

Audited Project Financial Statements

Project Number: 47083-004

Loan Number: 3728

Period covered: 1 April 2020 to 31 March 2021

INDIA: Accelerating Infrastructure Investment Facility in India - Tranche 3

Prepared by India Infrastructure Finance Company Limited

For the Asian Development Bank

Date received by ADB: 15 September 2021

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Access to Information Policy and as agreed between ADB and the India Infrastructure Finance Company Limited.



**INDEPENDENT AUDITOR'S REPORT TO PROJECT MONITORING UNIT OF INDIA
INFRASTRUCTURE FINANCE COMPANY LIMITED (LIMITED) EXECUTING ACCELERATED
INFRASTRUCTURE INVESTMENT FACILITY IN INDIA – TRANCHE 3 UNDER ADB LOAN
3728-IND FOR FISCAL YEAR (FY) 2020-21**

We have audited the accompanying project financial statements of Accelerated Infrastructure Investment Facility in India – Tranche 3 under ADB loan 3728-IND, which comprises **Annual Statements of Utilization funds position as at 31 March 2021 and a summarized notes on Annual Statement of Utilization of Fund other related explanatory information for FY 2020-21.**

The project management unit of IIFCL is responsible for preparation of these annual statement of utilization of funds and related notes. The responsibility also includes maintenance of separate books and records by funding source for all expenditures incurred on the project following accrual-based accounting under principles of financial reporting and accounting standard framework followed in preparation of IIFCL overall company accounts which is Indian Accounting Standards (IND-AS). Our responsibility is to express an opinion on these project financial statements based on our audit.

We conducted our audit in accordance with the Standards of Auditing (SA) issued by the Institute of Chartered Accountants of India (ICAI). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the project financial statements are free of any material misstatement. Our audit examines, on a test basis, evidence supporting the amounts and disclosures in the project financial statements. It also includes assessing the accounting principles used and significant estimates made by project management unit, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unmodified Opinion

In our opinion and to the best of our information and according to the explanation given to us, the said annual statement of utilization of funds as at 31 March 2021 along with related annexure is in accordance with information required as per ADB Loan Agreement No. 3728-IND clause 5.06(c) and has been presented fairly, in all material respects of the qualified subprojects funded by Drawdown amounts received during the year for the purpose of the project. The statement of Utilization of funds so prepared conforms with the accounting principles generally accepted in India and is in accordance with Indian Accounting Standards (IND-AS).



Emphasis of Matter

The audit of project financial statement has been carried under SA 800 Special considerations – Audit of financial statements prepared in accordance with special purpose framework without overriding other applicable standards of auditing and therefore results of the Project financial statements comprising annual statement of Utilization of funds may not be suitable for a different purpose

Our opinion is not modified / modified in respect these matters in this paragraph.

Other Matters

In addition, in our opinion

- a Proceeds of ADB loan have been utilized only for the purpose of the project as stated in the loan agreement;
- b Project financial statements comprising Annual Statement of Utilization of Funds including the related notes contains all relevant financial information specifically agreed upon between ADB and IIFCL as per loan agreement clause 5.06 (c), schedule 3 and detailed arrangements in project administration manual;
- c. All related financial information presented in this project financial statement complies with relevant regulations and statutory requirements as applicable to IIFCL and non-compliances if any, has not affected / or [affected] in any manner on operation of ADB loan 3728-IND Accelerated Infrastructure Investment Facility in India Tranche – 3.
- d. With respect to Statement of Expenditure (SOE)s procedures referred to in note [10 footnote] of the Notes to annual Statement of utilization, adequate supporting documentation been maintained to support claims to the Asian Development Bank for reimbursements of expenditures incurred and all such SOE claims are in accordance with ADB's Loan Disbursement Handbook



Compliance with financial covenants:

- e. IIFCL has adopted norms for income recognition, asset classification and provisioning as 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 of India) Directions, 2007 as amended from time to time.
- f. IIFCL has complied with RBI's regulatory capital minimum for Nonbank Finance Companies (total regulatory capital ratio of 12% with a minimum tier 1 capital ratio of 8% or as the RBI may revise). As on 31st march 2021, IIFCL maintains a capital to risk weighted assets ratio of least 12%.
- g. IIFCL has maintained a positive net income as per Audited financial statements for financial year ending 2021.



Place: New Delhi
Date: 07/09/2021

For Bhatia & Bhatia
Chartered Accountants
Firm Registration No 003202N


Rajat Anand
Partner

Membership No: 536030
UDIN No: 21536030AAAAAM8445

Project Nature and Activities

The Project is under the externally aided project (EAP) scheme of the Department of Economic Affairs (DEA), Ministry of finance, Government of India (GOI). Fund Bank (FB) & Asian Development Bank formerly known as Multilateral Institutions (MI) Division of DEA plays the role as a guarantor in which as per arrangement ADB has extended a financial loan to India Infrastructure Financial Limited (IIFCL) directly. The IIFCL is wholly responsible for the implementation of ADB-financed project, as agreed jointly between IIFCL and ADB, and in accordance with the policies and procedures of the government and ADB.

At the time of the ADB facility's approval, India aimed to mobilize about \$500 billion in private funding to meet its \$1 trillion infrastructure financing requirements under the Twelfth Five Year Plan, 2012–2017.¹ The facility is an integral part of the Asian Development Bank's (ADB) strategy for infrastructure finance in India and complements parallel initiatives in PPPs and capital markets—all of which contribute to creating an enabling environment for long-term financing for infrastructure development². The impact of tranche 3 or ADB loan 3728-IND is investments in infrastructure increased under the India Three Year Action Agenda 2017–2018 to 2019–2020.³ The outcome is private sector investment in infrastructure PPPs facilitated. The outputs of ADB loan 3728-IND are: (i) availability of long-term finance for PPP subprojects enhanced and (ii) operational capacity of India Infrastructure Finance Company Limited (IIFCL) improved.

Costs and Financing

IIFCL's estimated to raise \$9.4 billion through fiscal year (FY) 2018-19 to support its lending operations. Under the Accelerating Infrastructure Investment Facility for India (AIIFI), ADB indicated its agreement in principle to provide loans to IIFCL of \$700 million from ADB's ordinary capital resources, supported by sovereign guarantees by the government under multi-tranche facility. ADB loan 3728-IND is under tranche 3 in which IIFCL submitted a periodic financing request dated 14 March 2018 requesting a loan in the amount of \$300 million. All withdrawals from the loan are in United States dollars (USD) on the terms of ADB's London interbank offered rate (LIBOR) based loans with a 19.5-year term (including a grace period of 4 years) plus a margin and such other terms and conditions set forth in the tranche 3 loan agreement. A commitment charge of 0.15% per annum is also payable in USD on the undisbursed amount of the loan. Government of India through Ministry of Finance provides a sovereign guarantee in form and substance acceptable to ADB for the term of the loan as a condition precedent to its effectiveness.

IIFCL is expected to use the borrowings to fund at least 13 qualified direct financing subprojects and, funds permitting, takeout financing subprojects to cover up to 20% of subproject costs for greenfield projects and up to 30% of subproject costs for takeout financing, which is the maximum amount that IIFCL is allowed to finance under its internal procedures.

¹ Government of India, Planning Commission. 2013. *Twelfth Five Year Plan (2012–2017)*. New Delhi.

² Eligible subprojects under the facility are those meeting the requirements of the government's Scheme for Financing Viable Infrastructure Projects through a Special Purpose Vehicle called the India Infrastructure Finance Company Limited (SIFTI), issued on 4 January 2006 and amended as of 30 March 2015, and Take-out Finance Scheme for Financing Viable Infrastructure Projects (TFS), effective 16 April 2010 and amended as of 27 January 2015. Refer to <http://www.iifcl.org/Content/schemeproducts.aspx>.



³ Government of India, NITI Aayog. 2017. *India: Three Year Action Agenda, 2017-18 to 2019-20*. New Delhi

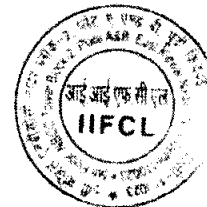


इण्डिया इन्फ्रास्ट्रक्चर फाइनेंस कम्पनी लिमिटेड (भारत सरकार का उद्यम)

India Infrastructure Finance Company Limited
(A Govt. of India Enterprise)



Annexure-A Annual Statement of Utilization of Funds Under 3728-IND for fiscal year (FY) 2020-21			
	USD		INR
A. Total ADB loan 3728-IND Sanctioned (Under ADB Multi tranche financing facility (MTF) Tranche 3)	30,00,00,000.00		
B. Loan Drawn from ADB till 31 March 2021 (Refer Note No 10 in Notes on Annual Statement of Utilisation of Funds)	19,71,03,751.67		
	(115408014.66)		
C. ADB loan utilised by IIFCL till Date 31 March 2021 (Refer Note No 11 on Annual Statement of Utilisation of Funds Statement of subprojects Approved and Reimbursed by ADB Subsequently under ADB loan arrangement Notes)	19,71,03,751.67		14,22,61,00,285.00
	(115408014.66)		
D. Balance of ADB loan Undisbursed as on 31 March 2021	102896248.3		
	()		()
E. ADB loan cancelled if any as on 31 March 2021	Nil		
	()		()
F. Notes on Notes on Annual Statement of Utilization of Funds under ADB loan 3728-IND comprising 1 to 13 are considered integral to these special purpose Statement			
For Bhatia & Bhatia Chartered Accountants Firm Registration No : 003202H  Rajat Arand Partner Membership No: 536030 UDIN No: 21536030AAAAAM8449		For India Infrastructure Finance Company Limited Sanjeev Kumar General Manager Project Monitoring Unit ADB Loan 3728 	



पंजीकृत कार्यालय : 5वीं मंजिल, ऑफिस ब्लॉक - 2, प्लेट ए एवं बी, एन. बी. सी. टी. टॉवर, ईस्ट किडवाई नगर, नई दिल्ली - 110023, दूरभाष : +91-11-24641330-31
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हिन्दी में काम करना आसान है, इसका प्रयोग बढ़ाइए।

1 Background

The Project is under the externally aided project (EAP) scheme of the Department of Economic Affairs (DEA), Ministry of Finance, Government of India (GOI). Fund Bank (FB) & Asian Development Bank formerly known as Multilateral Institutions (MI) Division of DEA plays the role as a guarantor in which as per arrangement ADB has extended a financial loan to India Infrastructure Financial Limited (IIFCL) directly. The IIFCL is wholly responsible for the implementation of ADB-financed project, as agreed jointly between IIFCL and ADB, and in accordance with the policies and procedures of the government and ADB.

2 Project Nature and Activities

The multitranchise financing facility is a \$700 million project designed to have two tranches. The facility supports the Government of India in catalysing private sector investment through public-private partnerships (PPP). The \$400 million tranche 1 was approved on 21 October 2013. Tranche 1 had been fully disbursed and supported 17 subprojects. It was closed on 25 January 2017. The tranche 2 was cancelled in 2017 due to the higher guarantee fee. The tranche 3 loan in the amount of \$300 million was approved on 23 October 2018 with a piggybacked technical assistance (TA) of \$500,000. The tranche 3 loan is expected to support at least 13 PPP subprojects, and improve IIFCL's operational capacity. The loan closing date is 26 September 2023.

3 Give legislative Framework (Legal Framework and Project Operation)

Consistency with the applicable country legal frameworks and ADB's Safeguard Policy Statement (2009)

4 Cost and Financing

IIFCL's estimated to raise \$9.4 billion through fiscal year (FY) 2018-19 to support its lending operations. Under the Accelerating Infrastructure Investment Facility for India (AIIFI), ADB indicated its agreement in principle to provide loans to IIFCL of \$700 million from ADB's ordinary capital resources, supported by sovereign guarantees by the government under multi-tranche facility. ADD loan 3728-IND is under tranche 3 in which IIFCL submitted a periodic financing request dated 14 March 2020 requesting a loan in the amount of \$300 million. All withdrawals from the loan are in United States dollars (USD) on the terms of ADB's London interbank offered rate (LIBOR) based loans with a 19.5-year term (including a grace period of 4 years) plus a margin and such other terms and conditions set forth in the tranche 3 loan agreement. A commitment charge of 0.15% per annum is also payable in USD on the undrawn amount of the loan. Government of India through Ministry of Finance provides a sovereign guarantee in form and substance acceptable to ADB for the term of the loan as a condition precedent to its effectiveness.

IIFCL is expected to use the borrowings to fund at least 13 qualified direct financing subprojects and, funds permitting, takeout financing subprojects to cover up to 20% of subproject costs for greenfield projects and up to 30% of subproject costs for takeout financing, which is the maximum amount that IIFCL is allowed to finance under its internal procedures.

Retroactive financing will be subject to ADB approval. The borrower retroactive financing does not commit ADB to finance the project. As on 31 March 2021 a total of ~USD 20 million has been availed under retroactive financing.

5 Statement of Compliance

The statement of Utilization comprises special purpose financial statements prepared as per stipulated clause 5.06(c) of ADB loan agreement and detailed guidance in project administration manual Appendix-1 Annex-A. Therefore, the statement has been prepared in accordance with a special purpose framework and that results, if any construed from these project financial statements may not be suitable for different purposes by any non-relevant users.

In terms of ADB loan agreement stipulation the statement of utilization is subject to be disclosed at ADB Website for which IIFCL has also agreed with the arrangements.

6 Significant Accounting Policies

Project financial statements for reporting to ADB comprises of a "Statement of Utilization" which have been prepared under historical cost convention and an accrual basis.

ADB loan is to be used only for making subloans to qualified enterprises for qualified sub-projects approved as per clause 6 schedule 3 of ADB loan agreement provided as a condition under section 3.02 (a) to (d)

Foreign currency transactions and translation

7 Fund flow mechanism

a Describe the arrangement as per description in PAM (figure 3 section D) . Also describe if any SWAP transactions have been undertaken , clearly mentioning at the cost to IIFCL.

b All disbursements from ADB are requested by following ADB loan disbursement handbook (2017)

Key Figures and Milestones	USD(\$)	INR Million
Total Loan sanctioned	30,00,00,000.00	
Withdrawn from ADB as at 31 March 2021	19,71,03,751.67	
(Previous year)	(115408014.66)	
Withdrawn from ADB in FY 2020-21	8,16,95,737.01	
(Previous year)	-5,80,12,724.75	

9 Other Key milestones

a	Date signed between IIFCL and ADB	16-Nov-18
	Date declared effective	19-Dec-18
	Estimated project closure date	26-Sep-21
c	Term of loan	19 Years

ADB Disbursements (Withdrawal Applications) wise Details

10	Category of Financing Briefly describe	Requested Currency	USD	WA Date	Disb Value Date
WA#					
WA-001*	Infrastructure projects approved under loan	INR	57195289.91	26 Dec 2018	26 Dec 2018
WA-002*	Infrastructure projects approved under loan	INR	58012724.75	24 Dec 2019	24 Dec 2019
WA-003*	Infrastructure projects approved under loan	INR	27921076.43	21 Jul 2020	21 Jul 2020
WA-004*	Infrastructure projects approved under loan	INR	9891188.57	8 Dec 2020	8 Dec 2020
WA-005*	Infrastructure projects approved under loan	INR	43883472.01	8 Dec 2020	8 Dec 2020
	Total		197103751.7		

* Items marked in asterisk indicates withdrawal applications lodged to ADB for disbursements using Statement of Expenditure (SOE) procedures.

13 Statement of subprojects Approved and Reimbursed by ADB Subsequently under ADB loan arrangement

Refer Separate Sheet

12 Previous year figures where applicable has been mentioned in brackets.



Statement of subprojects Approved and Reimbursed by ADB Subsequently under ADB loan arrangement

Sub Loan	Sub-Borrower Name with Description if any	Project cost (INR)	IFCL commitment (INR)	ADB commitment (INR)	Utilization by IFCL (INR)	Disbursed (USD)	Disbursed (INR)
1	ASHOKA RAMASTALAM ANANDAPURAM ROAD PROJECT	INR 10399.90 million	INR 1940 Million	INR 1940 Million	1,58,00,00,000.00	2,21,57,417.60	1,58,00,00,000.00
2	JINDAL URBAN WASTE MANAGEMENT LIMITED	INR 2188.40 million	INR 437.70 million	INR 437.70 million	37,23,00,000.00	52,80,967.87	37,23,00,000.00
3	MYRTAH VAYU KRISHNA PRIVATE LIMITED	INR 9568.70 million	INR 2527.10 million	INR 2100.00 million	2,10,00,00,000.00	2,98,91,749.16	2,10,00,00,000.00
4	MYRTAH VAYU PENNAR PRIVATE LIMITED	INR 4020 million	INR 1102.90 million	INR 1102.90 million	1,10,29,20,000.00	1,56,99,146.66	1,10,29,20,000.00
5	MEP SANJOSE ARAWALI KANTE ROAD PVT LTD	INR 5929.80 million	INR 1180.60 million	INR 1180.60 million	19,75,00,000.00	27,79,681.72	19,75,00,000.00
6	MEP SANJOSE KANTE-WAKED ROAD PRIVATE LIM	INR 8262.80 million	INR 1652.60 million	INR 1652.60 million	33,00,00,000.00	46,44,531.49	33,00,00,000.00
7	FREEDOM POINT EXPRESSWAY PRIVATE LIMITED	INR 8687.70 million	INR 1730.00 million	INR 1730.00 million	1,49,07,00,000.00	2,09,15,234.84	1,49,07,00,000.00
8	DBL MAHAGAON YAVATMAL HIGHWAYS PRIVATE L	INR 8577.60 million	INR 1000.00 million	INR 1000.00 million	68,74,00,000.00	96,68,378.13	68,74,00,000.00
9	PATEL DARAH JHALAWAR HIGHWAY PRIVATE LTD	INR 11236.30 million	INR 1100.00 million	INR 1100.00 million	51,81,27,008.00	72,04,854.81	51,81,27,008.00
10	DEWAS BYPASS TOLLWAY PRIVATE	INR 2802.80 million	INR 560.00 million	INR 560.00 million	50,57,53,277.00	70,57,242.95	50,57,53,277.00
11	SPRING ALT ENERGY PRIVATE LIMITED	INR 12100 million	INR 2400 Million	INR 2400 Million	2,10,00,00,000.00	2,79,21,076.43	2,10,00,00,000.00
12	JINDAL URBAN WASTE MANAGEMENT (VISAKHAPATNAM)	INR 2199.60 million	INR 430 Million	INR 430 Million	26,16,00,000.00	35,41,653.69	26,16,00,000.00
13	PARSURAM ARAYALI HIGHWAYS PRIVATE	INR 6700.00 million	INR 1340 Million	INR 1340 Million	73,44,00,000.00	99,42,624.13	73,44,00,000.00
14	DBL BORGACON WATAMBARE HIGHWAYS PVT LTD	INR 8447.70 million	INR 1639.20 million	INR 1639.20 million	1,28,58,00,000.00	1,74,07,715.28	1,28,58,00,000.00
15	DBL MANGALWEDHA SOLAPUR HIGHWAYS PRIVATE LTD	INR 9048.40 million	INR 1795.30 million	INR 1795.30 million	95,96,00,000.00	1,29,91,478.91	95,96,00,000.00
TOTAL					14,22,61,00,285.00	19,71,89,751.67	14,22,61,00,285.00

