,61,197.20 lac (₹ 1,34,049.85 lac)
<b>Kreditanstalt für Wiederaufbau (KFW)</b>	
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	Euro 227.30 lac (Euro 40.38 lac)
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	₹ 18,769.30 lac (₹ 2,808.41 lac)
<b>IBRD World Bank</b>	
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	USD 151.93 lac (USD 34.47 lac)
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	₹ 9,130.72 lac (₹ 1,875.06 lac)

# Unhedged amount of foreign currency loan from ADB includes USD 151.31 lac i.e ₹ 9,093.56 lac (USD 163.33 lac i.e ₹ 8,883.38 lac as on 31<sup>st</sup> March, 2013) 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.

## 12. Creation of Bond Redemption Reserve

a) In respect of privately placed bonds: Since the company is notified as a 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 687.75 lac (Previous year 315.63 lac) Long Term Infrastructure Bonds of the face value of ₹ 1000 each aggregating ₹ 6,87,754.25 lac during year ended 31<sup>st</sup> March, 2014 (₹ 3,15,631.89 lac during the financial year ended 31<sup>st</sup> March, 2013) through public issue.

As per the circular no 04/2013 dated 11<sup>th</sup> February, 2013 issued by the Ministry of Corporate Affairs', Government of India requiring a 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 ₹ 9,924.83 lac up to 31<sup>st</sup> March, 2014 (₹ 1856.02 lac up to 31<sup>st</sup> March, 2013 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 which 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 ₹ 25,22,120.52 lac as on 31<sup>st</sup> March, 2014 (₹ 19,45,403.06 lac as on 31<sup>st</sup> March, 2013 which are repayable beyond seven years).

13. 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 statement of profit and loss whereas the company has restated the above loans at the date of inception of the forward contract and difference taken to statement of profit and loss 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 31<sup>st</sup> March, 2014 would have been higher by ₹ 1,36,602.17 lac (higher by ₹ 70,689.36 lac as on 31<sup>st</sup> March, 2013). However, there would be no impact on the profit for the year 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.

14. 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 ₹ 141.70 lac has been made 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.

15. (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 had 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 had informed that Reserve Bank of India is not in favour of creation of separate category of NBFC based on ownership. Accordingly, IIFCL has made a request to Reserve Bank of India for registration as NBFC- IFC on 7<sup>th</sup> March, 2013. Subsequently, RBI has 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, would be required to prepare a roadmap for compliance with various provisions 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 is in process of preparing roadmap for compliance with the provisions of NBFC Regulations in consultation with the Government of India and submission thereof to Reserve Bank of India. Meanwhile, pending registration as NBFC with RBI, the Company had 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.

- (c) The company created reserve for loan assets at 0.40% of the total outstanding of loan assets up to 31<sup>st</sup> March, 2011. Consequent upon adoption of prudential norms during the year ended 31<sup>st</sup> March, 2012 as stated in (b) above, the company has discontinued the practice to transfer amount to Reserve for Loan Assets and the existing Reserve for Loan Assets of ₹ 5792.94 lac as on 31<sup>st</sup> March, 2011 had been retained in the books of account of the company as on 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 of ₹ 5792.94 lac 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 ₹ 5792.94 lac retained and carried since 31<sup>st</sup> March, 2011, is written back and transferred to Profit and Loss Account during financial year ended 31<sup>st</sup> March, 2014. (Refer Note 2: (e) Surplus in Statement of Profit and Loss)
- (d) The company has restructured/ rescheduled 26 loan accounts up to 31<sup>st</sup> March, 2014 having outstanding balance of ₹ 3,29,276.05 lac as on 31<sup>st</sup> March, 2014 (₹ 2,82,040.42 lac in 21 loan accounts as on 31<sup>st</sup> March, 2013) and there is no shortfall in the value of security in these accounts as on 31<sup>st</sup> March, 2014. Refer note 24(A)(3.5)b).
- (e) The company has made additional provisions at rates higher than prescribed in specific cases potential loss is estimated based on current status of account.

#### 16. Disclosure under Accounting Standard-19 (AS-19), leases

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

(₹ in lac)

Period	For the Year Ended 31 <sup>st</sup> March, 2014	For the Year Ended 31 <sup>st</sup> March, 2013
Total of future minimum lease payments (Gross Investment)	1,551.74	2,451.94
Present value of lease payments	1,432.92	2,190.41
10 Year G-Sec Yield	8.83%	8.01%
<b>Maturity profile of total of future minimum lease payments</b>		
Not later than one year	886.71	869.48
Later than one year but not later than five year	665.03	1,582.46
Later than five year	-	-
<b>Total</b>	<b>1,551.74</b>	<b>2,451.94</b>

#### 17. Payment to Auditors:

(₹ in lac)

S. No.	Particulars	For the Year Ended 31 <sup>st</sup> March, 2014	For the Year Ended 31 <sup>st</sup> March, 2013
1.	Audit Fee	7.50	7.50
2.	Taxation Matters	1.50	1.50
3.	Certification work	4.70	4.64
4.	Audit of Accounts for issue of bonds		
	(a) For quarter ended June respective financial year	-	3.60
	(b) For half year ended September respective financial year	5.10	5.10
	(c) Verification of restated accounts for 5 years	12.00	18.00
5.	Reimbursement of Expenses	-	1.36
	<b>TOTAL</b>	<b>30.80</b>	<b>41.70</b>



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 <sup>st</sup> March, 2014	For the Year Ended 31 <sup>st</sup> March, 2013
Income on Loans & Advances	(1,983.94)	2,489.43
Penal Interest	(21.47)	(20.40)
Prepayment Charges	-	7.08
Other Charges	(6.78)	1.16
Commission received on LC	-	188.98
Amount written back	-	3.53
Misc. Income	-	16.16
Total	(2,012.19)	2,685.94
Expenditure		
Employee Benefit Expenses	-	6.30
Interest on Loans	(69.18)	-
Bond service expenses	(0.09)	(0.31)
Professional Fees	(1.23)	-
Establishment and other expenses	1.08	-
Lease Rent	-	6.39
Depreciation	0.16	
Interest on income tax	-	4.02
Misc. Expense	-	2.01
Premium paid on HTM securities	14.45	
Total	(54.81)	18.41
Net	(1,957.38)	2,667.53

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.
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 seeking confirmation of balances as on 31<sup>st</sup> March 2014 to borrowers and banks etc. Some of the balances appearing under Infrastructure Loans, borrowings and other debit and credit balances as on 31<sup>st</sup> March, 2014 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.

21. The proceeds of bonds aggregating ₹ 9,84,074.25 lac raised during financial year 2013-14 was utilized for repayment of overdraft of ₹ 5,31,310.51 lac which was availed mainly for purpose of loan disbursement & payment of interest on borrowings and the balance proceeds of ₹ 4,52,763.74 lac, pending utilization as per objective of respective bond issues, was invested in bank deposits during the year having maturity date during 2014-15. Further, IIFCL availed overdraft of ₹ 2,08,392.17 lac from various banks during the year against security of these bank deposits which was also utilized mainly for purpose of loan disbursement and payment of interest on borrowings.

22. During the current year, the company has allotted 4,000 lac number of equity share of ₹ 10 each aggregating to ₹ 40,000 lac to Government of India. Accordingly, issued and paid up equity share capital has increased from ₹ 2,90,000 lac to ₹ 3,30,000 lac.
23. The previous year figures have been regrouped wherever considered necessary.
24. Statement of Additional information as required in terms of paragraph 13 of Non-banking Financial (Non- Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(₹ in lac)

Particulars	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	-
: Unsecured	4,10,000.00	-
(other than falling within the meaning of public deposits)		-
(b) Deferred Credits	-	-
(c) Term Loans	10,40,286.58	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Other Loans (short term bank loan)	-	-

(₹ in lac)

<b>Assets side:</b>	<b>Amount outstanding</b>
<b>(2) Break-up of Loans and Advances including bills receivables [Other than those included in (4) below]:</b>	
(a) Secured	22,04,268.97
(b) Unsecured	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)	-

(₹ in lac)

Assets side:	Amount outstanding
<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	4,932.02
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
<b>2. Unquoted:</b>	
(i) Shares: (a) Equity	25,105.83
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	13,000.00
(iv) Government Securities	17,386.49
(v) Others (advance against equity share capital)(Investment in venture capital units)	7,855.23
<b>Total</b>	<b>69,238.80</b>

(₹ in lac)

(5) Borrower group-wise classification of assets financed as in (2) and (3) above:			
Category	Amount net of provisions		
	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>

(₹ in lac)

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

(₹ in lac)

<b>(7) Other information</b>	
<b>Particulars</b>	<b>Amount</b>
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	90,587.40
(ii) Net Non-Performing Assets	66,944.31
(a) Related parties	-
(b) Other than related parties	-
(iii) Assets acquired in satisfaction of debt	Nil

**Disclosures pursuant to Reserve Bank of India Notification DNBS(PD) CC No.145/03.02.01/ 2009-10 dated July 1, 2009**

**Capital Adequacy Ratio**

(₹ in lac)

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2014</b>
Tier I Capital	5,78,100.00
Tier II Capital	-
Total Capital	5,78,100.00
Total Risk Weighted Assets	23,29,441.00
Capital Ratios	
Tier I Capital as Percentage of Total Risk Assets (%)	24.82
Tier II Capital as Percentage of Total Risk Assets (%)	-
Total Capital (%)	24.82

**II. Exposure to Real estate sector, both direct and indirect**

The Company does not have any direct or indirect exposure to the real estate sector as at 31<sup>st</sup> March, 2014

### III. Asset Liability Management

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

(₹ in lac)

Particulars Liabilities	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
Borrowings from banks	2,08,392.17	-	-	-	-	-	-	-	2,08,392.17
Market Borrowings	-	-	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>									
Receivables under financing activity	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
Investment	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

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

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

C P Mishra  
Partner  
Membership No.: 073009

H.S. Kumar  
(Director)

S.B. Nayar  
(Chairman and Managing Director)

Place: New Delhi  
Dated: 12.05.2014

Rajeev Mukhija  
(Chief General Manager- CFO & CS)



## NON-BANKING FINANCIAL COMPANIES AUDITOR'S REPORT

To

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

Dear Sir,

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 31.3.2014.
3. The Board of Directors has passed a resolution for non-acceptance of any public deposits during the year ended 31st March 2014.
4. The Company has not accepted any public deposits during the year 2013-14.
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, would be 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.
6. The company is in process of preparing roadmap for compliance with the provision of NBFC Regulations in consultation with the Government of India and submission thereof to Reserve Bank of India. Meanwhile the 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 March, 2012.
7. In terms of RBI Circular No. DNBS/PD/ CC. No. 93/03.05.002/2006-07 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 KM Agarwal & Co.  
Chartered Accountants  
(Regn. No. 000853N)

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

Date : 12-05-2014  
Place : New Delhi

## ADDENDUM TO THE AUDITOR'S REPORT

The Principal Director  
The Office of the principal of Commercial Audit & Ex-Officio Member,  
Audit Board-III.  
10, Bahadur Shah Zafar Marg,  
6-7th Floor of Annexe Building,  
New Delhi-110002

Dear Sir,

**Subject : Addendum to the Auditor's report for accounts of Indian Infrastructure Finance Company Limited for the year 2013-14**

In continuation to IIFCL letter dated 18<sup>th</sup> June, 2014 and discussions with management of IIFCL regarding Half Margins on financial statements for the years 2013-14 in your office on 27<sup>th</sup> June, 2014, we submit our addendum as under:

**(a) HM No: 8 Auditor's Report**

**Report on other legal and regulatory requirements**

With reference to our report dated 12<sup>th</sup> May, 2014 Pt. no 2 (f) under above mentioned head will be deleted from next year.

**(b) H M No: 11 Independent Auditor's report-**

**Point no 3**

Reference of note no 24 (B) (21) may be read 24(B) (20)

**Point no 5**

The observation is noted and the word Company Affairs will be used in the report from next year.

**Point no 6**

Reference of note no 24(B)(1)(e) may be read as 24(B)(1)(d)

For KM Agarwal & Co.  
Chartered Accountants  
(Regn. No. 000853N)

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

Date : 28-06-2014

Place : New Delhi

## ADDENDUM TO THE FINANCIAL STATEMENT

Subsequent to the approval of the financial statement of the company for the year ended 31<sup>st</sup> March, 2014 by the Board of Directors in meeting held on 12<sup>th</sup> May, 2014, the company as per assurance to the Office of Principal Director of Commercial Audit & Ex-Officio Member, Audit Board -III, New Delhi (CAG) vide letters dated 28<sup>th</sup> June, 2014, 4<sup>th</sup> July, 2014 & 16<sup>th</sup> July, 2014 on observations in their Half Margins on Annual accounts of IIFCL for the year 2013-14 has incorporated following changes in the financial statements on approval by Board of Directors in the meeting held on 11<sup>th</sup> August, 2014.

- a. Note 13: Long Term Loans and Advances: 'Financial Institutions' is indicated in place of 'Refinance' as sector in table given under footnote.
- b. Note 11 : Fixed Assets : 'Previous year' is indicated in place of 'As at 31<sup>st</sup> March, 2012' in the note.
- c. Note 3: Long Term Borrowings: Bonds are serially numbered. Further, Cross reference of footnote no. 3 is given for secured bonds at serial no (xxxx) & (xxxxi) and unsecured bond at serial no (xii) & (xiii).
- d. Note 24: Accounting Policy: Accounting policy no 6.3(b), 8.5, 8.6 and 11.4 are also disclosed as per financial statements for the previous year ended 31<sup>st</sup> March, 2013.
- e. Note 12: Non-current Investments : In footnote (d) 'During the previous financial year 2011-12' is indicated in place of 'During the previous financial year'.

## INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

### Statement of information of Subsidiaries in compliance with Section 212 of the Companies Act, 1956 as on 31<sup>st</sup> March 2014

PARTICULARS	India Infrastructure Finance Company (UK) Limited	IIFCL Projects Limited	IIFCL Asset Management Company Limited
1 The Financial year of the subsidiary ended on	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
2 (a) Number of shares held by India Infrastructure Finance Company Limited (Holding Company) as on 31 <sup>st</sup> March, 2013	500 lac Equity Shares of IIFCL(UK) Limited subscribed in tranches on various dates at prevailing exchange rate at face value of US\$1 each aggregating to ₹23,394.80 lac	5 lac Equity Shares of IIFCL Projects Limited subscribed at ₹ 10 each aggregating to ₹50.00 Lac	125 lac Equity Shares of IIFCL Asset Management Company Limited subscribed at ₹ 10 each aggregating to ₹1,250.00 Lac
(b) Extent of interest of the holding company at the end of the Financial Year of the subsidiary	100%	100%#	100%#
3 Date from which it became a subsidiary	7 <sup>th</sup> February, 2008	14 <sup>th</sup> February, 2012 @	28 <sup>th</sup> March, 2012 @
4 The net aggregate amount of profit/ (loss) and reserve of the subsidiary so far as it concerns the members of the holding company	₹ 40,099.32 Lac (US \$ 554.98 Million)^	(₹ 68.53 Lac)	₹ 31.65 Lac
(a) Dealt within the holding company's accounts by way of dividend on the shares held in subsidiary			
(i) For the financial year of the subsidiary company	NIL	NIL	NIL
(ii) For the previous financial year of the subsidiary company since it became the holding company's subsidiary	NIL	NIL	NIL
(b) Not dealt within the holding company's accounts			
(i) For the financial year of the subsidiary company	NIL	NIL	NIL
(ii) For the previous financial year of the subsidiary company since it became the holding company's subsidiary	NIL	NIL	NIL

# Equity shares of IIFCL Projects Limited and IIFCL Asset Management Company Limited held by IIFCL include 6 equity shares each, held jointly with nominee(s) viz. 1 share held jointly with each of the 6 nominees.

@ IIFCL Projects Limited registered on 14<sup>th</sup> February, 2012 and IIFCL Asset Management Company Limited registered on 28<sup>th</sup> March, 2012 were considered as subsidiaries from date of incorporation till subscription to their equity share capital by IIFCL on 21<sup>st</sup> May, 2012 and 7<sup>th</sup> June, 2012 respectively and subsequent allotment thereof even as both companies were yet to raise equity share capital and commence their business activities as IIFCL had undertaken to subscribe their entire equity share capital as subscriber to their Memorandum of Association.

^ Reserves include Accumulated Profits net of Reserve for Loan Assets created in its restated financial statements for the period upto 31<sup>st</sup> March, 2011 as per Indian GAAP for purpose of consolidation pursuant to Accounting Policy of IIFCL, the holding company and Foreign Currency Translation Reserve representing exchange difference wherein assets and liabilities, both monetary and non-monetary, of the foreign subsidiary are translated at the closing exchange rate (1 USD= ₹ 60.0998 as at 31<sup>st</sup> March, 2014) and income and expense items of the foreign subsidiary are translated at average exchange rate during the period (1 USD= ₹60.4563).

For India Infrastructure Finance Company Limited

H S Kumar  
(Director)

S B Nayar  
(Chairman and Managing Director)

## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED, NEW DELHI, FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

The preparation of financial statements of India Infrastructure Finance Company Limited, New Delhi for the year ended 31<sup>st</sup> March, 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 12<sup>th</sup> May, 2014 and Addendum dated 28<sup>th</sup> June, 2014 to the Audit Report.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of India Infrastructure Finance Company Limited, New Delhi, for the year ended 31<sup>st</sup> March, 2014. This supplementary audit has been carried out independently without access of the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

**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 : 22<sup>th</sup> July, 2014**



**Annual Interim Financial Report of Sub-Project and Grants pursuant to Loan Agreement between International Bank for Reconstruction and Development & India Infrastructure Finance Company Limited**  
**Component I - Annual Interim Financial Report (Annual IFR) for the year ending 31<sup>st</sup> March, 2014.**

INR/million									
Name of the sub Project	Contract/Contacts being financed Out of this (I)	Description of Sub Project/Contract/Package		Disbursement by IIFCL		Disbursement by Bank		Ledger Folio No in Ledger	Remarks
		IIFCL Sanctioned Amount	Total Sub Project/Contract Value (II)	During the year ended March, 2014	Cumulative amount disbursed till 31 <sup>st</sup> March, 2014	Cumulative amount disbursed till 31 <sup>st</sup> March, 2013	Amount Disbursed in 2013-14		
Section: 1									
Welspun Solar AP Pvt Ltd	NA	800.00	4726.80	—	795.30			Project Ledger_WSAPPL	This Project is already operational
Concast Damoh Road Projects Pvt Ltd	NA	140.00	716.00	85.74	131.32			Project Ledger_Concast Damoh	
Indira Container Terminal Pvt Ltd (ICTPL)	NA	1600.00	10156.60	135.70	943.30		— —	Project Ledger ICTPL	
DP Jain Dariapur - Jasondhi Package (Annuity) Road Projects Pvt Ltd	NA	247.60	1238.30	122.00	239.70			Project Ledger_DP Jain Dariapur	
Concast Dhaneta Road Project Pvt Ltd	NA	260.00	1305.60	103.71	163.18			Project Ledger_Concast Dhaneta	
DP Jain Ujjain Package Annuity Road Projects Pvt Ltd	NA	320.00	1620.00	215.55	309.35			Project Ledger_DP Jain Ujjain	
TOTAL		3367.60			2582.15			1638.85	
Section 2:									
	NA	NA	NA	NA	NA		NA	NA	NA

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

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

Place: New Delhi  
Dated: June 10, 2014

Component II - DFID Annual Interim Financial Report (IFR) for World Bank Financed Capacity Building Activities for the period ending 31<sup>st</sup> Marh, 2014

	Claimable Amount										Expenditure Forecast			Claim Details		Amount Disbursed		Authorised Allocation	Remarks
	For the Quarter ending Mar 2014	For the year (till Mar 14)	Cumulative	% eligible	For the period ending Mar 14	For the year	Cumulative	Quarter ending June 2014	Quarter ending Sept 2014	Total for 2 quarters	Current claim	Cumulative amount claimed till date	Cumulative RF no.						
Opening Balance in DFID Ledger	11,766,731	1,285,921	C	D	E=A*D	F=B*D	G=C*D			H=Ha+Hb	Ia	Ib	J	K	L	M			
Add :Funds Received																			
1.DFID/ RETFs		18,750,000	49,639,000																
2.Other receipts (bank interest etc)		243,899	243,899																
Total Funds Received	11,766,731	20,279,820	49,882,899																
Less: Category Wise Expenditure																			
I. Ineligible expenditure (Refer Audit Report for 2011-12)																			
Cenvat on training fees			-12,000				-12,000												
Expense relating to IDF Grant			-136,755				-136,755												
Sub Total			-148,755				-148,755												
II. Consultants Services															USD 525,000				
Environment safeguard Management	360,000	532,000	2,213,239	100%	360,000	532,000	2,213,239	400,000	400,000	800,000		2,350,000		2,350,000					
Social Safeguard Management	317,726	1,282,666	3,954,592	100%	317,726	1,282,666	3,954,592	340,000	340,000	680,000		4,050,000		4,050,000					
Domain Expert to head ESMU		1,010,608	1,609,641	100%	-	1,010,608	1,609,641		565,000	565,000		2,300,000		2,300,000					
Procurement Capacity	707,868	2,343,830	7,547,158	100%	707,868	2,343,830	7,547,158	715,000	715,000	1,430,000		7,350,000		7,350,000					
Hiring of a consulting firm to review sub-project from Procurement, technical, Legal perspectives		393,378	416,080	100%	-	393,378	416,080		2,000,000	2,000,000		2,000,000		2,000,000					
M&E Framework and GAAP Monitoring and Indicators	-		-	100%		-	-	400,000	400,000	-		1,000,000		1,000,000					
Periodic social audits	-		-	100%				-		-		-		-					
Business Plan for IPL	1,290,000	2,580,000	2,580,000	100%	1,290,000	2,580,000	2,580,000	1,720,000		1,720,000		4,300,000		4,300,000					
Software for MIS tracking system	-		1,314,417	100%			-	1,314,417				1,300,000		1,300,000					
Communications Strategy	-						-					-		600,000	600,000				
Sub Total	2,675,594	8,142,482	19,635,127		2,675,594	8,142,482	19,635,127	3,175,000	4,420,000	7,595,000		25,250,000		25,250,000		USD 40,000			
III. Goods																			
Hardware for MIS tracking system	-		1,423,889	100%			-	1,423,889				1,000,000		1,000,000					
IV. Workshops and Training																			
Training programs for building staff skills	344,814	2,033,016	17,240,123	100%	344,814	2,033,016	17,240,123	1,000,000	1,000,000	1,000,000		21,000,000		20,989,000		USD 435,000			
V. Incremental Operating Costs																			
Advertisement		171,946	1,753,949	100%	-	171,946	1,753,949	600,000		600,000		2,400,000		2,400,000					
Travelling expenses	297,115	1,482,622	1,511,381	100%	297,115	1,482,622	1,511,381					-		-					
Bank Charges	499	1,046	18,477	100%	499	1,046	18,477					-		-					
Sub Total	297,614	1,655,614	3,283,807		297,614	1,655,614	3,283,807	600,000		600,000		2,400,000		2,400,000					
Total Expenditure (I+II+III+IV+V)	3,318,022	11,831,112	41,434,191		3,318,022	11,831,112	41,434,191	3,775,000	5,420,000	9,195,000		49,639,000		49,639,000		USD 1,000,000			
Losing Balance In DFID Ledger	8,448,709	8,448,708	8,448,708																

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

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

Place: New Delhi  
Dated: June 10, 2014



Korea EXIM Bank, Chairman & President, Mr. Kim Yong-hwan (on Right) with Sh. S.B.Nayar, CMD, IIFCL, on occasion of signing Memorandum of Understanding for cooperation in infrastructure projects.



Sh. S.B. Nayar, CMD, IIFCL, Sh. Arvind Kumar, Joint Secretary, Ministry of Finance and Mr. Kim Yong-hwan, Chairman and President, Korea Exim Bank along with other officials during signing of Memorandum of Understanding for cooperation in infrastructure projects.



Sh. S.B. Nayar, CMD, IIFCL addressing the Summit "Infra Focus" organized by Economic Times



Sh. S.B. Nayar, CMD, IIFCL along with senior officials of IIFCL and PHD Chamber of Commerce during the event "Power Lunch with IIFCL".

**Consolidated Financial Results of  
India Infrastructure Finance Company Ltd.**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of India Infrastructure Finance Company Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of India Infrastructure Finance Company Limited ("the Company") and its subsidiaries (the company and its subsidiaries constitute "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

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

### 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 the date of inception of the forward contracts and difference taken to statement of profit and loss as stated in Note No. 24(B)(13). Had the company complied with AS-11, loan liability and foreign currency receivable account as on March 31, 2014 would have been higher by ₹ 1,36,602.17 Lac (₹ 70,689.36 Lac as on March 31, 2013) each. However, there would be no impact on the profit for the year ended March 31, 2014 as the loss on principal amount of hedged foreign currency loans will be totally offset by the gain on the forward exchange contracts.
2. As stated by the management in Note No. 24(B)(11)(c), the Mark to Market (M2M) gain on composite contracts (Interest Rate Swaps cum forward exchange contracts) entered into by the company as on March 31, 2014 amounts to ₹ 1,36,602.17 Lac and the net M2M loss/gain relating to interest rate swaps, if any, 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 of 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 the provisions of AS-11, 'The Effects 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.

3. Some of the balances shown under Infrastructure loans, borrowings and various other debit and credit balances in the annual accounts of the company as on March 31, 2014 are subject to confirmation. The impact on the consolidated accounts on confirmation of these balances, on reconciliation of the differences between balances as per books of account of the company and balances confirmed by the company and also on account of pending resetting of interest rates in some of the cases is not ascertainable at this stage. [Refer note 24(B)(19)].
4. No provision has been made regarding employee benefits in the books of a subsidiary i.e. IIFCL Projects Limited as required by AS-15 (Employee Benefits) Revised. The impact of the above on the consolidated profit and loss could not be ascertained.

#### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, except for the effects of the matter described in paragraph 1 above and possible effects of the matters described in paragraphs 2 to 5 above in the 'Basis for Qualified Opinion' paragraph, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

#### **Other Matters**

We did not audit the financial statements of the three subsidiary companies i.e. India Infrastructure Finance Company (UK) Limited, IIFCL Projects Limited and IIFCL Asset Management Co. Limited, whose financial statements reflect total assets of ₹ 7,87,310.78 Lac, total liabilities of ₹ 7,22,553.55 Lac as at March 31, 2014, total revenues of ₹ 24,335.11 Lac for the year ended March 31, 2014 and cash outflows amounting to ₹ 986.95 Lac for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

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

Dated: May 10, 2013  
Place: New Delhi

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

## INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

### CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014

₹ in Lac

PARTICULARS	Note No.	As at 31 <sup>st</sup> March, 2014 (Audited)	As at 31 <sup>st</sup> March, 2013 (Audited)
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share capital	1	3,30,000.00	2,90,000.00
(b) Reserves and Surplus	2	2,88,247.52	2,18,675.71
(c) Money received against share warrants		-	-
<b>SUB-TOTAL (1)</b>		<b>6,18,247.52</b>	<b>5,08,675.71</b>
<b>(2) Share application money pending allotment- SUB-TOTAL (2)</b>		-	-
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	3	36,34,896.42	23,00,557.87
(b) Deferred tax liabilities (Net)	4	19,246.08	13,025.18
(c) Other long term liabilities	5	7,045.16	4,284.87
(d) Long-term provisions	6	49,000.87	15,390.34
<b>SUB-TOTAL (3)</b>		<b>37,10,188.53</b>	<b>23,33,258.26</b>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	7	2,08,392.17	1,48,385.89
(b) Trade payables	8	1,283.01	1,289.09
(c) Other current liabilities	9	99,132.54	10,74,358.35
(d) Short-term provisions	10	975.99	1,053.03
<b>SUB-TOTAL (4)</b>		<b>3,09,783.71</b>	<b>12,25,086.36</b>
<b>TOTAL (1)+(2)+(3)+(4)</b>		<b>46,38,219.76</b>	<b>40,67,020.33</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets	11		
(i) Tangible assets		255.57	133.49
(ii) Intangible assets		85.07	6.36
(iii) Capital Work -in-Progress		-	-
(iv) Intangible Assets under development		-	-
(b) Non-current investments	12	43,667.60	29,901.45
(c) Long term loans and advances	13	29,33,070.42	22,68,952.68
(d) Other non-current assets		-	-
<b>SUB-TOTAL (1)</b>		<b>29,77,078.66</b>	<b>22,98,993.98</b>
<b>(2) Current assets</b>			
(a) Current Investments	14	959.23	-
(b) Trade Receivables	15	51.58	367.79
(c) Cash and Bank Balances	16	14,65,857.42	11,66,887.14
(d) Short term loans and advances	17	1,02,966.90	5,28,580.03
(e) Other current assets	18	91,305.97	72,191.39
<b>SUB-TOTAL (2)</b>		<b>16,61,141.10</b>	<b>17,68,026.35</b>
Significant accounting policies and other notes to the financial statements	24		
<b>TOTAL (1)+(2)</b>		<b>46,38,219.76</b>	<b>40,67,020.33</b>

Notes from 1 to 24 form integral part of Accounts.

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

C P Mishra  
Partner  
Membership No.: 073009  
Place: New Delhi  
Dated: 12.05.2014

H.S. Kumar  
(Director)

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

S.B. Nayar  
(Chairman and Managing Director)

Rajeev Mukhija  
(Chief General Manager- CFO & CS)

## INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

₹ in Lac

S. No.	PARTICULARS	Note No.	Year ended 31 <sup>st</sup> March, 2014 (Audited)	Year ended 31 <sup>st</sup> March, 2013 (Audited)
I.	Revenue from operations	19	4,14,017.09	3,50,377.20
II.	Other Income	20	2,052.01	844.98
III.	<b>Total Revenue (I+II)</b>		<b>4,16,069.10</b>	<b>3,51,222.18</b>
IV.	Expenses			
	Finance Costs	21	2,65,426.95	1,92,112.32
	Employee Benefits Expense	22	1,384.04	1,024.07
	Provision for Loan Assets	24(B)(15b)	34,820.91	4,296.13
	Marked to Market Losses on Derivatives	24(B)(11a)	(336.14)	(974.01)
	Depreciation and amortisation expense	11	77.27	51.53
	Other Expenses	23	4,432.33	2,875.86
	<b>Total Expenses</b>		<b>3,05,805.36</b>	<b>1,99,385.90</b>
V.	<b>PROFIT BEFORE EXCEPTIONAL AND EXTRA ORDINARY ITEMS AND TAX (III-IV)</b>		<b>1,10,263.74</b>	<b>1,51,836.28</b>
VI.	Exceptional Items		-	-
VII.	<b>PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V+VI)</b>		<b>1,10,263.74</b>	<b>1,51,836.28</b>
VIII.	Extraordinary Items		-	-
IX.	<b>PROFIT BEFORE TAX (VII-VIII)</b>		<b>1,10,263.74</b>	<b>1,51,836.28</b>
X.	Tax Expense:			
(1)	Current Tax			
	- Current Year		(39,470.66)	(43,879.03)
	- Earlier Year		10.12	(207.97)
(2)	Deferred Tax			
	- Current Year	4	(6,227.76)	(6,825.99)
	- Earlier Year		6.85	-
XI.	<b>Profit for the year from continuing operations (IX-X)</b>		<b>64,582.29</b>	<b>1,00,923.29</b>
XII.	Earnings per equity share (face value of ₹ 10/- each)	24(B)(7)		
(1)	Basic		2.14	3.65
(2)	Diluted		2.14	3.65
	Significant accounting policies and other notes to the financial statements	24		

Notes from 1 to 24 form integral part of Accounts.

As per our report of even date  
For K M Agarwal & Co  
Chartered Accountants  
(Regn. no: 000853N)  
C P Mishra  
Partner  
Membership No.: 073009  
Place: New Delhi  
Dated: 12.05.2014

H.S. Kumar  
(Director)

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

S.B. Nayar  
(Chairman and Managing Director)

Rajeev Mukhija  
(Chief General Manager- CFO & CS)

**INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

₹ in Lac

PARTICULARS	As at 31 <sup>st</sup> March, 2014 (Audited)	As at 31 <sup>st</sup> March, 2013 (Audited)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
(I) Net Profit before Tax	1,10,263.74	1,51,836.28
Adjustments for:		
(ii) Depreciation and amortisation expense	77.27	51.53
(iii) Provision/write offs	34,537.53	4,398.59
(iv) Provisions/ Amounts written back	(3.04)	(1,088.11)
(v) Foreign Exchange Fluctuation Loss / (Profit) on borrowings	19,900.24	4,207.16
(vi) Loss on sale of fixed assets	0.81	-
(vii) Interest / expenses on borrowings	2,35,620.79	1,79,771.33
(viii) Other Borrowing Costs	12,026.55	8,688.15
(ix) Interest on Income Tax	-	95.39
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>4,12,423.89</b>	<b>3,47,960.32</b>
(i) Cash Flow From Lending of Funds	(2,38,189.68)	(7,22,449.34)
(ii) Sale of/ (Addition) to Investments	(0.00)	1,500.00
(iii) (Increase)/decrease in Trade Receivables	316.21	202.50
(iv) (Increase)/decrease in Current Assets, Loans and Advances	(19,613.16)	(9,854.33)
(v) (Increase)/decrease in other bank balances	(3,33,006.24)	(1,56,308.43)
(vi) Increase/(decrease) in other non- current and current liabilities	4,391.29	3,461.73
<b>CASH FLOW FROM OPERATIONS BEFORE TAX</b>	<b>(1,73,677.69)</b>	<b>(5,35,487.55)</b>
Taxes paid (Net)	(39,534.50)	(44,710.00)
<b>NET CASH FROM OPERATIONS</b>	<b>(2,13,212.19)</b>	<b>(5,80,197.55)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
(i) (Purchase of )/ Sale for Fixed Assets	(95.23)	(261.36)
(ii) Investments in Subsidiary Company and Venture Capital Units	(1,971.79)	(1,054.48)
(iii) Redemption of Investments in Venture Capital Units	176.80	522.10
(iv) Investments in IIFCL Mutual Fund	(13,000.00)	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(14,890.22)</b>	<b>(793.74)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
(i) Proceeds from Issue of Share Capital	40,000.00	40,000.00
(ii) Proceeds from Long term Borrowings	13,16,558.94	(1,28,476.06)
(iii) Proceeds/ (Repayment) from Short term Borrowings	60,006.28	(1,25,983.08)
(iv) Proceeds from Current Maturities of Long term debt	(9,94,562.35)	10,08,196.73
(v) Securities Premium on Bonds	225.65	9.85
(vi) Interim Dividend paid (including dividend distribution tax)	-	(25,700.14)
(vii) Interest / expenses on Borrowings	(2,21,004.03)	(1,67,562.51)
(viii) Other Borrowing Costs	(12,026.55)	(8,554.58)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>1,89,197.94</b>	<b>5,91,930.21</b>
<b>D EFFECT OF FOREIGN EXCHANGE TRANSLATION DIFFERENCE</b>	<b>4,868.51</b>	<b>3,295.45</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENT (A+B+C+D)</b>	<b>(34,035.96)</b>	<b>14,234.37</b>
Add: Opening Cash and Cash Equivalents	36,046.99	21,812.62
Closing Cash and Cash Equivalents	2,011.03	36,046.99
<b>Closing Cash and Cash Equivalent Comprises of :-</b>		
1 Cash in hand	0.17	0.43
2 Cheques on hand	0.90	-
3 Current Accounts	1,159.53	31,730.86
4 Fixed Deposit Accounts	12.00	15.00
5 Flexi Deposit Accounts	838.43	4,300.70
<b>TOTAL</b>	<b>2,011.03</b>	<b>36,046.99</b>

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

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

C P Mishra  
Partner  
Membership No.: 073009  
Place: New Delhi  
Dated: 12.05.2014

H.S. Kumar  
(Director)

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

S.B. Nayar  
(Chairman and Managing Director)

Rajeev Mukhija  
(Chief General Manager- CFO & CS)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : SHARE CAPITAL

PARTICULARS	₹ in Lac	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Authorized Capital	5,00,000.00	5,00,000.00
5,000,000,000 equity shares of ₹ 10/- each		
Issued, Subscribed & Fully Paid Equity Shares		
3,300,000,000 (2,900,000,000 as at 31 <sup>st</sup> March, 2013) equity shares of ₹ 10/- each	3,30,000.00	2,90,000.00

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, 2014		Year ended 31 <sup>st</sup> March, 2013	
	No. of Shares	₹ in Lac	No. of Shares	₹ in Lac
Shares outstanding at the beginning of the reporting period	29,00,000,000	2,90,000.00	25,00,000,000	2,50,000.00
Shares Issued during the reporting period	4,00,000,000	40,000.00	4,00,000,000	40,000.00
Shares outstanding at the end of the reporting period	33,00,000,000	3,30,000.00	29,00,000,000	2,90,000.00

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, 2014	As at 31 <sup>st</sup> March, 2013
(a)	<b>CAPITAL RESERVE (PROFIT ON SALE OF NON CURRENT SECURITIES)</b>		
	Opening Balance	601.99	585.14
	Add: Share of profits in Associate Company	(16.85)	16.85
	<b>Closing Balance*</b>	<b>585.14</b>	<b>601.99</b>
(b)	<b>SECURITIES PREMIUM RESERVE (ON BONDS)</b>		
	Opening Balance	9.85	-
	Add: For the year	225.65	9.85
	<b>Closing Balance</b>	<b>235.50</b>	<b>9.85</b>
(c)	<b>DEBENTURE REDEMPTION RESERVE</b>		
	Opening Balance	1,856.02	882.90
	Add: Transfer from Surplus in Statement of Profit and Loss	8,068.81	973.12
	<b>Closing Balance</b>	<b>9,924.83</b>	<b>1,856.02</b>
(d)	<b>OTHER RESERVES</b>		
(i)	<b>RESERVE FOR LOAN ASSETS (See footnote 1 below)</b>		
	Opening Balance	6,165.42	6,165.42
	Less: Written back and transferred to Profit & Loss Account during the current year	6,165.42	-
	<b>Closing Balance</b>	<b>-</b>	<b>6,165.42</b>
(ii)	<b>SPECIAL RESERVE U/S 36(1)(viii) OF INCOME TAX ACT, 1961 (footnote 2)</b>		
	Opening Balance	41,717.27	21,644.47
	Add: Transfer from Surplus in Statement of Profit and Loss (Net)	16,647.31	20,072.80
	<b>Closing Balance</b>	<b>58,364.58</b>	<b>41,717.27</b>
(iii)	<b>STAFF WELFARE RESERVE (footnote 3)</b>		
	Opening Balance	62.49	64.44
	Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss	9.78	1.95
	<b>Closing Balance</b>	<b>52.71</b>	<b>62.49</b>
(iv)	<b>CORPORATE SOCIAL RESPONSIBILITY RESERVE (footnote 4)</b>		
	Opening Balance	1,657.86	591.60
	Add: Transfer from Surplus in Statement of Profit and Loss	1,046.99	1,171.66
	Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss	207.43	105.40
	<b>Closing Balance</b>	<b>2,497.42</b>	<b>1,657.86</b>
(v)	<b>FOREIGN CURRENCY TRANSLATION DIFFERENCE RESERVE</b>		
	Opening Balance	7,039.72	3,777.23
	Add/ Less: Adjustments during the year	4,780.70	3,262.49
	<b>Closing Balance</b>	<b>11,820.42</b>	<b>7,039.72</b>
(e)	<b>SURPLUS IN STATEMENT OF PROFIT AND LOSS</b>		
	Opening Balance	159,565.11	106,452.17
	Add: Profit for the current year	64,582.29	100,923.29
	Add: Transfer from Reserve for Loan Assets	6,165.42	-
	Add: Transfer from Staff Welfare Reserve	9.78	1.95
	Add: Transfer from Corporate Social Responsibility Reserve	207.43	105.40
	Less: Transfer to Debenture Redemption Reserve	8,068.81	973.12
	Less: Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	16,647.31	20,072.80
	Less: Transfer to Corporate Social Responsibility Reserve	1,046.99	1,171.66
	Less: Interim Dividend	-	22,112.88
	Less: Dividend Distribution Tax	-	3,587.26
	<b>Closing Balance</b>	<b>2,04,766.92</b>	<b>1,59,565.09</b>
	<b>TOTAL</b>	<b>2,88,247.52</b>	<b>2,18,675.71</b>

\* Capital Reserve as on 31<sup>st</sup> March, 2013 includes ₹ 585.14 lac pertaining to Profit on sale of HTM securities and ₹ 16.85 lac pertaining to share of profits upto date of acquisition of investments in Associate Company i.e. DMICDC which is reversed during the year ended 31<sup>st</sup> March, 2014 after DMICDC had ceased to be Associate Company of IIFCL.

### Footnotes:

- 1 Reserve for Loan assets created @ 0.40% of outstanding amount of loan assets & retained since 31<sup>st</sup> March, 2011 has been written back 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 2012-13. [Refer Note 24(B)(15c)]
- 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 Corporate Social Responsibility Reserve created w.e.f. financial year 2012-13 to comply with the Corporate Social Responsibility (CSR) Policy of the company as per guidelines on CSR issued by Department of Public Enterprises



**Note 3 : LONG TERM BORROWINGS**

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(A)	<b>SECURED BONDS</b>		
(i)	500 9.36% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 27.07.2042 (See footnote 1)	5,000.00	5,000.00
(ii)	10,500 9.41% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 27.07.2037 (See footnote 1)	1,05,000.00	1,05,000.00
(iii)	12,59,825 8.55% Non Convertible Bonds (Tax Free) Tranche III Series 3A of face value ₹ 1000 each, redeemable at par on 27.03.2034 (See footnote 1)	12,598.25	-
(iv)	14,12,781 8.80% Non Convertible Bonds (Tax Free) Tranche III Series 3B of face value ₹ 1000 each, redeemable at par on 27.03.2034 (See footnote 1)	14,127.81	-
(v)	75,43,989 8.66% Non Convertible Bonds (Tax Free) Series IV of face value ₹ 1000 each, redeemable at par on 22.01.2034 (See footnote 1)	75,439.89	-
(vi)	59,58,997 8.91% Non Convertible Bonds (Tax Free) Series IV of face value ₹ 1000 each, redeemable at par on 22.01.2034 (See footnote 1)	59,589.97	-
(vii)	18,68,982 8.50% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 12.11.2033 (See footnote 1)	18,689.82	-
(viii)	25,79,621 8.75% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 12.11.2033 (See footnote 1)	25,796.21	-
(ix)	265 8.37% Non Convertible Bonds (Tax Free) Series VI of face value ₹ 10 lac each, redeemable at par on 30.08.2033 (See footnote 1)	2,650.00	-
(x)	20 8.19% Non Convertible Bonds (Tax Free) Series V of face value ₹ 10 lac each, redeemable at par on 23.08.2033 (See footnote 1)	200.00	-
(xi)	20,400 7.08% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2033 (See footnote 1)	204.00	-
(xii)	2,12,765 7.58% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2033 (See footnote 1)	2,127.65	-
(xiii)	98,31,060 7.40% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22.01.2033 (See footnote 1)	99,726.61	98,310.60
(xiv)	17,33,164 7.90% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22.01.2033 (See footnote 1)	15,915.63	17,331.64
(xv)	210 7.41% Non Convertible Bonds (Tax Free) Series IV-C of face value ₹ 10 lac each, redeemable at par on 21.11.2032 (See footnote 1)	2,100.00	2,100.00
(xvi)	3,400 7.41% Non Convertible Bonds (Tax Free) Series III-C of face value ₹ 10 lac each, redeemable at par on 15.11.2032 (See footnote 1)	34,000.00	34,000.00
(xvii)	1,59,58,486 8.55% Non Convertible Bonds (Tax Free) Tranche III Series 2A of face value ₹1000 each, redeemable at par on 27.03.2029 (See footnote 1)	1,59,584.86	-
(xviii)	28,33,869 8.80% Non Convertible Bonds (Tax Free) Tranche III Series 2B of face value ₹1000 each, redeemable at par on 27.03.2029 (See footnote 1)	28,338.69	-
(xix)	27,98,922 8.48% Non Convertible Bonds (Tax Free) Series IV of face value ₹ 1000 each, redeemable at par on 22.01.2029 (See footnote 1)	27,989.22	-
(xx)	14,78,858 8.73% Non Convertible Bonds (Tax Free) Series IV of face value ₹ 1000 each, redeemable at par on 22.01.2029 (See footnote 1)	14,788.58	-
(xxi)	30,35,330 8.38% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 12.11.2028 (See footnote 1)	30,353.30	-
(xxii)	16,60,320 8.63% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 12.11.2028 (See footnote 1)	16,603.20	-
(xxiii)	11,297 8.48% Non Convertible Bonds (Tax Free) Series VII of face value ₹ 10 lac each, redeemable at par on 05.09.2028 (See footnote 1)	1,12,970.00	-
(xxiv)	11,597 8.46% Non Convertible Bonds (Tax Free) Series VI of face value ₹ 10 lac each, redeemable at par on 30.08.2028 (See footnote 1)	1,15,970.00	-
(xxv)	6,303 8.26% Non Convertible Bonds (Tax Free) Series V of face value ₹ 10 lac each, redeemable at par on 23.08.2028 (See footnote 1)	63,030.00	-
(xxvi)	3,46,000 7.02% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2028 (See footnote 1)	3,460.00	-
(xxvii)	1,19,618 7.52% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2028 (See footnote 1)	1,196.18	-
(xxviii)	66,42,074 7.36% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22.01.2028 (See footnote 1)	66,716.45	66,420.74

₹ in Lac			
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(xxix)	9,67,479 7.86% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22.01.2028 (See footnote 1)	9,379.08	9,674.79
(xxx)	500 7.38% Non Convertible Bonds (Tax Free) Series IV-B of face value ₹ 10 lac each, redeemable at par on 21.11.2027 (See footnote 1)	5,000.00	5,000.00
(xxxi)	1,000 7.38% Non Convertible Bonds (Tax Free) Series III-B of face value ₹ 10 lac each, redeemable at par on 15.11.2027 (See footnote 1)	10,000.00	10,000.00
(xxxii)	38,58,714 8.16% Non Convertible Bonds (Tax Free) Tranche III Series 1A of face value ₹ 1000 each, redeemable at par on 27.03.2024 (See footnote 1)	38,587.14	-
(xxxiii)	13,21,699 8.41% Non Convertible Bonds (Tax Free) Tranche III Series 1B of face value ₹ 1000 each, redeemable at par on 27.03.2024 (See footnote 1)	13,216.99	-
(xxxiv)	79,57,885 8.41% Non Convertible Bonds (Tax Free) Series IV of face value ₹ 1000 each, redeemable at par on 22.01.2024 (See footnote 1)	79,578.85	-
(xxxv)	42,61,349 8.66% Non Convertible Bonds (Tax Free) Series IV of face value ₹ 1000 each, redeemable at par on 22.01.2024 (See footnote 1)	42,613.49	-
(xxxvi)	17,26,340 8.01% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 12.11.2023 (See footnote 1)	17,263.40	-
(xxxvii)	12,59,458 8.26% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 12.11.2023 (See footnote 1)	12,594.58	-
(xxxviii)	50 8.11% Non Convertible Bonds (Tax Free) Series VII of face value ₹ 10 lac each, redeemable at par on 05.09.2023 (See footnote 1)	500.00	-
(xxxix)	100 8.01% Non Convertible Bonds (Tax Free) Series VI of face value ₹ 10 lac each, redeemable at par on 30.08.2023 (See footnote 1)	1,000.00	-
(xxxx)	19,16,110 6.86% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2023	19,161.10	-
(xxxxi)	1,09,527 7.36% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2023	1,095.27	-
(xxxvii)	84,24,960 7.19% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22.01.2023 (See footnote 1)	84,517.20	84,249.60
(xxxviii)	12,40,032 7.69% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22.01.2023 (See footnote 1)	12,132.72	12,400.32
(xxxviii)	2,140 7.21% Non Convertible Bonds (Tax Free) Series IV-A of face value ₹ 10 lac each, redeemable at par on 21.11.2022 (See footnote 1)	21,400.00	21,400.00
(xxxv)	600 7.20% Non Convertible Bonds (Tax Free) Series III-A of face value ₹ 10 lac each, redeemable at par on 15.11.2022 (See footnote 2)	6,000.00	6,000.00
(xxxvi)	Long Term Infrastructure Bonds covered under Section 80CCF of Income Tax Act, 1961 (See footnotes 1 & 2)	9,096.18	9,096.18
	<b>SUB-TOTAL (A)</b>	<b>14,97,302.32</b>	<b>4,85,983.87</b>
<b>(B)</b>	<b>UNSECURED BONDS</b>		
(i)	20,400 7.08% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2033 (See footnote 3)	-	204.00
(ii)	2,12,765 7.58% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2033 (See footnote 3)	-	2,127.65
(iii)	3,46,000 7.02% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2028 (See footnote 3)	-	3,460.00
(iv)	1,19,618 7.52% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2028 (See footnote 3)	-	1,196.18
(v)	10,000 8.55% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 03.11.2024 #	1,00,000.00	1,00,000.00
(vi)	4,000 8.12% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 24.08.2024 #	40,000.00	40,000.00
(vii)	6,000 8.12% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 12.08.2024 #	60,000.00	60,000.00
(viii)	5,000 7.90% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 28.04.2024 #	50,000.00	50,000.00
(ix)	5,000 8.10% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 08.04.2024 #	50,000.00	50,000.00

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(x)	231 Interest linked to USD 6 months LIBOR Non Convertible Bonds of face value \$ 1 million each, subscribed by RBI, redeemable at par on 06.03.2024 #	1,38,830.54	-
(xi)	2,000 8.68% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 18.12.2023 #	20,000.00	20,000.00
(xii)	2,000 9.35% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 17.11.2023 #	20,000.00	20,000.00
(xiii)	19,16,110 6.86% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2023	-	19,161.10
(xiv)	1,09,527 7.36% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26.03.2023	-	1,095.27
(xv)	160 Interest linked to USD 6 months LIBOR Non Convertible Bonds of face value USD 1 million each, subscribed by RBI, redeemable at par on 04.03.2023 #	96,159.68	87,022.88
(xvi)	2,000 8.82% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 19.12.2022 #	20,000.00	20,000.00
(xvii)	117 Interest linked to USD 6 months LIBOR Non Convertible Bonds of face value USD 1 million each, subscribed by RBI, redeemable at par on 05.07.2022 #	70,316.77	63,635.48
(xviii)	123 Interest linked to USD 6 months LIBOR Non Convertible Bonds of face value USD 1 million each, subscribed by RBI, redeemable at par on 30.03.2022 #	73,922.75	66,898.84
(xix)	170 Interest linked to USD 6 months LIBOR Non Convertible Bonds of face value USD 1 million each, subscribed by RBI, redeemable at par on 27.02.2022 #	1,02,169.66	92,461.81
(xx)	130 Interest linked to USD 6 months LIBOR Non Convertible Bonds of face value USD 1 million each, subscribed by RBI, redeemable at par on 16.09.2021 #	78,129.74	70,706.09
(xxi)	250 Interest linked to USD 6 months LIBOR Non Convertible Bonds of face value USD 1 million each, subscribed by RBI, redeemable at par on 19.03.2019 #	1,50,249.50	1,35,973.25
(xxii)	5,000 8.70% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 02.09.2016 #	50,000.00	50,000.00
	<b>SUB-TOTAL (B)</b>	<b>11,19,778.64</b>	<b>9,53,942.55</b>
(C)	<b>UNSECURED TERM LOANS FROM OTHER PARTIES (See footnote 4)</b>		
(i)	Life Insurance Corporation of India (LIC)*	1,75,000.00	1,85,000.00
(ii)	National Small Savings Schemes Fund (NSSF)	1,50,000.00	1,50,000.00
(iii)	Asian Development Bank (ADB)*	6,31,329.71	4,96,727.66
(iv)	IBRD (World Bank)*	27,153.83	10,532.43
(v)	Kreditanstalt für Wiederaufbau (KfW)*	34,331.92	18,371.36
	<b>SUB-TOTAL (C)</b>	<b>10,17,815.46</b>	<b>8,60,631.45</b>
	<b>TOTAL (A)+(B)+(C)</b>	<b>36,34,896.42</b>	<b>23,00,557.87</b>

# Guaranteed by Government of India including Nil as on 31<sup>st</sup> March, 2014

(₹ 10,00,000 Lac as on 31<sup>st</sup> March, 2013) 6.85% tax free bonds due within 1 year from the end of reporting period and shown as "Other Current Liabilities" in Note 9]

11,19,778.64 17,54,283.25

\* Guaranteed by Government of India [including ₹ 10,000 Lac and ₹ 12,471.12 Lac as on 31<sup>st</sup> March, 2014 (₹ 10,000 Lac and ₹ 7,033.47 Lac as at 31<sup>st</sup> March, 2013) being the amount due to LIC and ADB respectively within 1 year from the end of reporting period and shown as "Other Current Liabilities" in Note 9]

8,90,286.58 7,27,664.92

Footnotes:

- These 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.
- Details of Long term Infrastructure bonds issued by IIFCL under section 80 CCF of Income Tax Act, 1961, are as under:
  - 130407 8.30% Non Convertible Bonds of face value ₹ 1000 each, redeemable at par on 28<sup>th</sup> March, 2026 with earliest buyback on 29<sup>th</sup> March, 2018.
  - 779211 8.15% Non Convertible Bonds of face value ₹ 1000 each, redeemable at par on 28<sup>th</sup> March, 2021 with earliest buyback on 29<sup>th</sup> March, 2016.
- These bonds, which were categorised as unsecured as on 31<sup>st</sup> March, 2013 pending creation of charge on assets, have been secured by creation of charge on assets mentioned at footnote 1 above during FY 2013-14.

#### 4) TERMS OF REPAYMENT OF LONG TERM LOANS

##### i) Life Insurance Corporation of India

Tranche	Loan Amount (Including short term) (₹ in Lacs)	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%	1 <sup>st</sup> February, 2027		Bullet basis	Entire loan amount 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	Ballooning instalments starting from 0.827816% to upto 5.550311% of loan amount
IV	2500	6M USD LIBOR +30bps	15.12.2015	15.06.2035	Semi-Annual	
V	2400	6M USD LIBOR +40bps	15.12.2016	15.06.2036	Semi-Annual	
VI	4000	6M USD LIBOR +40bps	15.03.2018	15.03.2033	Semi-Annual	Ballooning instalments starting from 2.173900% to upto 4.559913% of loan amount
<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
11950*	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 giving details of cancellation of loan amount of \$ 10,000 lac.  
v) KfW

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

#### Note 4 : DEFERRED TAX LIABILITIES

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(I)	<b>Deferred tax Liability</b>		
(i)	On account of Special Infrastructure Reserve created under section 36(1)(viii) of Income Tax Act, 1961	19,193.59	13,535.17
(ii)	On account of deduction claimed for standard loan assets	1,484.95	1,417.46
	<b>Deferred Tax Liability</b>	<b>20,678.54</b>	<b>14,952.63</b>
(II)	<b>Deferred tax Assets</b>		
(i)	On account of depreciation	(6.89)	5.57
(ii)	On account of disallowances under section 43B of Income Tax Act, 1961	1.92	-
(iii)	On account of Deffered Tax Assets of IIFCL Asset Management Company Limited	6.65	2.79
(iv)	On account of diminution in value of investments	-	75.97
(v)	On account of provision for contingencies*	1,430.78	1,843.12
	<b>Deferred Tax Assets</b>	<b>1,432.46</b>	<b>1,927.45</b>
	<b>Deferred Tax Liability (Net)</b>	<b>19,246.08</b>	<b>13,025.18</b>

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

#### Note 5 : OTHER LONG TERM LIABILITIES

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(a)	<b>Trade payables</b>	6,983.59	4,172.27
(b)	<b>Others:</b>		
(i)	Rent adjustable account	55.57	106.60
(ii)	Security deposit received	6.00	6.00
	<b>TOTAL</b>	<b>7,045.16</b>	<b>4,284.87</b>

## Note 6 : LONG TERM PROVISIONS

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(A)	<b>Provision for Employee Benefits [See note 24 (B) (5a)]</b>		
(i)	Leave Encashment	85.10	50.47
(ii)	Sick Leave	43.77	23.87
(iii)	Gratuity	1.32	-
(iv)	Leave Fare Concession	9.54	8.26
(v)	Wage Revision [See note 24(B)(14)]	142.24	37.29
(vi)	Performance Linked Incentive to Wholetime Directors	62.59	51.50
	<b>SUB-TOTAL (A)</b>	<b>344.56</b>	<b>171.39</b>
(B)	<b>Others [See note 24 (B) (5a)]</b>		
(i)	Marked to market losses on derivatives	4,209.41	5,680.75
(ii)	Contingent Provisions against Standard Assets	7,408.11	6,999.34
(iii)	Provisions against Sub-standard Assets	23,015.39	2,361.92
(iv)	Provisions against Doubtful Assets	2,130.19	-
(v)	Provisions against Standard Restructured Assets	11,893.21	176.94
	<b>SUB-TOTAL (B)</b>	<b>48,656.31</b>	<b>15,218.95</b>
	<b>TOTAL (A)+(B)</b>	<b>49,000.87</b>	<b>15,390.34</b>

## Note 7 : SHORT TERM BORROWINGS

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	LOANS REPAYABLE ON DEMAND FROM BANKS* (Secured by pledge of fixed deposit receipts of ₹ 5,14,526.25 Lac (₹ 5,36,873.75 Lac as at 31 <sup>st</sup> March, 2013))	2,08,392.17	1,48,385.89
	<b>TOTAL</b>	<b>2,08,392.17</b>	<b>1,48,385.89</b>

\* Net of debit balance of ₹ 106.64 Lac

## Note 8 : TRADE PAYABLES

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(i)	Withholding Tax payable to borrowers	1,224.38	1,108.05
(ii)	Miscellaneous Liabilities	58.63	181.04
	<b>TOTAL</b>	<b>1,283.01</b>	<b>1,289.09</b>



## Note 9 : OTHER CURRENT LIABILITIES

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>(A)</b>	<b>Current maturities of long term debt (See note 3):</b>		
(i)	2,63,070 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 20.03.2014	-	2,63,070.00
(ii)	7,36,930 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 22.01.2014	-	7,36,930.00
(iii)	Life Insurance Corporation of India (LIC)	10,000.00	10,000.00
(iv)	Asian Development Bank (ADB)	12,471.12	7,033.47
	<b>SUB-TOTAL (A)</b>	<b>22,471.12</b>	<b>10,17,033.47</b>
<b>(B)</b>	<b>Interest accrued but not due on borrowings</b>		
(i)	On bank overdraft	-	6.75
(ii)	On bonds and term loans	72,686.63	55,942.49
	<b>SUB-TOTAL (B)</b>	<b>72,686.63</b>	<b>55,949.24</b>
<b>(C)</b>	<b>Income received in advance</b>		
(i)	Amount pending appropriation	2,670.85	513.40
(ii)	Grants received from World Bank	84.49	13.73
	<b>SUB-TOTAL (C)</b>	<b>2,755.34</b>	<b>527.13</b>
<b>(D)</b>	<b>Other payables</b>		
(i)	Duties & Taxes payable	150.53	166.22
(ii)	PF deducted on behalf of employees/ whole time directors (including interest payable)	14.19	9.01
(iii)	Unclaimed Interest on Bonds	1.38	1.38
(iv)	Commitment Charges payable	9.43	44.82
(v)	Payable to Employees/ Whole time Directors	1.33	6.11
(vi)	Contribution towards gratuity fund payable to LIC	41.09	23.35
(vii)	Rent Adjustable Account	58.71	49.48
(viii)	Grant refundable to World Bank	-	113.03
(ix)	Others	942.79	435.11
	<b>SUB-TOTAL (D)</b>	<b>1,219.45</b>	<b>848.51</b>
	<b>TOTAL (A)+(B)+(C)+(D)</b>	<b>99,132.54</b>	<b>10,74,358.35</b>

## Note 10 : SHORT TERM PROVISIONS

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>(A)</b>	<b>Provision for Employee Benefits [See note 24 (B) (5a)]</b>		
(i)	Leave Encashment	12.45	16.74
(ii)	Sick Leave	2.00	1.53
(iii)	Gratuity	-	-
(iv)	Leave Fare Concession	1.38	0.64
	<b>SUB-TOTAL (A)</b>	<b>15.83</b>	<b>18.91</b>
<b>(B)</b>	<b>Others [See note 24 (B) (5a)]</b>		
(i)	Income Tax (Net)	960.16	942.74
(ii)	Interest on Income Tax	-	91.38
	<b>SUB-TOTAL (B)</b>	<b>960.16</b>	<b>1,034.12</b>
	<b>TOTAL (A)+(B)</b>	<b>975.99</b>	<b>1,053.03</b>

## Note 11 : FIXED ASSETS

₹ in Lac

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Addition	Disposals/ Adjustments	As at 31.03.2014	As at 01.04.2013	For the Period	Deductions/ Reversals	As at 31.03.2014	As at 31.03.2013
<b>TANGIBLE ASSETS</b>									
FURNITURE & FIXTURES	60.57	0.49	0.36	60.70	23.23	9.66	(0.83)	33.72	37.34
VEHICLES	76.43	26.33	21.55	81.21	40.56	10.15	16.45	34.26	35.87
OFFICE EQUIPMENTS	30.43	4.99	1.46	33.96	7.19	3.81	0.46	10.54	23.24
COMPUTER HARDWARE	112.70	162.28	(3.11)	278.09	75.66	41.85	(2.36)	119.87	37.04
<b>TOTAL</b>	<b>280.13</b>	<b>194.09</b>	<b>20.26</b>	<b>453.96</b>	<b>146.64</b>	<b>65.47</b>	<b>13.72</b>	<b>198.39</b>	<b>133.49</b>
As at 31 <sup>st</sup> March, 2013	221.59	47.70	(10.84)	280.13	101.90	39.85	(4.89)	146.64	119.69
<b>INTANGIBLE ASSETS</b>									
COMPUTER SOFTWARE	7.91	90.35	-	98.26	1.55	11.64	-	13.19	6.36
<b>TOTAL</b>	<b>7.91</b>	<b>90.35</b>	<b>-</b>	<b>98.26</b>	<b>1.55</b>	<b>11.64</b>	<b>-</b>	<b>13.19</b>	<b>6.36</b>
As at 31 <sup>st</sup> March, 2013	14.33	7.91	14.33	7.91	7.05	1.55	7.05	6.36	7.28

Note 12 : NON-CURRENT INVESTMENTS

₹ in Lac

S.NO.	PARTICULARS	As at 31 <sup>st</sup> March, 2014			As at 31 <sup>st</sup> March, 2013		
		Number of Shares	Face Value		Number of Shares	Face Value	
(A)	<b>TRADE INVESTMENTS</b>						
(a)	<b>Equity Instruments - Unquoted (Fully Paid)</b>						
	Investment in Delhi Mumbai Industrial Corridor Development Corporation Ltd. *	41,00,000	₹ 10	411.03	41,00,000	₹ 10	427.88*
				<u>411.03</u>			<u>427.88</u>
(b)	<b>Venture Capital Units (Unquoted) (Fully Paid)</b>	Number of Units	Face Value		Number of Units	Face Value	
	IDFC Project Equity Domestic Investors Trust II (Fully Paid)	7,855,229	₹ 100	7,855.23	6,060,239	₹ 100	6,060.24
				<u>7,855.23</u>			<u>6,060.24</u>
(c)	<b>Bonds (Quoted) (Fully Paid) (See footnote d below)</b>	Number of Bonds	Face Value		Number of Bonds	Face Value	
(i)	7.70% REC 2014	-	-	-	- 100	₹ 10 lac	959.23
(ii)	8.90% PNB 2019	200	₹ 10 lac	1984.03	200	₹ 10 lac	1,984.03
(iii)	10.60% IRFC 2018	50	₹ 10 lac	500.40	50	₹ 10 lac	500.89
(iv)	11.00% PFC 2018	50	₹ 10 lac	518.38	50	₹ 10 lac	526.63
(v)	11.25% PFC 2018	100	₹ 10 lac	1046.12	100	₹ 10 lac	1,065.93
				<u>4,048.93</u>			<u>5,036.71</u>
	<b>SUB-TOTAL (A)</b>			<u>12,315.19</u>			<u>11,524.83</u>
(B)	<b>OTHER INVESTMENTS</b>	Number of Units	Face Value		Number of Units	Face Value	
(a)	<b>Government Securities (Unquoted)</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	509.80	5,00,000	₹ 100	511.79
(v)	7.85% SL (Andhra Pradesh) 2019	10,00,000	₹ 100	1,001.70	10,00,000	₹ 100	1,002.02
(vi)	8.27% SL (Kerala) 2019	10,00,000	₹ 100	1,006.17	10,00,000	₹ 100	1,007.41
(vii)	8.43% SL (West Bengal) 2019	15,00,000	₹ 100	1,560.47	15,00,000	₹ 100	1,572.69
(viii)	8.48% SL (Tamil Nadu) 2019	25,00,000	₹ 100	2,541.75	25,00,000	₹ 100	2,550.19
				<u>17,386.49</u>			<u>17,410.70</u>
(b)	<b>Bonds (Quoted) (Fully Paid)</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
				<u>965.92</u>			<u>965.92</u>
(c)	<b>Mutual Funds (Unquoted) (Fully Paid)</b>	Number of Units	Face Value		Number of Units	Face Value	
	IIFCL Mutual Fund IDF Series I	1300	₹ 10 lac	13,000.00	-	-	-
				<u>13,000.00</u>			<u>-</u>
	<b>SUB-TOTAL (B)</b>			<u>31,352.41</u>			<u>18,376.62</u>
	<b>TOTAL (A)+(B)</b>			<b>43,667.60</b>			<b>29,901.45</b>

\* Includes ₹ 16.85 lac being share of pre-acquisition profits.

**Footnotes:**

- |     |   |           |           |
|-----|---|-----------|-----------|
| (a) | Aggregate amount of quoted investments:   |           |           |
|     | Cost/ Book Value  | 5,014.85  | 6,002.63  |
|     | Market Value  | 5,013.40  | 6,185.84  |
| (b) | Aggregate amount of unquoted investments -  | 38,652.74 | 23,898.82 |
|     | Cost/ Book Value  |           |           |
| (c) | Aggregate provision for dimunition in value of investments  | 222.00    | 222.00    |
| (d) | 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. This resulted into aggregate provision being made for dimunition in value of investments amounting to ₹ 222 lac. |           |           |
| (e) | Refer Note 24(A)(5) for valuation of individual investments.  |           |           |

**Note 13: LONG TERM LOANS AND ADVANCES**

		₹ in Lac	
S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(A)	<b>CAPITAL ADVANCES</b> (Unsecured, Considered good) <b>SUB-TOTAL (A)</b>	30.01 <b>30.01</b>	213.66 <b>213.66</b>
(B)	<b>SECURITY DEPOSIT</b> (Unsecured, Considered good) <b>SUB-TOTAL (B)</b>	396.89 <b>396.89</b>	407.00 <b>407.00</b>
(C) (I)	<b>INFRASTRUCTURE LOANS (STANDARD ASSETS)</b> (See footnote below)		
(i)	Direct Lending	23,13,848.42	19,91,879.86
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	10,100.16	9,577.11
(iii)	Refinancing Scheme	1,83,839.58	-
(iv)	Takeout financing Scheme	3,31,435.78	2,46,405.04
(C) (II)	<b>INFRASTRUCTURE LOANS (SUB-STANDARD ASSETS)</b>		
(i)	Direct Lending	84,041.68	19,369.21
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	113.43	1,000.54
(C) (III)	<b>INFRASTRUCTURE LOANS (DOUBTFUL ASSETS)</b>		
(i)	Direct Lending	8,265.28	-
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	803.77	-
	<b>SUB-TOTAL (C)</b>	<b>29,32,448.10</b>	<b>22,68,231.76</b>
(D)	<b>OTHER LOANS AND ADVANCES</b>		
(I)	<b>Secured, Considered good</b>		
	Loan to employees	190.14	99.12
(II)	<b>Unsecured, Considered good</b>		
(i)	Advance recoverable from employees	5.28	-
(ii)	Prepaid Expenses	-	1.14
	<b>SUB-TOTAL (D)</b>	<b>195.42</b>	<b>100.26</b>
	<b>TOTAL (A) + (B) + (C) + (D)</b>	<b>29,33,070.42</b>	<b>22,68,952.68</b>

Footnote:

Sector	Particulars/Security	Amount (₹ in Lac)	
Power and other Sectors	Secured, Considered Good: 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	18,12,425.53	13,65,427.31
Road and Airport (PPP)	Secured, Considered Good: 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.	10,37,289.28	9,88,137.40
Refinance	Unsecured, Considered Good	1,83,839.58	4,41,800.00
	<b>TOTAL#</b>	<b>30,33,554.39</b>	<b>27,95,364.71</b>

# The above includes ₹ 1,01,106.41 lac (as on on 31<sup>st</sup> March, 2013 ₹ 5,27,132.95 lac) being amount of loans due within a year and overdue amount as on 31<sup>st</sup> March, 2014 which are shown in Note 17. Further, aggregate provisions of ₹ 44,446.90 lac has been made against these advances till 31<sup>st</sup> March, 2014 (₹ 9,538.20 lac till 31<sup>st</sup> March, 2013) as per RBI norms.

## Note 14: CURRENT INVESTMENTS

₹ in Lac

PARTICULARS	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Number of Bonds	Face Value	Number of Bonds	Face Value
<b>Investment in Bonds (Quoted) (Fully Paid)</b>				
7.70% REC 2014	100	₹ 10 lac	-	-
<b>TOTAL</b>		959.23		-
Less: Provision for diminution in the value of Bonds		-		-
<b>TOTAL CURRENT INVESTMENTS</b>		959.23		-

### Footnotes:

(a) Aggregate amount of quoted investments:

Cost/ Book Value	959.23	-
Market Value	997.17	-

(b) Aggregate amount of unquoted investments - Cost/ Book Value - -

## Note 15: TRADE RECEIVABLES

₹ in Lac

	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	<b>Unsecured, considered good:</b>		
	<b>Dues not exceeding six months</b>		
(i)	Processing Fees recoverable	-	366.67
(ii)	Investment Management Fees recoverable	45.65	-
(iii)	Advisory Fees recoverable	5.93	1.12
	<b>TOTAL</b>	<b>51.58</b>	<b>367.79</b>

## Note 16: CASH AND BANK BALANCES

₹ in Lac

S.No.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>(A)</b>	<b>CASH AND CASH EQUIVALENTS</b>		
(i)	Balances with banks	1,076.19	30,714.15
(ii)	Balances with Other Banks (held by Subsidiary Company in UK)	83.34	1,016.71
(iii)	Cash on hand	0.17	0.43
(iv)	Cheques on hand	0.90	-
(v)	Fixed Deposits with banks (Unencumbered)	12.00	15.00
(vi)	Flexi Deposits with banks	838.45	4,300.70
	<b>SUB-TOTAL (A)</b>	<b>2,011.03</b>	<b>36,046.99</b>
<b>(B)</b>	<b>OTHER BANK BALANCES</b>		
(i)	Earmarked balances with banks for unclaimed interest on bonds	1.38	1.38
(ii)	Fixed Deposits with banks (Unencumbered)	5,12,628.30	3,57,190.83
(iii)	Fixed Deposits with banks (Unencumbered, held by Subsidiary Company in UK)	1,39,959.81	1,86,664.08
(iv)	<b>Fixed Deposits with banks (Encumbered):</b>		
(a)	Held as security against Interest Payment of Bonds	2,96,730.65	50,000.00
(b)	Earmarked for expenses Related to World Bank Grant	-	110.11
(c)	Pledged to avail overdraft facility from banks	5,14,526.25	5,36,873.75
	<b>SUB-TOTAL (B)</b>	<b>14,63,846.39</b>	<b>11,30,840.15</b>
	<b>TOTAL (A)+(B)</b>	<b>14,65,857.42</b>	<b>11,66,887.14</b>



**Note 17: SHORT TERM LOANS & ADVANCES**

		₹ in Lac	
	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>(A)(I)</b>	<b>INFRASTRUCTURE LOANS (STANDARD ASSETS)</b> <b>(See footnote in Note 13)</b>		
(i)	Direct lending	64,822.06	63,062.87
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	1,315.12	707.47
(iii)	Refinancing Scheme	-	4,41,800.00
(iv)	Takeout financing Scheme	22,580.92	18,313.07
<b>(A) (II)</b>	<b>INFRASTRUCTURE LOANS (SUB-STANDARD ASSETS)</b> <b>(See footnote in Note 13)</b>		
(i)	Direct lending	10,784.51	3,129.19
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	21.80	120.35
<b>(A) (III)</b>	<b>INFRASTRUCTURE LOANS (DOUBTFUL ASSETS)</b> <b>(See footnote in Note 13)</b>		
(i)	Direct lending	1,400.00	-
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	181.88	-
	<b>SUB-TOTAL (A)</b>	<b>1,01,106.29</b>	<b>5,27,132.95</b>
<b>(B)</b>	<b>Loans and advances to related parties</b> <b>(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	-	0.17
	<b>SUB-TOTAL (B)</b>	<b>2.38</b>	<b>0.17</b>
<b>(C)</b>	<b>Others</b>		
<b>(I)</b>	<b>Secured, considered good</b>		
	Loan to employees	36.41	20.72
<b>(II)</b>	<b>Unsecured, considered good</b>		
(i)	Security deposit	602.20	309.00
(ii)	Advances recoverable from employees	1.91	4.74
(iii)	Advance Tax paid (Net)	675.74	22.24
(iv)	Income Tax Recoverable	325.94	325.94
(v)	Service Tax Recoverable (CENVAT)	145.75	0.41
(vi)	Prepaid Expenses	30.03	49.98
(vii)	Other advances	40.25	713.88
	<b>SUB-TOTAL (C)</b>	<b>1,858.23</b>	<b>1,446.91</b>
	<b>TOTAL (A)+(B)+(C)</b>	<b>1,02,966.90</b>	<b>5,28,580.03</b>

**Note 18: OTHER CURRENT ASSETS**

		₹ in Lac	
	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>(A)</b>	<b>Interest accrued and due on loans and advances</b>	24,080.57	18,863.02
	<b>SUB-TOTAL (A)</b>	<b>24,080.57</b>	<b>18,863.02</b>
<b>(B)</b>	<b>Interest accrued but not due on:</b>		
(i)	Fixed Deposits with Banks	54,581.47	43,248.89
(ii)	Bonds	207.93	207.98
(iii)	Government Securities	204.88	204.88
(iv)	Interest Rate Swaps (Net)	-	-
(v)	Loans & Advances	11,031.52	9,572.75
	<b>SUB-TOTAL (B)</b>	<b>66,025.80</b>	<b>53,234.50</b>
<b>(C)</b>	<b>Others</b>	1,199.60	93.87
	<b>SUB-TOTAL (C)</b>	<b>1,199.60</b>	<b>93.87</b>
	<b>TOTAL (A)+(B)+(C)</b>	<b>91,305.97</b>	<b>72,191.39</b>

## Note 19: REVENUE FROM OPERATIONS

		₹ in Lac	
S.NO.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>(A)</b>	<b>Interest</b>		
(i)	Interest on Loans and Advances under Direct Lending	2,20,022.72	2,09,555.83
(ii)	Interest on Loans under PMDO Scheme	1,273.34	1,219.87
(iii)	Interest on Loans and Advances under Refinancing Scheme	40,537.47	34,222.95
(iv)	Interest on Loans and Advances under Takeout Financing Scheme	32,000.32	17,826.89
(v)	Penal Interest	539.75	625.97
(vi)	Interest on Government Securities	1,273.66	1,273.70
(vii)	Interest on Bonds	563.75	599.93
(viii)	Interest on Deposits with Banks	1,12,409.14	80,589.35
	<b>SUB-TOTAL (A)</b>	<b>4,08,620.15</b>	<b>3,45,914.49</b>
<b>(B)</b>	<b>Other Financial Services</b>		
(i)	Upfront Fee	4,428.88	2,475.11
(ii)	Processing fee	102.06	731.82
(iii)	Pre-Payment Charges	27.38	34.78
(iv)	Commission Received	426.10	760.85
(v)	Commitment Charges	89.41	158.21
(vi)	Advisory Fees	43.22	72.50
(vii)	Investment Management Fees	37.48	-
(viii)	Other Charges	242.41	229.44
	<b>SUB-TOTAL (B)</b>	<b>5,396.94</b>	<b>4,462.71</b>
	<b>TOTAL (A) + (B)</b>	<b>4,14,017.09</b>	<b>3,50,377.20</b>

## Note 20: OTHER INCOME

		₹ in Lac	
S.NO.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(i)	Gain on Swap Deals	1,916.24	550.74
(ii)	Grants received	119.18	154.26
(iii)	Amounts/ Provisions written back	3.04	114.10
(iv)	Miscellaneous Income	13.55	25.88
	<b>TOTAL</b>	<b>2,052.01</b>	<b>844.98</b>

## Note 21: FINANCE COSTS

		₹ in Lac	
S.NO.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(A)	<b>Interest Expense:</b>		
(i)	Interest on Bonds & Debentures	1,60,786.00	1,16,871.82
	Less: Interest Saving on Bonds	-	(89.82)
(ii)	Interest on Bank Borrowings	13,219.87	5,937.97
(iii)	Interest on Bonds Application Money	-	710.02
(iv)	Interest on loan from NSSF	13,500.00	13,500.00
(v)	Interest on loan from LIC	17,068.69	16,458.30
(vi)	Interest on loan from ADB	3,272.11	3,929.03
(vii)	Interest due to net settlement of swap transactions on ADB Loan	25,361.38	20,558.32
(viii)	Interest on loan from IBRD (World Bank)	79.48	92.46
(ix)	Interest due to net settlement of swap transactions on IBRD (World Bank) Loan	777.44	521.20
(x)	Interest on loan from KFW	1,145.27	758.59
(xi)	Interest due to net settlement of swap transactions on KFW Loan	410.55	523.44
	<b>SUB-TOTAL (A)</b>	<b>2,35,620.79</b>	<b>1,79,771.33</b>
(B)	<b>Other Borrowing Costs:</b>		
(i)	Guarantee Fees to Govt. of India	7,961.82	7,118.02
(ii)	Commitment charges	109.34	186.08
(iii)	Bond Servicing Expenses	169.34	130.54
(iv)	Bond Issue Expenses	3,786.05	1,251.66
(v)	Factoring Charges	-	1.85
	<b>SUB-TOTAL (B)</b>	<b>12,026.55</b>	<b>8,688.15</b>
(C)	<b>Net loss on foreign currency transactions and translations</b>	<b>17,779.61</b>	<b>3,652.84</b>
	<b>SUB-TOTAL (C)</b>	<b>17,779.61</b>	<b>3,652.84</b>
	<b>TOTAL (A) + (B) + (C)</b>	<b>2,65,426.95</b>	<b>1,92,112.32</b>

## Note 22: EMPLOYEE BENEFITS EXPENSE

		₹ in Lac	
S.NO.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(i)	Salaries and Wages	1,042.10	757.15
(ii)	Contribution to provident and other funds	99.81	73.28
(iii)	Staff Welfare Expenses	242.13	193.64
	<b>TOTAL</b>	<b>1,384.04</b>	<b>1,024.07</b>

## Note 23: OTHER EXPENSES

		₹ in Lac	
S.NO.	PARTICULARS	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(i)	Power and Fuel	11.21	8.42
(ii)	Lease Rent	762.04	825.64
(iii)	Insurance	1.73	2.23
(iv)	Professional Fees	130.79	163.69
(v)	Rates and Taxes	40.41	66.02
(vi)	Interest on income tax	-	95.39
(vii)	Amortization of Premium Paid on non-current securities	52.76	24.20
(viii)	Net loss on foreign currency transactions and translations	2,120.63	554.32
(ix)	Loan Amount Written Off	-	75.81
(x)	Establishment and Other Expenses	1,312.76	1,060.14
	<b>TOTAL</b>	<b>4,432.33</b>	<b>2,875.86</b>

## **Note 24: SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

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 Certification of Registration no N-14.03288as 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) Ltd, IIFCL Projects Ltd and IIFCL Asset Management Company Limited (together constituting as the group) as on March 31, 2014 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" as notified by the Companies (Accounting Standards) Rules, 2006.
- 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.
- v) In case of Associates, where the company directly or indirectly through subsidiaries holds more than 20% of equity, investments in Associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements.

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 (U.K.) Limited	United Kingdom	100%	100%
IIFCL Projects Limited	India	100%	N.A.
IIFCL Asset Management Co. Limited	India	100%	N.A.

1.3 The wholly owned foreign subsidiary company/si.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 in accordance with accounting policies and practices consistently followed unless otherwise stated.

#### **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 loan agreements.
- 3.4 Dividend is accounted on an accrual basis when right to receive the dividend is established.
- 3.5 Income from investment in schemes of growth of mutual funds 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 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.

##### 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.
- c. "Doubtful asset" means a term loan or any other asset which remains sub-standard asset for a period of exceeding 18 months.
- d. "Loss Asset" means:
  - (i) an asset which has been identified as loss asset by the company or its internal or external auditor to the extent it is not written off by the company.
  - (ii) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

##### 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.
- (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 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)

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;
- (b) after commencement of commercial production but before the asset has been classified as sub-standard;
- (c) after commencement of commercial production and the asset has been classified as sub-standard.

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) **Adjustment of interest:** Where rescheduling or renegotiation or restructuring involves a reduction in the rate of interest, the interest adjustment is computed by taking the difference between the rate of interest as currently applicable to infrastructure loan (as adjusted for the risk rating applicable to the borrower) and



the reduced rate and aggregating the present value (discounted at the rate currently applicable to infrastructure loan, adjusted for risk enhancement) of the future interest payable so stipulated in the restructuring or rescheduling or renegotiation proposal.

## 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 scripwise from current to non- current 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 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. 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.
- 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 at the rates and manner provided in Schedule XIV of the Companies Act, 1956 following written down value method. Depreciation on individual assets having cost ₹ 5000/-or less is charged at 100% as prescribed in the aforesaid schedule.

## **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 obligation si.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.

## **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.

## **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.

13 **TAXES ON INCOME**

- 13.1 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, and based on expected outcome of assessments/appeals and on the basis of changes adopted by the company in accounting policies & estimates.
- 13.2 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.
- 13.3 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.

## 24.(B) OTHER NOTES TO THE ACCOUNTS FOR CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2014

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, 2014. The financial statements of the subsidiaries are also made for the year/period ended 31<sup>st</sup> March, 2013.

₹ in Lac

		As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
2. (a)	Estimated amount of contracts remaining to be executed on capital account (net of advances)	203.18	341.44
(b)	Estimated amount of contracts under Corporate Social Responsibility (CSR) remaining to be executed (net of advances)	125.35	144.68
(c)	Uncalled liability on account of capital commitment in respect of Venture Capital Units of IDFC Project Equity Domestic Investors Trust II	929.14	2,900.93
(d)	Letter of Comfort for issue of Letter of Credit (LC)	1,19,092.91	1,63,999.60
	The company has issued letters of comfort to respective lead banks 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.		
(e)	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	Nil
(f)	In respect of cess on turnover or gross receipt of company u/s 441A of Companies Act, 1956, to be levied @ not less than 0.005% and not more than 0.1% on the value of the annual turnover or gross receipt whichever is higher, no provision has been made, as the cess rate & the date from which it is applicable has not been notified so far by the Govt. Though no such notification has been issued so far, the Company may have to pay cess minimum of ₹ 70.43 lac and maximum of ₹ 1,408.53 lac, if levied from the financial year 2005-06 being the year in which company was incorporated.		

### 3. (i) Disclosures of Related Parties and related party transactions:

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

##### i) Key Managerial Personnel

- |                            |  |
|----------------------------|--|
| - Shri S. B Nayar          | - Chairman and Managing Director                           |
| - Shri S Krishnan          | - Managing Director, IIFC (UK) Ltd                         |
| - Shri S.K. Goel           | - EX- Chairman and Managing Director                       |
| - Dr. Harsh Kumar Bhanwala | - Ex- Executive Director                                   |
| - Dr. E S Rao              | - Director & CEO, (IIFCL Asset Management Company Limited) |

- ii) Wholly owned Subsidiary Companies :
  - (a) India Infrastructure Finance Company (UK) Limited
  - (b) IIFCL Projects Ltd. and
  - (c) IIFCL Asset Management Company Ltd.

- iii) Associate Companies: Irrigation and Water Resources Finance Corporation Limited (IWRFCFL)

B) Transactions during the year ended 31<sup>st</sup> March, 2014 (Previous Corresponding year ended 31<sup>st</sup> March, 2013) with related parties:

S.No.	Particulars	Amount
a)	<b>Managerial Remuneration</b>	
	<b>(i) Shri S B Nayar</b>	
	<b>(Chairman and Managing Director)</b>	
	Remuneration	₹ 10.54 lac (Nil during year ended 31 <sup>st</sup> March, 2013 )
	Perquisites	₹1.06 lac (Nil during year ended 31 <sup>st</sup> March, 2013)
	Provision for Performance linked incentive	₹ 2.50 lac (Nil during year ended 31 <sup>st</sup> March, 2013)
	Leave encashment, PF & Gratuity	₹ 1.71 lac (Nil during year ended 31 <sup>st</sup> March, 2013)
	<b>(ii) Directors Remuneration &amp; Perquisites of UK IIFC (UK) Ltd.</b>	₹ 131.70 lac (₹ 115.79 lac lac during year ended 31 <sup>st</sup> March, 2013)
	<b>(iii) Directors Remuneration &amp; Perquisites of (IIFCL Asset Management Co. Ltd. )</b>	₹ 21.13 lac (₹ 9.53 lac lac during year ended 31 <sup>st</sup> March, 2013)
	<b>(iv) Shri S.K. Goel (Ex- Chairman and Managing Director) (Tenure up to 23<sup>rd</sup> June, 2013)</b>	
	Remuneration	₹ 8.68 lac (₹ 34.51 lac during year ended 31 <sup>st</sup> March, 2013)
	Perquisites	₹ 1.42 lac (₹ 1.50 lac during year ended 31 <sup>st</sup> March, 2013)
	Provision for Performance linked incentive	₹ 2.50 lac (₹ 11.85 lac during year ended 31 <sup>st</sup> March, 2013)
	Leave encashment, PF & Gratuity	₹ 1.08 lac (₹ 5.43 lac during year ended 31 <sup>st</sup> March, 2013)
	<b>(v) Shri Harsh Kumar Bhanwala</b>	
	<b>(Ex- Executive Director)</b>	
	<b>(Tenure up to 12<sup>th</sup> December, 2013)</b>	
	Remuneration	₹ 23.63 lac (₹ 8.92 lac during year ended 31 <sup>st</sup> March, 2013)
	Perquisites	₹ 0.18 lac (₹ 0.13 lac during year ended 31 <sup>st</sup> March, 2013)
	Provision for Performance linked incentive	₹ 6.09 lac (₹ 3.38 lac during year ended 31 <sup>st</sup> March, 2013)
	Leave encashment, PF & Gratuity	₹ 2.45 lac (₹ 1.84 lac during year ended 31 <sup>st</sup> March, 2013)
b)	Rent received/ recoverable from associate companies:	
	Irrigation and Water Resources Finance Corporation Limited	₹ 57.60 lac (₹ 40.23 lac during year ended 31 <sup>st</sup> March, 2013)
(e)	<b>Expenses recovered/recoverable from associate companies:</b>	
i)	Irrigation and Water Resources Finance Corporation Limited	₹ 90.95 lac (₹ 19.59 lac during year ended 31 <sup>st</sup> March, 2013)

C) **Balances outstanding**

(₹ In lac)

S.No.	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
A)	<b>Remuneration &amp; other benefits</b>		
	<b>Key Managerial Person</b>		
	Provision for Performance Linked Incentive to Whole time Directors	46.47	35.38
	Leave Encashment (provision)	2.39	13.26
	Gratuity (provision)	0.74	3.78
	Provident fund	0.18	0.32
C)	<b>Amount /Rent recoverable from subsidiaries/ associate</b>		
	(d) IIFC (UK) Ltd.	2.38	Nil

#### 4. Investment in Venture Capital Units

During the year ended 31<sup>st</sup> March, 2014, the company has invested ₹ 1,971.79 lac (₹ 1,054.48 lac during year ended 31<sup>st</sup> March, 2013) 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 9,070.86 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 ₹ 176.80 lac (₹522.10 lac during year ended 31<sup>st</sup> March, 2013) including tax paid Nil (₹ 33.14 lac during year ended 31<sup>st</sup> March, 2013) in respect of redemption of venture capital units.

#### 5. (a) 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, 2014	For the Year Ended 31 <sup>st</sup> March, 2013
<b>Income Tax (Net)</b>		
Opening Balance	942.74	1,494.12
Addition during the period	39,470.66	44,087.00
Excess Provision written back during the period	(10.12)	-
Amount paid/ adjusted during the period	39,443.12	44,638.38
Closing Balance	960.16	942.74
<b>Interest on Income Tax</b>		
Opening Balance	91.38	45.37
Addition during the period	-	95.39
Excess Provision written back during the period	2.99	39.06
Amount paid/ adjusted during the period	88.39	10.38
Closing Balance	-	91.38
<b>Proposed Wage Revision</b>		
Opening Balance	37.29	-
Addition during the period	104.95	37.29
Amount Paid/ Transferred to current liabilities	-	-
Closing Balance	142.24	37.29
<b>Leave Fare Concession</b>		
Opening Balance	8.90	8.44
Addition during the period	27.10	26.67
Amount paid/adjusted during the period	25.08	26.21
Closing Balance	10.92	8.90
<b>Leave Encashment</b>		
Opening Balance	67.21	33.00
Addition during the period	51.72	41.57
Amount paid/adjusted during the period	21.38	7.36
Closing Balance	97.55	67.21
<b>Sick Leave</b>		
Opening Balance	25.40	9.89
Addition during the period	20.37	15.51
Amount paid/adjusted during the period	-	-
Closing Balance	45.77	25.40



<b>Performance Linked Incentive to Whole Time Directors</b>		
Opening Balance	51.50	33.15
Addition during the period	11.09	18.35
Amount paid/adjusted during the period	-	-
Closing Balance	62.59	51.50
<b>Marked to Market Losses on Derivatives(Note no: 24 (B) (11 a)</b>		
Opening Balance	5,680.75	6,654.76
Addition during the period	(1,471.34)	(974.01)
Amount paid/adjusted during the period	-	-
Closing Balance	4,209.41	5,680.75
<b>Contingent Provision for Standard Assets</b>		
Opening Balance	6,999.34	5,208.00
Addition/Adjustment during the period	408.77	1,791.34
Closing Balance	7,408.11	6,999.34
<b>Provision for Sub-standard Assets</b>		
Opening Balance	2,361.92	-
Addition during the period	20,653.47	2,361.92
Closing Balance	23,015.39	2,361.92
<b>Provision for Doubtful Assets</b>		
Opening Balance	-	-
Addition during the period	2,130.19	-
Closing Balance	2,130.19	-
<b>Provision for Standard Restructured Loan Assets</b>		
Opening Balance	176.94	-
Addition during the period	11,716.27	176.94
Closing Balance	11,893.21	176.94

**(b) Disclosure under Accounting Standard 15 “ Employee Benefits” (AS-15)**

1.1) In respect of permanent employees of the company based on actuarial valuation of liability

i) Expenses recognized in the Statement of Profit and Loss.

(₹ in lac)

	Leave encashment	Leave fare concession	Sick leave
Current Service Cost	29.68	5.69	14.51
Interest cost on benefit obligation	4.31	0.71	2.03
Expected return on plan assets	N.A.	N.A.	N.A.
Net actuarial (gain)/Loss recognized in the year	15.12	20.03	3.83
Expenses recognized in Statement of Profit and Loss	49.11	26.43	20.37

N.A. denotes not available during the period

ii) The amount recognized in the Balance Sheet

(₹ in lac)

	Leave encashment	Leave fare concession	Sick leave
Present value of obligation as at 31.03.2014 (i)	92.60	10.26	45.77
Fair value of plan assets as at 31.03.2014 (ii)	Nil	Nil	Nil
Difference (ii) – (i)	(92.60)	(10.26)	(45.77)
Net Asset/(Liability) recognized in the Balance Sheet	(92.60)	(10.26)	(45.77)

iii) Changes in the Present Value of the defined benefit obligation

(₹ in lac)

	Leave encashment	Leave fare concession	Sick leave
Present value of obligation as at 01.04.2013	53.94	8.90	25.40
Interest Cost	4.31	0.71	2.03
Current Service Cost	29.68	5.69	14.51
Benefits paid	(10.45)	(25.07)	-
Net actuarial (gain)/loss on obligation	15.12	20.03	3.83
Present value of the defined benefit obligation as at 31.03.2014	92.60	10.26	45.77

N.A. denotes not available.

iv) The actuarial valuation of liability as on 31<sup>st</sup> March, 2014 in respect of defined retirement and other benefits were made based on following assumptions:

Mortality rate	LIC (1994-96)
Withdrawal rate	Up to 30 years 3% 31 <sup>st</sup> year to 44 years 2% Above 44 years 1%
Discount rate (p.a.)	8.50%
Salary escalation	6.00%

1.2) In respect of Whole Time Director:

(₹ in lac)

	Gratuity	Leave encashment	Leave fare concession
Expenses recognized in Statement of Profit and Loss	0.56	2.13	0.76
Amount recognized in Balance Sheet	0.74	2.39	-

6. 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	4,15,988.40	43.22	37.48	4,16,069.10
Less: Inter segment Revenue	-	-	-	-
Total Operating Income	4,15,988.40	43.22	37.48	4,16,069.10
<b>Segment Results</b>				
Profit Before Tax	1,10,196.91	27.80	39.03	1,10,263.74
Tax				45,681.45
Profit After Tax				64,582.29
<b>Segment Assets</b>	46,36,847.99	76.29	1,295.48	46,38,219.76
<b>Segment Liabilities</b>	40,19,953.59	4.82	13.83	40,19,972.24
<b>Capital Employed</b>	6,16,894.41	(18.53)	1,281.64	
<b>Depreciation and Amortisation</b>	74.86	2.02	0.23	76.88
<b>Capital Expenditure</b>	310.40	0.03	4.02	310.43
<b>Non Cash Expenditure</b>	34,484.77	-		34,484.77

7. 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:

Particulars	For Year Ended 31.03.14		For Year Ended 31.03.13	
	Amount ₹ in lac	Shares	Amount ₹ in lac	Shares
Nominal Value of share (₹)		10/-		10/-
Number of Equity Share (No. in lac)		33,000		29,000
Net Profit (after tax)	64,582.29		1,00,923.29	
Earning Per Share (Not Annualized) (₹)	2.14		3.65	

EPS for the previous period has been calculated on weighted average number of equity shares of 30,238.36 lac for year ended 31<sup>st</sup> March, 2014.

8. a. In terms of Accounting Standard -22 on "Accounting for Taxes on Income", income tax expense for the current period is determined on the basis of taxable income and the tax credit computed in accordance with the provisions of the Income Tax Act 1961 and based on expected outcome of assessments / appeals and also on the basis of changes adopted by the company in Accounting estimates during the current financial year having effect on deferred tax asset/liability.

Deferred tax liability or asset is recognized on timing differences which is reversible between the accounting income and the taxable income for the year and quantified using the tax rates and provisions, enacted or subsequently enacted as on balance sheet date.

Deferred tax assets if any, are recognized 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.

b. During the year, the company has created net deferred tax liability of ₹ 6,220.90 lac (deferred tax asset of decreased by ₹ 494.99 lac during year ended 31<sup>st</sup> March, 2014).

9. 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, 2014. Hence the company has no outstanding liability towards Micro, Small and Medium Enterprises.
10. 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, 2014, there were no events or change in circumstances, which indicate any impairment in the assets.

#### 11. 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 27,323.62 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 1JPY=₹ 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 ₹ 4,209.41 lac on notional principal of ₹ 8000 lac as at 31<sup>st</sup> March, 2014 (₹ 5,680.75 lac on notional principal of ₹ 1000 lac as at 31<sup>st</sup> March, 2013) which includes profit by way of write back of provision of ₹ 336.14 lac for the year ended 31<sup>st</sup> March, 2014 (profit of ₹ 974.01 lac for year ended 31<sup>st</sup> March, 2013).
- b) Notional principal amount of ₹ 2,000 lac out of two interest rate swap (IRS) transactions referred in note 11 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 11 a) above, has reduced to ₹ 8,000 lac each.

- c) 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 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, 2014 (31 <sup>st</sup> March, 2013)	USD 9,752.49 lac (USD 8,002.74 lac)
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	₹ 4,80,860.88 lac (₹ 3,69,711.27 lac)
<b>Kreditanstalt für Wiederaufbau (KFW)</b>	
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	Euro 254.74 lac (Euro 254.74 lac)
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	₹ 15,562.94 lac (₹ 15,562.94 lac)
<b>IBRD World Bank</b>	
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	USD 344.88 lac (USD 194.88 lac)
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	₹18,023.11 lac ( ₹ 8,657.36 lac)

As per the Mark-to-Market (M2M) valuations furnished by the counter party banks and other valuer on the above composite contracts, the net 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) and M2M gain as on 31<sup>st</sup> March, 2013 amounts to ₹ 70,689.36 lac (Gross gain of ₹70,689.36 lac less Gross loss Nil).

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.

During the financial year ended 31<sup>st</sup> March, 2013, 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.

(c) 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, 2014 (31 <sup>st</sup> March, 2013)	USD 2,682.16 lac (USD 2,464.64 lac)
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	₹ 1,61,197.20 lac (₹ 1,34,049.85 lac)
<b>Kreditanstalt für Wiederaufbau (KFW)</b>	
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	Euro 227.30 lac (Euro 40.38 lac)
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	₹ 18,769.30 lac (₹ 2,808.41 lac)
<b>IBRD World Bank</b>	
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	USD 151.93 lac (USD 34.47 lac)
31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	₹ 9,130.72 lac (₹ 1,875.06 lac)

# Unhedged amount of foreign currency loan from ADB includes USD 151.31 lac i.e ₹ 9,093.56 lac (USD 163.33 lac i.e ₹ 8,883.38 lac as on 31<sup>st</sup> March, 2013) 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.

## 12. Creation of Bond Redemption Reserve

- 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.
- In respect of publicly placed bonds: The company issued 687.75 lac (Previous year 315.63 lac) Long Term Infrastructure Bonds of the face value of ₹ 1,000 each aggregating ₹ 6,87,754.25 lac during year ended 31<sup>st</sup> March, 2014 (₹ 3,15,631.89 lac during the financial year ended 31<sup>st</sup> March, 2013) 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 requiring 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 ₹ 9,924.83 lac up to 31<sup>st</sup> March, 2014 (₹ 1,856.02 lac up to 31<sup>st</sup> March, 2013 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 which 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 ₹ 25,22,120.52 lac as on 31<sup>st</sup> March, 2014 (₹ 19,45,403.06 lac as on 31<sup>st</sup> March, 2013 which are repayable beyond seven years).

- 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 statement of profit and loss whereas the company has restated the above loans at the date of inception of the forward contract and difference taken to statement of profit and loss 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 31<sup>st</sup> March, 2014 would have been higher by ₹ 1,36,602.17 lac (higher by ₹ 70,689.36 lac as on 31<sup>st</sup> March, 2013). However, there would be no impact on the profit for the half year 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.

14. 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 ₹ 141.70 lac has been made 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.
15. (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 had 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 had 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 has 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, would be 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 is in process of preparing roadmap for compliance with various elements of NBFC Regulations in consultation with the Government of India and submission thereof to Reserve Bank of India. Meanwhile, pending registration as NBFC with RBI, the Company had 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.
- (c) The company created reserve for loan assets at 0.40% of the total outstanding of loan assets up to 31<sup>st</sup> March, 2011. Consequent upon adoption of prudential norms during the year ended 31<sup>st</sup> March, 2012 as stated in (b) above, the company has discontinued the practice to transfer amount to Reserve for Loan Assets and the existing Reserve for Loan Assets of ₹ 5792.94 lac as on 31<sup>st</sup> March, 2011 had been retained in the books of account of the company as on 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 of ₹ 5792.94 lac 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 ₹ 5792.94 lac 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. (Refer Note 2: (e) Surplus in Statement of Profit and Loss)
- (d) The company has restructured/ rescheduled 26 loan accounts up to 31<sup>st</sup> March, 2014 having outstanding balance of ₹ 3,29,276.05 lac as on 31<sup>st</sup> March, 2014 (₹ 2,82,040.42 lac in 21 loan accounts as on 31<sup>st</sup> March, 2013) and there is no shortfall in value of security in these accounts as on 31<sup>st</sup> March, 2014. Refer note 24(A)(4.5)b).



- (e) The company has made additional provisions at rates higher than prescribed in specific cases potential loss is estimated based on current status of accounts.

## 16. 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 <sup>st</sup> March, 2014	For the Year Ended 31 <sup>st</sup> March, 2013
Total of future minimum lease payments (Gross Investment)	1,551.74	2,451.94
Present value of lease payments	1,432.92	2,190.41
10 Year G-Sec Yield	8.83%	8.01%
<b>Maturity profile of total of future minimum lease payments</b>		
Not later than one year	886.71	869.48
Later than one year but not later than five year	665.03	1,582.46
Later than five year	-	-
<b>Total</b>	<b>1,551.74</b>	<b>2,451.94</b>

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

(₹ in lac)

Period	For the Year Ended 31 <sup>st</sup> March, 2014	For the Year Ended 31 <sup>st</sup> March, 2013
Income on Loans & Advances	(1,983.94)	2,489.43
Penal Interest	(21.47)	(20.40)
Prepayment Charges	-	7.08
Other Charges	(6.78)	1.16
Commission received on LC	-	188.98
Amount written back	-	3.53
Misc. Income	-	16.16
<b>Total</b>	<b>(2,012.19)</b>	<b>2,685.94</b>
<b>Expenditure</b>		
Employee Benefit Expenses	1.81	6.30
Interest on Loans	(69.18)	-
Bond service expenses	(0.09)	(0.31)
Professional Fees	(1.16)	-
Establishment and other expenses	1.08	-
Lease Rent	-	6.39
Depreciation	0.16	
Interest on income tax	-	4.02
Misc. Expense	-	2.01
Premium paid on HTM securities	14.45	
<b>Total</b>	<b>(52.93)</b>	<b>18.41</b>
<b>Net</b>	<b>(1,959.26)</b>	<b>2,667.53</b>

18. 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.
2012-13 & 2013-14	Return(s) submitted on due date(s). Notice for proceedings is awaited.

19. During the year, the company has sent letters seeking confirmation of balances as on 31<sup>st</sup> March, 2013 to borrowers and banks etc. Some of the balances appearing under Infrastructure Loans, borrowings and other debit and credit balances as on 31<sup>st</sup> March, 2013 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.
20. The proceeds of bonds aggregating ₹ 9,84,074.25 lac raised during financial year 2013-14 was utilized for repayment of overdraft of ₹ 5,31,310.51 lac which was availed mainly for purpose of loan disbursement and payment of interest on borrowings and the balance of ₹ 4,52,763.74 lac, pending utilization as per objective of respective bond issues, was invested in bank deposits during the year having maturity date during 2014-15. Further, IIFCL availed overdraft of ₹ 2,08,392.17 lac from various banks during the year against security of these bank deposits which was also utilized mainly for purpose of loan disbursement and payment of interest on borrowings.
21. During the current year, the company has allotted 4,000 lac number of equity share of ₹ 10 each aggregating to ₹ 40,000 lac to Government of India. Accordingly, issued and paid up equity share capital has increased from ₹ 2,90,000 lac to ₹ 3,30,000 lac.
22. The previous year figures have been regrouped wherever considered necessary.

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

C P Mishra  
Partner  
Membership No.: 073009

Place: New Delhi  
Dated: 12.05.2014

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

H.S. Kumar  
(Director)

S.B. Nayar  
(Chairman and Managing Director)

Rajeev Mukhija  
(Chief General Manager- CFO & CS)





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 :***



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

(A wholly owned subsidiary of IIFCL)

Third Floor 72 King William Street London EC4N 7HR  
Ph : +44-20-7776 8950; 7600 6564 Fax: +44-20-7776 8958  
Website: [www.iifc.org.uk](http://www.iifc.org.uk)



**IIFCL Projects Limited**

301-312, 3rd Floor, Ambadeep Building, 14, Kasturba Gandhi Marg, New Delhi – 110001  
Ph : +91-11-23445100 [www.iifclprojects.com](http://www.iifclprojects.com)



**IIFCL Asset Management Company Limited**

301-312, 3rd Floor, Ambadeep Building, 14, Kasturba Gandhi Marg, New Delhi – 110001  
Ph : +91-11-43717125/26 Fax: +91-11-23766256/23730251 [www.iifclmf.com](http://www.iifclmf.com)

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***Our associate :***



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

Corporate Office : 301-312, 3rd Floor, Ambadeep Building, 14, Kasturba Gandhi Marg, New Delhi – 110001  
Registered Office : 8th Floor, Hindustan Times Building, 18 & 20, Kasturba Gandhi Marg, New Delhi - 110001  
Ph : +91-11-23708263, 23708264 Fax : +91-11-23766256, 23730251, 23737565